

Residential Prosumers in the European Energy Union

EAHC/2013/CP/04

Mapping the legal and regulatory framework in the 28 Member States, Iceland and Norway

Lithuania



This study is part of the mapping of the legal and regulatory framework for residential prosumers in the 28 Member States, Iceland and Norway, within the project on Residential Prosumers in the European Energy Union EAH/2013/CP/04, and carried out by Milieu Ltd (Belgium), Chaussée de Charleroi, 112, B-1060 Brussels, tel: +32 (0)2 506 1000; web address: www.milieu.be

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National report on the regulatory framework for residential prosumers: Lithuania

General Description of the national legal and regulatory framework

General

Lithuania's energy sector is regulated under a number of specific laws and secondary legislation. The main law in respect to the energy sector of the Republic of Lithuania is the Law on energy No IX-884 of 16 May 2002 (as further amended) (the '**Law on Energy**'). The Law on Energy establishes the main regulatory principles for the entire energy sector and the competences of energy-related institutions. It covers the main principles related with energy permits and licences, as well as complaint handling procedures.

The regulation of the energy sector in Lithuania is further divided into subsectors according to specific energy types or sources, such as heat, electricity, natural gas and renewable energy resources.

These are the main laws related to each of the abovementioned subsectors:

- Law on electricity No VII-1881 of 20 July 2000 (as further amended) (the '**Law on Electricity**');;
- Law on renewable energy resources No XI-1375 of 12 May 2011 (as further amended) (the '**Law on RES**');;
- Law on Natural Gas No VIII-1973 of 10 October 2000 (as further amended);
- Law on Heat Sector No IX-1565 of 20 May 2003 (as further amended).

The Law on Electricity and the Law on RES will be explained in greater detail because they provide a definition of prosumer and renewable energy sources (the '**RES**') promotion schemes.

Provisions of the laws are detailed by secondary legislation (e.g. rules, orders which are approved by decisions of competent (empowered by laws) institutions). Therefore, related secondary legislation will be explained as well.

1. What types of residential prosumers are there in your country on the basis of type of RES used and size of the installation?

Answer:

Following Article 12 of the Law on Electricity the Lithuanian electricity sector is composed by:

- electricity producers;
- transmission system operators (the '**TSO**') and distribution system operators (the '**DSO**');;
- independent and public electricity suppliers;
- persons performing the guaranteed electricity supply;
- power exchange operator;
- consumers.

However, amendments of the Law on Electricity dated 23 December 2014 (entered into force 2 March 2015)¹ provided a new definition in the law – '*consumer that produces electricity*'. Following this definition provided under Article 2(9) of the Law on Electricity, prosumers are defined as follows:

- '*a household consumer, who as a consumer in his or her object, and*

¹ Law on Amendment of Articles 2, 9 and 67 of the Law on Electricity of the Republic of Lithuania No VIII-1881, No XII-1534 of 23 December 2014.

- a public² or budgetary³ institution, which, in buildings possessed under the state's or municipality's ownership or trust right, are producing electricity from renewable energy resources for their own needs and performance of economic activity and who have a right produced and for their own needs and performance of economic activity not used electricity supply into electricity networks under the Law on RES⁴.

From the above results, firstly, that the types of electricity prosumers in Lithuania depend, not upon the form of RES used, but upon the legal form of the prosumer him or herself (whether subject is a public or a budgetary institution or a household consumer).

Secondly, as the abovementioned law makes reference to the Law on RES (which, *inter alia*, provides promotions schemes for RES producers, including prosumers), residential prosumers further may be identified in light of promotion mechanisms applied. Under the Law on RES different upper limits of installed generation capacities are set according to the type of a prosumer and promotion mechanism:

- net-metering applies for residential solar power installations (up to 10 kW) and roof-mounted and building-integrated PV systems on or in the buildings owned or managed by public and budgetary institutions (up to 50 kW) (following Article 20(12) of the Law on RES);
- electricity generated by renewable energy plants with installed capacity not exceeding 10 kW shall be purchased at a guaranteed price set by the National Commission for Energy Control and Prices (the '**Commission**'). A guaranteed price is paid for up to 50 % of electricity generated from RES during a calendar year (the '**surplus electricity**') (following Article 20(14) of the Law on RES).

From the abovementioned arguments, the closest definition of a residential prosumer in legislation of Lithuania is a household consumer, who produces electricity for his or her household needs or performance of its economic activity and with installed electricity generation capacity not exceeding 10 kW. There may be any type of RES in case of the surplus electricity mechanism or solar power (PV) in case of the net-metering mechanism, which is the main mechanism, applied and used by prosumers.

It could be noted, that even though regulation prescribes regulatory RES promotion mechanisms not only in the electricity field, but as well as in heat, cooling, biogas production and etc., however in regard to other energy sectors, there are no specific definitions to identify residential prosumers. Thus the provided analysis will focus mainly on electricity prosumers as described above.

2. What is the institutional framework & division of competences regarding residential prosumers in your country?

Answer:

General competences of institutions are established in regulation and apply for residential prosumers as for any others market participants. Thus the following institutions that takes major role in the energy field including the competences of residential prosumers could be listed:

- the Parliament of the Republic of Lithuania (establishes energy policies by approving the National Energy Independence Strategy and by enacting laws);

² Following Article 2(1) of the Law on Public Institutions No I-1428 of 3 July 1996 (as further amended) 'public institution' is a non-profit public legal person of limited civil liability founded according to the Law on Public Institutions and other laws, the aim of which is to satisfy public interests by carrying out the educational, training and scientific, cultural, health care, environmental protection, sports development, social or legal aid provision as well as other activities useful to the public.

