



ENERGY COMMUNITIES REPOSITORY

Lithuania



OVERVIEW OF THE POLICY FRAMEWORK

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DISCLAIMER

The content of this document aims to establish an overview of the national legal developments in the context of the Clean Energy Package for the Member State mentioned above. The document includes only final legislation which was published before the end of March 2023. It does not include provisions that are not yet applicable under law (i.e., currently drafted or discussed).

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Overview

According to the Energy Communities Repository's research, the Law of the Republic of Lithuania on Renewable Energy¹ introduced provisions for renewable energy communities (RECs), defining them as non-profit-making legal entities who own and develop renewable energy production facilities and have the right to produce, consume, store and/or sell energy from installations. In addition, the Law of the Republic of Lithuania on Electricity introduced provisions for citizen energy communities (CECs),² which constitute the legal basis for a Resolution published by the State Energy Regulatory Board on approving the procedure for granting and cancelling the status of the Citizen Energy Community and providing information about the Citizen Energy Community.³

1. Definitions

The national legislation includes provisions for both RECs and CECs in the Renewable Energy Law and the Electricity Law respectively. With regards to the relationship between the two definitions, the Law specifies that a CEC cannot be a REC at the same time.⁴

With regards to the dedicated authority to oversee, the Law highlights that the State Energy Regulatory Council inspects, supervises, and controls whether RECs comply with the provisions of the Law that regulate the membership, governance, main purpose and content of the REC's statutes. If the REC violates such provisions, a decision is made on the suspension or cancellation of the permit to produce electricity in accordance with the procedure established in the Law on Electricity.⁵ Similarly for CECs the Council checks, supervises and controls whether CECs meet the requirements set forth in the Law and the operational goals set forth in the founding agreement and/or statutes.⁶

If, within 12 months from the decision of the Council, which stated that a CEC violated the requirements set forth in the Law and the operational goals set forth in the founding agreement and/or statutes, the day of adoption repeatedly violates the requirements set forth in this Law and the founding agreement and/or operational goals set in the articles of association, the Council decides on the cancellation of the status of the

¹ Law No. XI-1375/12 May 2011, as updated, published in the official Gazette no 62-2936, Consolidated version: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.398874/asr>

² Law No. VIII-1881/20 July 2000, as updated, published in the official Gazette no 66-1984, Consolidated version: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.106350/asr>

³ Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023 regarding the approval of the description of the procedure for granting and cancelling the status of citizen energy community and providing information about the citizen energy community, Consolidated version: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/cbb86820c50211ed9b3c9397e1236c2a?positionInSearchResults=0&searchModelUUID=784cf54b-42f5-4e69-9b58-04b05b4d0bfd>

⁴ Article 22.2(16) of the Law No. VIII-1881/2000, as updated in 2022

⁵ Article 20.2(9) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁶ Article 22.2(14) of the Law No. VIII-1881/2000, as updated in 2022



CEC in accordance with the procedure established by the Council.⁷ The procedure on the provision or cancellation of the status of the CEC is analysed in more detail below.

1.1. Renewable Energy Community definition

A REC is defined by Law as a non-profit legal entity that meets the criteria set forth in the legislation, which owns and develops energy production facilities from renewable sources and has the right to produce energy in them, consume it, store it in energy storage facilities and/or sell it, and to whom the Law grants the status of the REC, according to the established procedure.⁸

A reference to RECs is also included in the definition for the producer of energy from renewable sources, who is defined as a person who operates a facility (facilities) for the production of energy from renewable sources and produces electricity, heat and/or cooling energy in it (in them) and has (if required by Law) the appropriate permit, license or certificate to engage in this activity. The concept of producer of energy from renewable sources also includes RECs, unless specified otherwise in a specific article of the relevant Law.⁹

Moreover, the Law states that the status of the REC is granted to a non-profit legal entity whose activities are based on the open and voluntary participation of participants to carry out the activities specified below. A non-profit legal entity acquires the status of a REC at the time of issuing a permit to develop electricity production capacity or a permit to produce electricity, if it meets the requirements specified below with regards to the membership, the main purpose, and governance of the community. When a non-profit legal entity seeks to acquire the status of a REC with a permit to develop electricity production capacity or a permit to produce electricity, it submits a declaration to the State Energy Regulatory Council regarding compliance with the requirements set forth below, when the activity is planned to be carried out in the electricity sector, or at the time of issuing the certificate of technical condition of heat installations, when the activity is planned to be carried out in the heat sector. Laws governing the activities of a specific non-profit legal entity apply to the REC to the extent that it does not conflict with the Renewable Energy Law.¹⁰