³ Following Article 2(1) of the Law on Budgetary Institutions No I-1113 of 5 December 1995 (as further amended), 'budgetary institution' is a limited liability public legal entity, which implements functions of the state or municipality and which is maintained by funding of the state's or municipality's budget, as well as from the budgets of State Social Insurance Fund, Compulsory Health Insurance Fund and other state's money funds.

- the Government of the Republic of Lithuania (submits to the Parliament for approval the National Energy Independence Strategy, approves the plan for implementation of the National Energy Independence Strategy and programmes, establishes a procedure for and terms and conditions of promotion of production and consumption of renewable energy sources and etc.);
- the Ministry of Energy (formulates the State policy in the energy sector and organises, coordinates and controls its implementation, approves within its remit the legal acts regulating the issues of security of energy supply, the installation, operation, use, technical safety and efficient use of energy facilities and installations and of customer energy equipment and other technical issues, establishes a procedure for and terms and conditions of connection of energy facilities of customers and producers (networks, installations, systems) to operating facilities of energy undertakings (networks, installations, systems) and etc.);
- the State Energy Inspectorate (exercises State control of the energy industry in accordance with the procedure prescribed by the law, performs State control of energy facilities and installations, issues in accordance with the established procedure and within its remit certificates for the operation of energy equipment, replaces them, suspends the validity of the certificates, lifts the suspension of validity, revokes the certificates and controls compliance with the requirements prescribed by the law and etc.);
- the National Commission for Energy Control and Prices (the activities of entities in the energy sector are regulated and State supervision thereof is exercised by the Commission. The Commission is a national regulatory authority provided for by legal acts of the EU regulating public relations in the energy sector. It approves methodologies for setting of State-regulated prices, sets State-regulated prices and price caps, approves the methodology for setting the fixed rates in regard to RES support and etc.).

However, following the Article 20 of the Law on RES some specific functions can be identified in regard to residential prosumers only, e.g. the Commission is empowered to set a price for the use of electrical grids set for consumer that produces electricity, as well as fixed rates for surplus electricity, the Government establishes order and conditions for buying up of surplus electricity and other relevant provisions.

Specific Questions on the regulatory framework for residential prosumers

3. What is the regulatory framework for residential prosumers in your country?

General

The following two main laws and one with general provisions regarding the entire energy sector are relevant to the regulatory framework for residential prosumers in Lithuania:

- *Law on Energy* – provides division of competences between institutions, general principles related with the issue of permits and order of complaint handling procedure;
- *Law on Electricity* – provides a definition of a ‘consumer that produces electricity’, establishes permitting requirements;
- *Law on RES* – provides general rules and requirements for prosumers regarding production of electricity from RES and its promotion schemes.

Other legal acts (e.g. rules, orders which are approved by the decisions of competent institutions) will be mentioned and explained in the answers below.

3.1. What is the existing legislative framework regulating Renewable Energy Projects in your country?

Answer:

There are two most relevant legal acts in the existing legislative framework regulating renewable energy projects in Lithuania:

- *Law on RES* – as it was described in the upper section, this law provides general principles, rules and requirements regarding renewable energy projects and production of energy from renewable energy resources in Lithuania. It provides the net-metering and surplus electricity purchase mechanisms detailed in the answer to the question 6.1.;
- *Description of order to promote the use of renewable energy resources for energy production*⁴ (the ‘**Order on RES Usage Promotion**’) – this legal act elaborates promotion scheme for RES set under the Law on RES and outlines principles and measures to ensure the promotion and development of energy production from renewable energy resources.

3.2. Does the Renewables National Action Plan include any objectives for residential prosumers (if so, please specify)

Answer:

The Parliament of the Republic of Lithuania has approved the Renewables National Action plan in 2010 for a period from 2010 to 2015. This plan includes only general objectives and related measures (necessity to update legal framework was indicated) to promote consumers to produce energy from renewable energy resources, however it does not provide particular objectives for residential prosumers.

3.3. Is there a definition (legal or regulatory) of residential prosumers (or self-consumption) in your country? If so, state it and describe the elements of this definition?

Answer:

Article 2(9) of the Law on Electricity provides definition of a prosumer – ‘*consumer that produces electricity*’ (which was provided in answer for question 1). Definition of a prosumer can be resolved into four main elements:

- the first element of this definition is a subject – prosumer is a public or budgetary institution (which has at its possession buildings where electricity is produced from renewable energy resources) or a household consumer;
- the second element is a type of resource used in electricity production – renewable energy resources must be used; prosumers are not limited to specific RES type, however from practical point of view only solar power (PV) are allowed to be used in case of net-metering (which is the main support mechanism for prosumers);
- the third element is an objective of electricity production – electricity has to be produced for prosumer’s own or economic needs;
- the fourth element is a prosumer’s right and possibility to supply unconsumed electricity into electricity networks according to the rules set in the Law on RES (thus certain RES promotion mechanism must apply).

According to the national definition of ‘*consumer that produces electricity*’, the elements of residential prosumer are as follows: household consumer, use of RES, electricity production for own or economic needs, ability to supply electricity into the grid following provisions of the Law on RES, thus RES promotion scheme has to be applied, applicable RES promotion mechanisms

⁴ Approved by Order No 827 of the Government of the Republic of Lithuania ‘*Re approval of description of order to promote the use of renewable energy resources for energy production*’ of 2 July 2012 (as further amended).

determines that installed generation capacity has not exceed 10 kW.