A non-profit legal entity seeking and having obtained the status of a REC must meet the following requirements:

- 1) its members are natural persons and/or medium, small, and very small enterprises, as defined in the Law on the Development of Small and Medium Business of the Republic of Lithuania and/or other non-profit legal entities and/or municipalities and/or enterprises and institutions managed by the municipality;
- 2) at least 51 percent of the votes at the General Assembly belong to the members specified in point 1, who live or operate in the region where it is planned to build or install an energy production facility (facilities) belonging to the REC by right of ownership or on other legal grounds;
- 3) the main purpose established in the founding documents of a non-profit legal entity is to provide environmental, economic, or social benefits to its participants or to provide those benefits in the area where it operates, thus its main purpose is not to seek profit.¹¹

⁷ Article 22.2(15) of the Law No. VIII-1881/2000, as updated in 2022

⁸ Article 2(2.1) of the Law No. XI-1375/2011, as updated by the Law No. XIV-628/ 11.11.2021

⁹ Article 2(25) of the Law No. XI-1375/2011, as updated by the Law No. XIII-2869/28.04.2020

¹⁰ Article 20.2(1) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

¹¹ Article 20.2(2) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022



The Law adds that the founding documents of a non-profit legal entity seeking to acquire the status of a REC, on top of the requirements set forth in the Laws regulating the activities of a non-profit legal entity, they should also indicate the procedure:

- 1) by which decisions are made regarding the realization of the produced energy;
- 2) of the administration and maintenance of energy production facilities;
- 3) of the distribution of income received from the performance of energy production activities.¹²¹³

1.2. Citizen Energy Community definition

The national legislation mentions that a CEC is a legal entity meeting the criteria set forth in the Law, which has been granted the legal status of a CEC in the manner established by the Law.¹⁴ More specifically, a CEC is a legal entity established on the basis of the Law on Public Institutions, the Law on Associations, the Law on Associations of Owners of Apartment Buildings and Other Purpose Buildings or the Law on Gardeners' Associations, or a legal entity of another legal form, which is a non-profit entity that, based on the founding agreement and/or articles of association or other founding documents of a legal entity, may consume, share and produce electricity, including production from renewable sources, engage in supply, demand response and energy storage, provide energy efficiency services and/or electric car charging services to its shareholders, members or participants or other services related to activities in the electricity sector, except for distribution, and which, meeting the requirements established by the Law, has acquired the legal status of a CEC in accordance with the procedure established in legislation.¹⁵

The activities of the CEC are based on the voluntary and open participation of shareholders, members or participants who meet the requirements specified below.¹⁶ Moreover, the main purpose established in the founding agreement and/or statutes of the CEC is to provide environmental, economic or social benefits to its shareholders, members or participants or to provide those benefits in the areas where it operates, thus its main purpose is not to seek profit.¹⁷

In addition, the Electricity Law specifies that the Law on Public Institutions, the Law on Associations, the Law on Associations of Owners of Multi-apartment Residential Buildings and Other Purpose Buildings, the Law on Gardeners' Associations or any other Law regulating a legal entity of a specific legal form shall apply to CECs to the extent that the Electricity Law does not provide otherwise.¹⁸

With regards to membership, the Law states that shareholders, members or participants of the CEC can be natural persons, as well as very small and small enterprises, as defined in the Small and Medium-sized Business Development Law, while also municipalities and/or municipal institutions, when they are not prohibited from being shareholders or members specified in the Law. A public institution, association, association of owners of multi-apartment residential houses and buildings of other purpose, association of gardeners or legal entities of

¹² Article 20.2(3) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

¹³ The Law specifies that provisions of paragraphs 16-20 of Article 20 of this Law shall not apply to the REC seeking to participate in the auction that distributes the right to a price supplement referred to in Article 20, Part 4 of this Law (Article 20.2(4) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022).

¹⁴ Article 2(95) of the Law No. VIII-1881/2000, as updated in 2022

¹⁵ Article 22.2(1) of the Law No. VIII-1881/2000, as updated in 2022

¹⁶ Article 22.2(2) of the Law No. VIII-1881/2000, as updated in 2022

¹⁷ Article 22.2(3) of the Law No. VIII-1881/2000, as updated in 2022

¹⁸ Article 22.2(4) of the Law No. VIII-1881/2000, as updated in 2022



another legal form, which are non-profit-making persons according to the Laws governing that legal form, acquire the legal status of a CEC by submitting an application for granting the status of CECs.¹⁹

In addition to the requirements set out in the founding agreement and/or statutes or other founding documents of the CEC, the requirements set out in the Law on Public Institutions, the Law on Associations, the Law on Associations of Owners of Multi-apartment Residential Buildings and Other Purpose Buildings, the Law on Gardeners' Associations or another Law regulating a legal entity of a specific legal form, the statutes of the CEC should also indicate the order:

- 1) by which decisions are made regarding the sale of produced electricity;
- 2) for the administration and maintenance of electricity production facilities;
- 3) for the distribution of income received from electricity production activities.²⁰

Furthermore, the national provisions that specify the functions of the National Energy Regulatory Council in the electricity sector mention that such Council determines the procedure and conditions for submitting applications for the status of a CEC and the granting of this status, as well as the scope of information provided to the Council by the DSO (distribution system operator) about CECs and active users and the procedure for providing this information.²¹ In accordance with the procedure established by the Council, the operator of distribution networks provides the Council with data on the activities of CECs. The Council uses the data provided to perform the functions defined in the legal acts.²²

Following this reference, the National Energy Regulatory Council published in March 2023 a Resolution regulating the approval of the description of the procedure for granting and cancelling the status of a CEC and providing information about the citizen energy community. Chapter I of this Resolution specifies that the procedure for granting and revoking the status of CECs and providing information about CECs (hereinafter referred to as the Procedure) determines the procedure for granting and revoking the status of a CEC (hereinafter referred to as CEC status), the procedure for providing information about CECs and the procedure for publishing information about the status, conditions of regulated activities and supervision of compliance with these conditions.²³ The State Energy Regulatory Council (hereinafter – the Council) grants CEC status in accordance with the requirements of the Law on Energy, the Law on Electricity and this Procedure.²⁴

It should be clarified that the definition of a CEC used in this Resolution is the one included in the Electricity Law, as analysed above.²⁵ Other concepts used in the Procedure are understood as they are defined in the Law on Energy, the Law on Electricity and other legal acts.²⁶

With regards to the assessment of the grant of the CEC status, the Council organizes the activity of granting and cancelling CEC status in the Council.²⁷ To start with, in order to obtain CEC status, the legal entity submits

¹⁹ Article 22.2(6) of the Law No. VIII-1881/2000, as updated in 2022

²⁰ Article 22.2(7) of the Law No. VIII-1881/2000, as updated in 2022

²¹ Article 9(37) of the Law No. VIII-1881/2000, as updated in 2022

²² Article 22.2(17) of the Law No. VIII-1881/2000, as updated in 2022

²³ Chapter I(1) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

²⁴ Chapter I(2) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

²⁵ Chapter I(3) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

²⁶ Chapter I(4) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

²⁷ Chapter II(5) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023



to the Council an application in the prescribed form²⁸ and the founding agreement and/or statutes or other founding documents of a legal entity.²⁹ CEC status is granted within 30 calendar days from the date of submission of all appropriate documents to the Council.³⁰

After the Council has assessed the documents submitted by the legal entity and determines that the application contains inaccurate, incomplete information, wrong data and/or not all or inappropriate documents have been submitted, no later than within 10 working days from the date of registration of the application with the Council, it shall inform the legal entity about this and give a deadline of 10 working days to clarify the documents.³¹

The Resolution adds that if the legal entity does not submit all the necessary documents or does not submit them within the stipulated time or if it is established that the application and/or documents contain known false data and/or if it is determined that the legal entity does not meet the requirements on membership and governance of a CEC, as regulated in the Law on Electricity, the Council shall, by resolution, decide not to grant the legal entity CEC status.³²