The abovementioned definition does not include self-consumption in cases where is no possibility to provide generated electricity into the grid.

4. What are the permitting requirements for each type of residential prosumer?

General

- *Law on Electricity* – provides general permitting requirements in the electricity sector and exceptions applicable for prosumers;
- *Order of the Minister of Energy 'Re confirmation of rules to issue permits for activity in electricity sector'* No. 1-212 of 22 October 2013 (as further amended) (the '**Permitting Rules**') – provides a simplified administrative procedure to issue permits to prosumers.

The electricity sector in Lithuania is based on the system of licencing and authorization. The following activities are subject to the licensing regimes: electricity transmission; public supply of electricity; electricity distribution. Authorizations (permits) are issued for the following operations in the electricity sector: electricity generation; development of electricity generation capacities; building direct lines; electricity export to countries other than the Member States; electricity import from countries other than the Member States; independent supply of electricity⁵.

From the above results, the generation of electricity is subject to: (i) permit to develop electricity generation capacities (which is valid for limited time and entitles a person to develop specific electricity generation object) and (ii) permit to generate electricity.

However, the Law on Electricity provides some exceptions which are applicable to residential prosumers:

- **Permit to develop electricity generation capacities**

Following Article 16(14) of the Law on Electricity a permit to develop electricity generation capacities is not required if a person intends to develop (install) electricity generation capacities with installed capacity of not more than 10 kW and produce electricity only for his or her own and economic needs without providing electricity into the grid. Such person has to inform the grid operator about the intended activity according to the Permitting Rules and acquire connection conditions from the grid operator.

In case a person intends to develop (install) electricity generation capacities with installed capacity of not more than 10 kW and provide produced electricity into electricity grid then a permit to develop electricity generation capacities shall be required but it will be issued under the simplified procedure comparing to other producers (following Item 54 of the Permitting Rules).

- **Permit to generate electricity**

A permit to generate electricity is not required if a person intends to develop electricity generation capacities with installed capacity of not more than 10 kW and produce electricity only for his or her own and economic needs without providing electricity into the grid.

If a person intends to provide electricity into the grid then a generation permit shall be issued under the simplified procedure (after receiving a permit to develop electricity generation capacities as mentioned above).

⁵ Following Articles 15(1) and 16(1) of the Law on Electricity.

- 4.1. Does your country recognize certain forms of self-consumption and subject prosumers to certain
- requirements,
 - application fees and
 - one-off costs
- in order to give them a **permit or licence to generate energy**?

Answer:

Requirements and some simplified procedures for prosumers with installation size not more than 10 kW are provided in the Law on Electricity and Permitting Rules. A residential prosumer with installed capacity not more than 10 kW and who is connected to electricity networks can enjoy simplified permitting procedures.

Moreover, according to Item 53 of the Permitting Rules in case a person develops electricity generation capacities not exceeding 10 kW and without providing electricity into the grid (i.e. only for self-consumption), he or she is not required to have / acquire the abovementioned permits, but only has to inform a grid operator about the intended activity according to the Permitting Rules and acquire connection conditions from the grid operator.

According to Order No 1458 of the Government of the Republic of Lithuania ‘*Re approval of specific sizes of state fees list and state fee payment and return rules*’ of 15 December 2000 (as further amended) the following fees are applicable for the following permits:

- EUR 50 for a permit to develop electricity generation capacities;
- EUR 65 for a permit to generate electricity.

Provided sums are the same for all persons applying for such permits.

- 4.2. Does the national legal/regulatory framework determine the contractual conditions under which prosumers are allowed to feed or sell their surplus back into the grid or to other consumers?

Answer:

Article 20 of the Law on RES, Section 5 of the Order on RES Usage Promotion and Rules on administration of funds of public service obligations in electricity sector⁶ (the ‘**Rules on PSO Funds Administration**’) provide basic conditions (including some contractual) under which prosumers are allowed to feed and sell their surplus electricity into the grid.

It is ensured by the law that surplus electricity generated at the RES power plants with the installed capacity not exceeding 10 kW shall be bought at a fixed rate on a mandatory basis according to a procedure prescribed by the Government. Not more than 50 % of electricity generated, during a calendar year, by the power plants installed in the customer’s electricity network and using renewable energy sources shall be recognised as surplus electricity (remaining 50% of electricity has to be consumed by a prosumer himself or herself or otherwise shall be considered as his or her losses). Surplus electricity shall be bought at fixed rates set by the Commission and which are in force on the day when surplus electricity is supplied to the grid.

Following Article 20(14) of the Law on RES a purchase obligation for surplus electricity is set for a maximum of 12 years from the moment when a surplus electricity producer signs the agreement of connection to electricity network with a network operator.

Legal acts of Lithuania do not provide rules or conditions to sell surplus energy to other consumers. Surplus electricity can be bought by a person engaged in the activity of an independent electricity

⁶ Approved by Order No 1157 of the Government of the Republic of Lithuania ‘*Re approval of rules on administration of funds of public service obligations in electricity sector*’ of 19 September 2012 (as further amended).

supplier or by a public supplier. The terms and conditions for payment for surplus electricity are provided in the Rules on PSO Funds Administration.