In any case, the Council adopts a decision on granting or revoking CEC status by a Council resolution.³³ The legal entity should inform the Council in writing about the change of contact data within 10 working days.³⁴ After the Council has established that the legal entity has violated the requirements of the Law on Electricity and/or the operational goals set in the founding agreement and/or the articles of association, it shall adopt a resolution stating the established violation and informing the legal entity of the established violation.³⁵ The latter, having received the Council's resolution, must eliminate the violation within the deadline set in the Council's resolution and inform the Council about it.³⁶

The Council decides on the cancellation of CEC status, when within 12 months from the date of adoption of the Council's decision stating that the legal entity has violated the requirements set out in the Law on Electricity and the operational goals set out in the founding agreement and/or statutes, such legal entity repeatedly violates the requirements set out in the Law on Electricity and the established operational goals set in the contract and/or articles of association.³⁷ The Resolution also highlights that the Council checks, supervises and controls whether the Community meets the requirements set forth in this Law and the operational goals set forth in the founding agreement and/or statutes.³⁸

With regards to reporting, the DSO submits to the Council the information provided by the energy, drinking water supply and wastewater management, surface wastewater management companies, approved by the Council in 28 June 2008 resolution no. O3-80.³⁹ The Council publishes information on the CEC status granted or cancelled to the legal entity on its website within 5 working days from the decision on granting or cancelling

²⁸ Such application is included in Appendix 1 of the Resolution and can be found in the end of this document.

²⁹ Chapter II(6) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁰ Chapter II(7) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³¹ Chapter II(8) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³² Chapter II(9) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³³ Chapter II(10) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁴ Chapter II(11) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁵ Chapter II(12) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁶ Chapter II(13) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁷ Chapter II(14) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁸ Chapter II(15) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

³⁹ Chapter III(16) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023



the CEC status. The DSO is informed in writing about the CEC status granted or cancelled to the legal entity no later than within 3 working days from the adoption of the relevant decision.⁴⁰

The community has the right to appeal the decision made by the Council regarding the cancellation of CEC status within one month from the date of adoption of the decision to the court in accordance with the procedure established by the Law on Administrative Cases of the Republic of Lithuania.⁴¹

Finally, the Resolution mentions that the documents specified in this Procedure are stored in accordance with the procedure established by the Law on Documents and Archives of the Republic of Lithuania. The personal data of the persons indicated in the procedure are processed in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons in the processing of personal data and on the free movement of such data, which repeals the Directive 95/46/EC (General Data Protection Regulation) and the procedure established in the legal acts of the Republic of Lithuania.⁴²

2. Rights and obligations

2.1. Renewable Energy Community

The legislation highlights that the members of the REC do not lose their existing rights and obligations of electricity consumers, except for the consumer's right to choose an independent electricity supplier, which may be limited in the procedure established by the articles of association of the REC when voting on the right to choose an independent electricity supplier.⁴³

With regards to the activities, as indicated above, a REC owns and develops energy production facilities from renewable sources and has the right to produce energy in them, consume it, store it in energy storage facilities and/or sell it. Specifically for heat, the Law mentions that in order to supply its participants or other users with heat produced in energy production facilities managed by ownership or other rights, the REC must meet the requirements for the heat supplier set out in the Law on the Heat Economy of the Republic of Lithuania and other legal acts.⁴⁴

Furthermore, in order to sell to its participants or other consumers the electricity produced in energy production facilities owned or controlled by other rights, the REC must enter into a contract for the purchase and sale of electricity from renewable sources and meet the conditions and requirements set for an independent electricity supplier, as specified in the Law. The transfer of electricity through transmission and/or distribution networks and other services provided by the operator shall be billed under the conditions specified in the Law on Electricity.⁴⁵

⁴⁰ Chapter IV(17) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

⁴¹ Chapter IV(18) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

⁴² Chapter IV(19) of the Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023

⁴³ Article 20.2(15) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁴⁴ Article 20.2(5) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁴⁵ Article 20.2(6) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022