5. What are the rules applicable to the access to the grid?

General

These are the main legal acts regarding the access to the grid:

- *Law on Electricity* – provides general requirements to access the grid;
- *Law on RES* – establishes the principle of double accounting (net-metering) and purchase of surplus electricity supplied to the electricity network, as well as provides specific grid matters applied to the RES power plants;
- *Order on RES Usage Promotion* – sets conditions for buying up the surplus of produced electricity, as well as provides matters related to the grid connection costs and etc.;
- *Rules on electricity equipment connection to the electricity grid*⁷ – establishes rules which are applied when electricity equipment is connected to the electricity network;
- *Rules on procedure for electricity producers to use DSO's electricity grid approved by AB 'Energijos skirstymo operatorius'*⁸ – describes procedures and conditions for power plants' connection to the main electricity distribution network.

The abovementioned regulation provides general rules applicable to all RES electricity producers, including prosumers. The grid operator is obliged to connect the RES plants to the grid even if the connection requires the grid to be optimised, boosted or expanded. Renewable electricity generation plants, which capacity does not exceed 6 MW shall be connected to the distribution grid only (i.e. prosumers are connected to electricity distribution network).

Following Article 17(1) of the Law on RES the grid operator shall ensure priority access, transmission and (or) distribution of electricity produced from renewable resources. The priority right is guaranteed against conventional electricity producers. The Law on RES and the Law on Electricity prescribe the plant operators to adhere to the rules of the use of the grid, as prepared by the TSO/DSOs and approved by the Commission as well as to the technical requirements set by the grid operators.

Moreover, the RES plants are subject to the connection discount and have to bear:

- 40% of the connection costs (for plants with a capacity more than 350 kW)
- 20% of the connection costs (for plants with a capacity of up to 350 kW, thus it applies for prosumers as well).

5.1. What is the inter-connection configuration used for each type of residential prosumer?

Answer:

Following Article 14(8) of the Law on RES the grid operators must provide for producer all information on the connection procedure, as well as on the planned deadlines for grid development works. The grid operators must submit a cost estimate of the connection services on the request of a producer. All this information has to be submitted to the plant operator within 30 calendar days from the submission of an application for preliminary connection requirements.

The Law on RES stipulates that in all cases, the electrical grid operator and the person planning to

⁷ Approved by Order No 1-127 of the Minister of Energy 'Re confirmation of rules on electricity equipment connection to the electricity grid' of 4 July 2012 (as further amended).

⁸ Available on the Commission's webpage: <http://www.regula.lt/elektra/Puslapiai/pasinaudojimas-elektros-tinklais/ab-lesto-elektros-energijos-gamintoju-pasinaudojimo-elektros-tinklais-tvarkos-aprasas.aspx>

construct or install the power plant shall exchange full technical information and other information required for the connection of the power plant to the electrical grids. The preliminary connection conditions may not include requirements other than those required to ensure reliability, safety and quality of operation of the electrical installation and electric power system. The preliminary connection conditions shall be published on the website of the electrical grid operator (Article 14(8) of the Law on RES).

According to Item 163 of the Rules on electricity supply and use approved by Order No 1-38 of the Minister of Energy⁹ (the '**Rules on Electricity Supply and Use**'), '*consumer's generation sources, connected to the consumer's internal network and (or) the operator's electricity grid, must conform to (follow) the general electricity network's operative management*'. The new and (or) already operating generation sources can be connected to the consumer's power network, which electrical devices are connected to the grid of electricity operator, only after receiving and fulfilment of connection conditions issued by the operator and legal acts requirements, as well as receiving conclusion of the State Energy Inspection on consumer's electricity installations compliance with legal requirements of the project, electrical equipment installation and safe operation (technical safety) (following Item 164 of the Rules on Electricity Supply and Use).

5.2. Does the competence to determine the inter-connection configuration lie at State level or at a regional/lander level?

Answer:

As stated above in answers to questions 5 and 5.1 general rules and requirements for inter-connection are set at State level. Basically in Lithuania there is one main State level distribution system operator and several very local operators, thus some technical matters may be subject to the concrete network operator.

5.3. Are there any rules to ensure that prosumers are inter-connected to the distribution network/the grid?

Answer:

Article 14(1) of the Law on RES provides that the electricity grid operator shall not later than 18 months connect by the right of priority the RES power plant to the electricity grid controlled by the electricity grid operator at the connection point, conforming to the required voltage level and which is located within the shortest distance from the power plant under construction, unless other electrical grids are more suitable for such connection from technological and economic points of view. Such priority right for connecting the power plant to electrical grids means the priority over connection to electrical grids of other persons' electrical installations using non-renewable energy sources.

The period of connection to electrical grids shall be counted from signing a service contract for the connection of a power plant to electrical grids between the person planning to construct or install the power plant and the electrical grid operator. The grid operators are obliged to prepare and publish the standard terms and conditions of a service contract for connection of a power plant to electrical grids. Following Article 14(1) of the Law on RES such contracts shall be non-discriminatory with respect to all persons planning to construct or install a power plant, having regard to specific requirements for different groups of such persons.

⁹ Order No 1-38 of the Minister of Energy '*Re approval of rules on electricity supply and use*' of 11 February 2010 (as further amended).

5.4. What are the grid access and grid use principles and rules for the energy generated by each type of residential prosumer?

Answer:

Article 17(1) of the Law on RES provides that the electrical grid operator shall accept, transmit and/or distribute, on priority basis, the whole amount of electricity generated from renewable energy sources and offered by an electricity producer at transparent and non-discriminatory rates. Such right of priority in terms of acceptance, transmission and/or distribution of electricity shall mean the priority over the electricity generated by all other electricity producers.

The grid access service is based on objective, transparent and non-discriminatory principles, having regard to all benefits and expenses related to connection to the grid¹⁰.

5.5. What are the network costs and charges for each type of residential prosumer?

Answer:

The network related costs for residential prosumers are related to expenses regarding connection to the grid and fee for usage of the grid.

A residential prosumer has an obligation to cover no more than 20% of connection to the grid expenses (price for the works performed by contractor related to prosumer's connection to the grid) and no more than 10% of operator expenses related to necessary improvements of the grid when access to the electricity network for a residential prosumer is granted (Article 21 of the Law on RES).

A residential prosumer also has to pay to the network operator for the usage of network. This fee is set each year by the decision of the Commission. The Law on Electricity empowers the Commission to approve the Methodology for calculation of price for network service for consumers producing electricity and to set such price. Article 67(12) of the Law on Electricity prescribes that the price for services of electricity network usage has to cover all reasonable costs of the distribution network operator, including the distribution network operators' acquired benefit.¹¹

6. What are the incentives (e.g through taxes or tariffs) for each type of residential prosumers?

General

The main legal acts related to incentives for residential prosumers (producing electricity from RES) are the following:

- *Law on RES* – provides general principles regarding the promotion of RES usage and sets surplus energy purchase and net-metering (double metering) mechanisms;
- *Order on RES Usage Promotion* – outlines principles related to the promotion of electricity production from renewable energy resources;
- *Law on excise duties No IX-569 of 30 October 2001* (as further amended) (the '**Law on Excise Duties**') – relieves electricity produced from renewable energy resources from the excise duty.

The Law on Financial Instruments for Climate Change Management (the '**Law**') indicates what funds of the Special Programme for Climate Change (the '**Programme**') shall be used for. Under the Law the funds of the Programme, among others, shall be used for "***promotion of the use of renewable energy resources, introduction of environment-friendly technologies, including***

¹⁰ According to the Rules on procedure for electricity producers to use DSO's electricity grid approved by AB '*Energijos skirstymo operatorius*'.

¹¹ Detailed prices of grid usage services for consumers that produces electricity can be found here (in Lithuanian only): <http://www.regula.lt/atsinaujinantys-istekliai/Puslapiai/elektros-energija-gaminanciu-vartotoju-naudojimosi-elektros-tinklais-paslaugu-kainos.aspx>.

efficient energy production by cogeneration” (Art. 10(3(2)) of the Law).

The Programme is not dedicated specifically for prosumers, however all technologies used for renewable electricity generation are eligible for this measure and therefore natural person can receive a support for small-scale projects.

Under the Order No D1-279 dated 4 April 2017 and Order No D1-450 dated 26 May 2017 of the Minister of Environment the outlay of the use of the funds from the Programme for 2017 and its specification plan (together - the ‘**Outlay**’) were approved.

The Outlay in regard to the Programme’s measure “***promotion of the use of renewable energy resources, introduction of environment-friendly technologies, including efficient energy production by cogeneration***” indicates the support for use of renewable energy resources (solar, wind, geothermal, biofuels or other) in one or two flats residential buildings of natural persons in order to replace fossil fuel energy production.

Following the Outlay, natural persons who own residential buildings of one or two apartments, the construction of which is completed in accordance with the procedure established by legal acts and registered in the Real Estate Register, can apply for **25% compensatory allowance** for their small-scale RES projects. E.g. under the Outlay the total fund for this measure is EUR 1 700 000 and EUR 200 000 of which are planned to be paid in 2017. Under the Order No D1-463 dated 26 June 2013 of the Minister of Environment the maximum eligible costs for small-scale projects funded by the Program were approved. Thus legislation indicates maximum costs eligible for compensation of specific technologies in order to control compensation of unreasonable expenses.

The person whose project is promoted through the application of the fixed feed-in tariffs support measures provided in the **Law on RES** cannot apply for the abovementioned support. However, taking into account that regulatory measures such as net-metering does not include support by the fixed feed-in tariffs, and therefore prosumers do not sell electricity for fixed feed-in tariffs, thus the residential prosumers having generation only for their own needs (not for sale) can use the support from the Programme.

6.1. Does your country apply specific tariffs to prosumers

- to charge them for the electricity they draw from the grid for consumption?
- or to compensate them for the electricity they feed back into the grid?

Answer:

There are no specific tariffs to prosumers to charge them for the electricity they draw from the grid for consumption, i.e. prosumer has to buy a needed (lacking) quantity of electricity from the grid as a regular consumer, however specific tariff is applied to compensate them for the electricity they feed into the grid (in case of surplus electricity purchase mechanism applies). For more detailed answer please find below comprehensive description of the abovementioned mechanisms.

In regard to net-metering (double metering), Article 20(12) of the Law on RES prescribes that ‘*Accounting for the amounts of electricity generated at the solar light power plants with the installed capacity not exceeding 10 kW and not exceeding the capacity permitted for such facilities, operated by natural persons – customers generating electricity from renewable energy sources as defined in the Article 2(9) of the Law on Electricity (the ‘producing customers’) <...> shall be kept based on readings of metering equipment recording the electricity consumption and generation*’.