In addition, the Law states that the REC has the right to sell the electricity produced in energy production facilities owned or controlled by other rights to its participants at the price set in the contract for the purchase and sale of electricity from renewable sources, which may be zero. The members of the REC use this electricity to meet their own needs and the needs of the community.⁴⁶ The REC can also sell electricity produced in energy production facilities owned or managed by other rights in accordance with the procedure and methods established in the Electricity Market Rules or to an independent electricity supplier.⁴⁷

Moreover, the Law mentions that the construction and operation of energy production facilities belonging to the REC are carried out in accordance with general Laws and other legal acts regarding the issuance of permits, design and construction of activities in the energy sector, territorial planning, environmental impact assessment of planned economic activities, environmental protection and other related requirements.⁴⁸ Then the Law clarifies that RECs, acting as a specific participant in the electricity market, assumes all the resulting rights and obligations set forth in this Law and other legal acts.⁴⁹

However, the Law clearly states that RECs are exempted from having to have balancing responsibility for installations and from having to pay a mandatory production contribution, which typically must be paid by producers of renewable electricity.⁵⁰

2.2. Citizen Energy Community

The national Law clarifies that the shareholders, members or participants of the CEC do not lose their rights and obligations as household consumers, producing consumers or active consumers, with the exception of the consumer's right to choose an energy supplier, which may be limited by the right to choose the energy supplier of the CEC by voting regarding the energy supplier of the CEC in accordance with the procedure established in the articles of association of the CEC.⁵¹ In addition, the national Law on Electricity states in the section on protection of consumer rights that consumers have the right to be active consumers, as well as participants or members of a CEC.⁵²

With regards to its activities, as highlighted above, a CEC may consume, share and produce electricity, including production from renewable sources, engage in supply, demand response and energy storage, provide energy efficiency services and/or electric car charging services to its shareholders, members or participants or other services related to activities in the electricity sector, except for distribution.

In order to carry out such activities, CECs must comply with the requirements set forth in the Law on Energy and the provisions of the Law on Electricity regarding the conditions for the performance of relevant activities.⁵³ Moreover, the Law states that CECs are financially responsible for the imbalance caused by their activities in the electricity market. Pursuant to the European Regulation (EU) 2019/943, they are parties responsible for balancing and should conclude an imbalance settlement agreement with the TSO (transmission system operator) or transfer their responsibility for the balance to another party responsible for the balance pursuant

⁴⁶ Article 20.2(7) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁴⁷ Article 20.2(8) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁴⁸ Article 20.2(12) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁴⁹ Article 20.2(13) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁵⁰ Article 20.2(11) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁵¹ Article 22.2(5) of the Law No. VIII-1881/2000, as updated in 2022

⁵² Article 49(8) of the Law No. VIII-1881/2000, as updated in 2021

⁵³ Article 22.2(8) of the Law No. VIII-1881/2000, as updated in 2022



to a balance transfer agreement. The TSO shall provide the Council with information on the conclusion and termination of such agreement.⁵⁴

In addition, the Law highlights that CECs have the right to participate in other segments of the electricity market directly or through demand aggregators.⁵⁵ CECs also have the right to sell energy produced in energy production facilities owned or managed by other rights to their shareholders, members or participants under the following conditions:

- 1) CECs must conclude with their shareholders, members or participants an electricity purchase-sale agreement or an electricity purchase-sale and transmission service agreement or an electricity purchase-sale agreement from renewable sources;
- 2) CECs sell the produced energy to their shareholders, members or participants at the price specified in the contracts, which may be zero;
- 3) if an electricity purchase-sale agreement was concluded with the shareholders, members or participants of the CEC, the participants or members of the CEC shall pay for the forwarding of the sold electricity through the transmission and/or distribution networks and for other services provided by the network operator in accordance with the relevant provisions of the Law;
- 4) if a contract for the provision of electricity purchase-sale and transmission services was concluded with the shareholders, members or participants of the CEC, such community shall pay for the transfer of sold electricity through transmission and/or distribution networks and for other services provided by the network operator based on the procedure established in the relevant provisions of the Law;
- 5) if a contract for the purchase and sale of electricity from renewable sources was concluded with the shareholders, members or participants of the CEC, the transfer of the sold electricity through transmission and/or distribution networks and other services provided by the network operator shall be billed in accordance with the relevant provisions of the Law.⁵⁶

Furthermore, CECs have the right to sell electricity produced in energy production facilities owned or managed by other rights to consumers who are not its shareholders, members or participants under the following conditions:

- 1) the CEC must conclude an electricity purchase-sale agreement or an electricity purchase-sale and forwarding service provision agreement or a renewable source electricity purchase-sale agreement with consumers;
- 2) the CEC must meet the conditions and requirements set for an independent supplier and obtain the permit referred to the relevant provisions of the Electricity Law;
- 3) if an electricity purchase-sale agreement was concluded with the consumers, the consumers shall pay for the forwarding of the sold electricity through the transmission and/or distribution networks and for other services provided by the network operator in the relevant provisions of the Electricity Law;
- 4) if a contract for the provision of electricity purchase-sale and forwarding service was concluded with consumers, the forwarding of sold electricity through transmission and/or distribution networks and other services provided by the network operator shall be billed by the CEC according to the relevant provisions of the Law;
- 5) if a contract for the purchase and sale of electricity from renewable sources was concluded with the consumers, the transfer of sold electricity through transmission and/or distribution networks and other

⁵⁴ Article 22.2(10) of the Law No. VIII-1881/2000, as updated in 2022

⁵⁵ Article 22.2(11) of the Law No. VIII-1881/2000, as updated in 2022

⁵⁶ Article 22.2(12) of the Law No. VIII-1881/2000, as updated in 2022



services provided by the network operator shall be billed in accordance with the procedure established in the relevant provisions of the Electricity Law.⁵⁷

3. Assessment of obstacles and potential and removal of unjustified barriers

No formal assessment of potential and barriers has been carried out.

4. Enabling framework

4.1. Renewable Energy Community

With regards to access to information, the national Law mentions that the Lithuanian Energy Agency prepares and publishes recommendations on the operating conditions of RECs on its website.⁵⁸ Moreover, municipalities evaluate and publicly publish on their websites information about the plots of land owned by them and other places where energy production facilities of the REC can be built or installed.⁵⁹

In addition, in Lithuania part of the grid is reserved for certain priority groups. More specifically, according to a Governmental Resolution, 0.434 GW of permitted generation power is reserved for solar power plants and 0.20 GW of permitted generation power is reserved for wind power plants in the following cases:

- RECs and/or CECs, when municipalities and/or municipal institutions hold more than 51 percent of the votes at the meeting of their members, shareholders or participants, and the main purpose of these associations is to reduce energy poverty and/or provide benefits to the vulnerable electricity consumers,
- non-profit legal entities planning to install electricity generation facilities using renewable energy sources and use the electricity produced in them for their own needs, including non-profit legal entities that are electricity generating consumers or aspire to become such, and
- persons carrying out activities of the Renewable Energy Law, if the power plant is purchased by non-profit legal entities, for the connection of electricity production facilities.

⁵⁷ Article 22.2(13) of the Law No. VIII-1881/2000, as updated in 2022

⁵⁸ Article 20.2(16) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁵⁹ Article 20.2(10) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022



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According to the same Resolution, persons carrying out activities in accordance with the procedure and conditions set out in the relevant provisions of the Renewable Energy Law, if the power plant is purchased by legal entities planning to install electricity generation devices using renewable energy sources on the roofs of buildings, renewable energy associations and/ or CECs, legal entities that are consumers producing electricity from renewable sources or aspire to become consumers, 0.633 GW of permitted generation capacity is reserved for solar power plants and 0.32 GW of permitted generation capacity is reserved for wind farms.⁶¹

Finally, it is also determined that the TSO together with the DSO at least once a year, but no later than March 1st of the current year, conducts an assessment of the bandwidths of electricity networks granted to power generation facilities and the existing free bandwidths of electricity networks, taking into account the actually used bandwidths of electricity networks and informs the Ministry of Energy of the Republic of Lithuania and the State Energy Regulatory Council about the free bandwidths of electricity networks. Within 30 calendar days, the Ministry of Energy evaluates the information provided and submits proposals to the Government regarding the amendment of this Resolution.⁶²