The following shall be determined based on such readings:

- 1) the quantity of electricity supplied to the electrical grid by the producing customer and the quantity of electricity consumed from the electrical grid, during a calendar month;
- 2) the ratio between the quantity of electricity supplied to the electrical grid by the producing customer and the quantity of electricity consumed from the electrical grid within the period

from 1 April of current year and until 31 March of next year (the ‘**Accumulation period**’): if the producing customer supplies, during a calendar month, more electricity compared to the quantity consumed, then the difference between the supplied quantity and consumed quantity is carried forward to next calendar month as the quantity of electricity supplied by the producing customer is accumulated during the accumulation period;

if the producing customer supplies, during a calendar month, less electricity compared to the quantity consumed, then the difference between the supplied quantity and consumed quantity is deducted from the quantity of supplied electricity accumulated by the producing customer during the Accumulation period;

if, upon end of a calendar year, the quantity of electricity consumed by the producing customer is larger than the quantity supplied by such customer to the electrical grid, then the producing customer shall pay for such difference at a rate set in the contract of sale and purchase of electricity concluded by and between the customer and the electricity supplier (i.e. the law does not prescribe any specific tariff); the quantity of electricity supplied to the grid that exceeds the quantity consumed by the producing customer during the accumulation period shall not be carried forward to another accumulation period and the producing customer shall not be paid for this quantity.

Producing customer shall not pay, with respect to the quantity of electricity that was supplied to the electrical grid and then used for own needs and economic purposes, for the services of public interest and the services provided by network operators, except for the price for the use of electrical grids set for producing customers by the Commission (the later one detailed in answer to question 5.5).

In regard to the surplus electricity purchase mechanism, Article 20(14) of the Law on RES prescribes that surplus electricity generated at power plants with the installed capacity not exceeding 10 kW shall be bought at a fixed rate on a mandatory basis according to a procedure prescribed by the Government. Not more than 50 % of electricity generated, during a calendar year, by the power plants installed in the customer’s grid and using renewable energy sources shall be recognised as surplus electricity. Surplus electricity shall be bought at fixed rates set by the Commission, which were in force on a day when surplus electricity was provided into the grid. The surplus electricity shall be purchased not for longer than 12 years since the surplus electricity producer and network operator sign connection to the network agreement.¹²

6.2. Does your country

- tax prosumers in a specific way?
- allocate to them a certain part of the cost to upgrade the grid to accommodate the extra generation they feed into the grid?

Answer:

According to Article 48(1) of the Law on Excise Duties prosumers (as all producers producing electricity from RES) are relieved from the excise duty.

A prosumer shall not pay, with respect to the quantity of electricity that was supplied to the electrical grid and used for own needs and economic purposes, for the public interest services and services provided by network operators (except for the price for the use of the electrical grids set for prosumers by the Commission) (Article 20(13) of the Law on RES).

Residential prosumers are provided with specific grid discounts applicable to RES producers. Prosumers have to cover no more than 20% of connection to the grid expenses (price for the works

¹² Tariffs for electricity from RES approved by the Commission can be found here: <http://www.regula.lt/atsinaujinantys-istekliai/Puslapiai/tarifai.aspx>.

performed by a contractor related to prosumer's connection to the grid) and no more than 10% operator expenses related to necessary improvements of the grid when access to the electricity network for a residential prosumer is granted (Articles 21(3) and 21(8) of the Law on RES).

7. A. What are the conditions that may encourage residential prosumers (to entry into activity or during functioning)?

General

Conditions that may encourage: mechanisms of net-metering (double metering) and purchase of surplus of electricity supplied to the electricity network established under the Law on RES, simplified permitting procedures, easy information access and possible financial support (partial compensation of the costs) under the Programme.

B. What are the conditions that may act as barriers for residential prosumers (to entry into activity or during functioning)?

General

Barriers: in regard to net-metering (double metering) as a barrier may be considered that the Law on RES sets a cap limit for the total installed capacity of PV power plants up to 10 MW (to which net-metering can apply).

However more significant barrier at the moment is for prosumers who would like to use surplus electricity take-off scheme, because this mechanism shares the same cap of 10 MW of total installed capacity to be supported together with other solar power producers receiving feed-in tariff. Taking into account that this cap is already fully used, thus new prosumers cannot use surplus electricity take off mechanism until new promotion quota shall be provided.

As well relatively high investment costs comparing to electricity prices could be mentioned.

7.1. What are the metering systems for each type of residential prosumer? Do these systems provide adequate conditions for prosumers integration in the market?

Answer:

The Law on RES establishes net-metering (double accounting metering) system for prosumers using solar power plants only. This metering system is effective and transparent. At the end of the payment period it is relatively easy to calculate how much energy prosumer has produced - consumed during the same time period and to determine which billing conditions shall be applied. However, it may be unattractive that the quantity of electricity supplied to the grid that exceed the quantity consumed by the producing customer during the Accumulation period shall not be carried forward to another Accumulation period (year) and the prosumer shall not be paid for this quantity. Thus it does not make a significant financial incentive as it is not allowed to sell or otherwise transfer to someone else such amount electricity.

7.2. What are the billing conditions for each type of residential prosumer?

Answer:

Please see answer to question 6.1.

- 7.3. Are there measures to encourage the creation of energy communities at municipal level, or other schemes to encourage inclusive development of the market?

Answer:

There are no measures to encourage the creation of energy communities at municipal level, nor other schemes to encourage inclusive development of the market.

- 7.4. Are there rules facilitating the creation of energy cooperatives to provide a legal entity to energy communities? Are there measures facilitating other type of schemes and if so which ones?

Answer:

There are no rules facilitating the creation of energy cooperatives to provide a legal entity to energy communities nor measures facilitating other type of schemes.

- 7.5. What are the procedures/provisions for establishing cooperatives for prosumers? Are they more simple/less costly than those for other schemes?

Answer:

N/A.

8. Other questions on the regulatory framework

- 8.1. What are the procedures/provisions for establishing What are the complaint handling procedures for each type of residential prosumer?

Answer:

The general dispute resolution procedure is established in Article 34 of the Law on Energy and applies to prosumers as any other energy consumers. Following it the mandatory pre-trial procedure is applicable to prosumers (acting as any other consumers). In case of a dispute between prosumer (producer of electricity from RES) and energy company, prosumer firstly has to address the energy company and state his or her claims in a written form. If prosumer's claim is rejected or no actions are taken by the energy company, prosumer has a right to submit his or her claim to be handled by the State Energy Inspectorate or the Commission (depending on the nature of prosumer's claims).

Decisions of the abovementioned institutions are mandatory and shall be executed, if no, claim by either party is submitted to the court.

- 8.2. Are there any specific redress procedures available only to residential prosumers?

Answer:

There are no specific redress procedures available only to residential prosumers.

Country fiche (Summary and ranking)

The **country fiche** below summarises the information from the report and ranks the **level of favourable impact** of measures in relation to its favourable impact to the take up of residential prosumers.

Country fiche	Ranking Low/Medium/High
General Description of the national regulatory framework - Types of residential prosumers The legal framework of the energy sector of the Republic of Lithuania provides a definition of ‘<i>consumer that produces electricity</i>’ including two types of prosumers, one of which can be held as residential prosumers – household consumers producing electricity for their household needs or needs of their economy activity. Taking into account the applicable RES incentive mechanisms, residential prosumers are limited to installed generation capacity of up to 10 kW. In practice, taking into account the applicable support mechanisms and free support quotas, residential prosumers are usually understood as consumers generating electricity from solar power with up to 10 kW of installed capacity participating in net-metering scheme. - Institutional framework General institutional framework is provided in the Law on Energy. There are the main institutions and their functions: - the Parliament – legislative tasks and approval of the Renewables National Action Plan; - the Government – legislative tasks; - the State Energy Inspectorate – issuance of permits, dispute resolution and other safety related questions; - the National Commission for Energy Control and prices – approval of methodologies for prices and tariffs, setting regulated tariffs and fees, dispute resolution. Some specific functions can be identified in relation to residential prosumers only, e.g. the National Commission for Energy Control and prices is empowered to set a price for the use of electrical grids set for consumer that produces electricity, as well as fixed rates for surplus electricity; the Government establishes the rules and conditions for buying surplus electricity and other relevant provisions. - Applicable legislation, plans and objectives Applicable legislation: - <i>Law on energy No IX-884 of 16 May 2002 (as further amended);</i> - <i>Law on electricity No VII-1881 of 20 July 2000 (as further amended);</i> - <i>Law on renewable energy resources No XI-1375 of 12 May 2011 (as further amended);</i> - <i>Law on excise duties No IX-569 of 30 October 2001 (as further amended);</i> - <i>Law on Financial Instruments for Climate Change Management No XI-329 of 7 July 2009 (as further amended);</i> - <i>Order No 827 of the Government of the Republic of Lithuania ‘Re</i>	Medium

<i>approval of description of order to promote the use of renewable energy resources for energy production’ of 2 July 2012 (as further amended);</i> - <i>Order No 1-38 of the Minister of Energy ‘Re approval of rules on electricity supply and use’ of 11 February 2010 (as further amended);</i> - <i>Order No 1-127 of the Minister of Energy ‘Re confirmation of rules on electricity equipment connection to the electricity grid’ of 4 July 2012 (as further amended);</i> - <i>Order of the Minister of Energy ‘Re confirmation of rules to issue permits for activity in electricity sector’ No. 1-212 of 22 October 2013 (as further amended);</i> - <i>Order No 1157 of the Government of the Republic of Lithuania ‘Re approval of rules on administration of funds of public service obligations in electricity sector’ of 19 September 2012 (as further amended).</i> Plans and objectives – according to the Renewables National Action Plan of 2010 the main objective is to encourage consumers to produce energy and increase usage of renewable energy resources. Relevant legislative actions had been already taken and positive results regarding prosumers can be seen. • Definition of residential prosumers The closest definition of residential prosumer is provided in Article 2(9) of the Law on Electricity providing the definition of ‘<i>consumer that produces electricity</i>’. Following it a residential prosumer is a household consumer, who as a consumer in his or herself, produces electricity from renewable energy resources for its own needs and performance of economic activity and who has a right to the electricity produced for its own needs and performance of economic activity and to supply the electricity not used into the electricity networks under the Law on RES.	
Specific Questions on the regulatory framework for residential prosumers	
Permitting requirements for each type of residential prosumer Law on Electricity and Permitting Rules provides for the requirements and some simplified procedures for prosumers with installed generation capacity not exceeding 10 kW. Residential prosumer with installed capacity not exceeding 10 kW and who will be connected to the electricity networks can enjoy simplified permitting procedures. Moreover, in case a person develops electricity generation capacities not exceeding 10 kW and without feeding electricity into the grid, he or she is not required of abovementioned permits, but has to inform the grid operator about the intended activity following the Permitting Rules and acquire connection conditions from the grid operator.	High
Rules applicable to the access to the grid Access to the grid is granted once all steps outlined in the legal acts are completed. The operators of renewable energy plants are provided with priority connection to the grid. The grid operators are obliged to connect plants even if this is only possible by optimising, boosting or expanding the grid. The grid operator cannot set connection requirements other than those necessary for appropriate, safe and reliable operation of an installation and the grid. The grid operator must ensure dispatch priority for electricity from RES. Regulation provides costs distribution mechanisms allowing for prosumers a discount for connection to the electricity network.	High

Incentives (e.g taxes and tariffs) for each type of residential prosumers - Residential prosumers are exempted from obligation to pay excise duties for they electricity produced from RES (as all RES electricity producers) and from fees for services equivalent to public interest (i.e. payment for services of public service obligations). - Net-metering mechanism provides savings on electricity bills. - In case of the surplus of electricity generated by the prosumer, a tariff set by the Commission for Energy Control is applied when the surplus electricity is fed into the grid by prosumer. - Residential prosumers can apply for 25% compensatory allowance of their personal usage small-scale RES projects costs' under the Special Programme for Climate Change (in case no fixed feed-in tariffs support scheme is applied).	Medium
Conditions encouraging or acting as barriers for residential prosumers - What are the metering systems for each type of residential prosumer? Net-metering (dual accounting metering) system is successfully applied for prosumers producing electricity in solar energy power plants of up to 10 kW of installed generation capacity. Prosumers can enjoy simplified permitting procedures. However, legislation sets a certain cap limits for the total installed capacity of PV power plants up to which net-metering or surplus electricity take-off can apply (in case of surplus electricity take-off such quota is already reached, thus new prosumers can use only net-metering at the moment). Relatively high investment costs comparing to electricity prices could be mentioned as well. - What are the billing conditions for each type of residential prosumer? Legislation provides that residential prosumer for the missing (lacking) amount of electricity and its transportation service pays under conditions set by the contract concluded with the operator and (or) supplier as a regular consumer. Prosumer for received amount of electricity form the grid pays for operator a price for electricity grid usage service. - What are the measures to encourage the creation of energy communities at municipal level? N/A - What are the rules facilitating the creation of energy cooperatives? Are they more simple/less costly than those for other schemes? Are cooperatives the most common legal status for energy communities? N/A	Medium
Other questions on the regulatory framework What are the complaint handling procedures for residential prosumer? Prosumers have to use the general complaint handling procedure applicable for electricity consumers provided by Article 34 of the Law on Energy. It contains two step mandatory pre-trial dispute resolution procedure. Firstly, prosumer has	Medium

to provide its requirements for respective energy company, after that it can apply with its claim to respective institution. If one of the parties is not satisfied with the decision of institution for pre-trial dispute resolution, parties may submit their claims to the court within 30 day period (from the day when decision of institution for pre-trial dispute resolution was made).	
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| <ul style="list-style-type: none"> • What are the redress procedures available only to residential prosumers? N/A | |
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Executive Summary

Recent changes in the relevant legal framework of Lithuania introduced a new definition of the ‘consumer that produces electricity’, which includes the household (i.e. residential) prosumers. The concept of residential prosumers into legal framework has been introduced relatively late, however, at present, the development of relevant legislation is steady and noticeable. Residential prosumers according to the present legal framework can be identified only in the electricity field and are mainly focused on residential solar power installations and roof-mounted and building-integrated PV systems with an installed capacity of less than 10 kW.

The Renewables National Action plan adopted by the Parliament of the Republic of Lithuania included objectives related to the necessity to update the national legal framework in order to promote consumers to produce energy from renewable energy resources. These objectives are being developed triggering relevant draft proposals of changes in the legal framework which are currently discussed in the Parliament of the Republic of Lithuania. The current legal framework does **not provide specific preferential feed-in-tariffs** to prosumers to charge them for the electricity they draw from the grid for consumption. Lithuania has adopted **net-metering** (double metering) system under which consumer that produces electricity (which includes household consumers) shall pay to electricity supplier under a sale and purchase contract of electricity only when household prosumer consumes more electricity than he has provided to the grid within the accumulation period. However, such prosumer is not being **compensated** after the accumulation period in case he provided more generated electricity into the grid comparing to electricity consumed from the grid. Under the alternative mechanism, it is guaranteed that **surplus energy will be bought at fixed rate** on a mandatory basis for period of 12 years when surplus does not exceed 50% of electricity generated by a producer (including household consumer) during a period of one calendar year. However, available quotas for such mechanism are finished, thus it is no longer applicable for new generators. Moreover, under the Special Programme for Climate Change prosumer who own residential buildings of one or two apartments can apply for **25% compensatory allowance** of their small-scale RES projects costs’ (with condition that none of the fixed feed-in tariffs scheme is applied and such generation is for personal (not for sale) usage only).

Prosumers with installed generation capacity up to 10 kW also enjoy simplified **permitting requirements**. On the other hand, administrative procedures may be still seen too excessive and as an obstacle for development of household prosumers. **Limitations of total installed generation capacity** (quotas) to be supported under applicable regulatory mechanisms could be another disadvantage of current legal framework. Finally, no specific legal framework can be found in Lithuania regarding creation of energy communities, energy cooperatives and cooperatives for prosumers.

Positive changes that are foreseen to take place in the near future will most likely include wider range of **renewable energy resources** that prosumers may use to produce energy, simplified permitting requirements and etc. These changes should encourage and have a positive effect on development process of residential prosumers in Lithuania.