4.2. Citizen Energy Community

The national Law clarifies that CECs that want to sell electricity to their shareholders or members, as well as CECs that produce electricity from renewable sources, do not need a permit to carry out independent electricity supply activities.⁶³ Moreover, CECs concluding contracts, as determined in the relevant provisions of Regulation (EU) 1348/2014, regarding the physical supply of electricity produced by an individual production unit with a capacity of no more than 10 MW or production units with a total capacity of no more than 10 MW supply and to consumers who wish to sell electricity to consumers who are not shareholders or members of that CEC, permission to carry out independent electricity supply activities is not required.⁶⁴

Moreover, the Law states that the operator of distribution networks, applying the non-discriminatory prices and/or tariffs of the services provided by the Council, cooperates with the CECs in order to create more favourable conditions for the transfer of electricity in the CECs.⁶⁵

⁶⁰ Point 1.2.1. of the Resolution 65/1 February 2023 of the Government of Lithuania on the determination of the proportions of allocation of electrical networks and the share of performance for electrical power using renewable energy sources in land territory until 2030

⁶¹ Point 1.2.3. of the Resolution 65/1 February 2023 of the Government of Lithuania on the determination of the proportions of allocation of electrical networks and the share of performance for electrical power using renewable energy sources in land territory until 2030

⁶² Point 3.1. of the Resolution 65/1 February 2023 of the Government of Lithuania

⁶³ It should be highlighted that the grid reservation provisions for RECs described above also apply mutatis mutandis for CECs.

⁶⁴ Article 21(3) of the Law No. VIII-1881/2000, as updated in 2022

⁶⁵ Article 22.2(9) of the Law No. VIII-1881/2000, as updated in 2022



5. Access to financing and support

The national Law states that investments by RECs in the acquisition and installation of new energy production facilities using renewable sources, for the construction or installation of which previously unused electrotechnical equipment is used, are encouraged from the following sources of support:

- 1) state budget allocations;
- 2) the funds of the Climate Change Program, as provided for in the Law on Financial Instruments for the Management of Climate Change of the Republic of Lithuania;
- 3) European Union support funds;
- 4) voluntary funds of foreign states intended to promote the use of renewable sources;
- 5) income received from the implementation of agreements on statistical energy transfers between the Republic of Lithuania and other member states or joint projects between the Republic of Lithuania, other member states and foreign states.

After using these sources of support, the opportunity to use the incentive measure of a price supplement provided through the support scheme is lost.⁶⁶

More generally, with regards to the promotion of the development of the use of renewable energy sources, the Law mentions that the use of renewable energy sources is promoted in accordance with the procedure and conditions established by the Law on Renewable Energy and other legal acts.⁶⁷ The use of renewable energy sources is encouraged through the application of a defined support scheme consisting of one or more incentive measures. Incentives are considered to be:

- 1) price supplement;
- 2) transaction price;
- 3) transmission of energy from renewable sources with the right of priority;
- 4) exemption of electricity producers from responsibility for the imbalance caused by the produced electricity during the promotion period under the conditions set out below;
- 5) support for the production and processing of agricultural products - raw material for the production of biofuels and bio-oils;
- 6) requirements for the mandatory use of renewable energy sources for energy production and/or the mandatory use of energy from renewable sources, as well as the use of biofuels;
- 7) support for investments in technologies using renewable energy sources;
- 8) other benefits established by Law.⁶⁸

The incentive measure referred to in point 3 above applies to individuals, with the exception of RECs, only in the event that they acquire and have the right to the incentives referred to in point 1 or 2 above in accordance with the procedure established by the Law and its implementing legal acts. The promotion measure referred to in point 3 above is applied to RECs in accordance with the procedure established in the relevant provisions of the Law on Electricity.⁶⁹

⁶⁶ Article 20.2(14) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1169/23.06.2022

⁶⁷ Article 3(1) of the Law No. XI-1375/2011

⁶⁸ Article 3(2) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1001/31.03.2022

⁶⁹ Article 3(3) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1001/31.03.2022



The incentive measure referred to in point 4 above applies to electricity producers who acquire and have the right to the incentive measure referred to in point 1 above in accordance with the procedure established by the Law and its implementing legislation and whose installed capacity of the power plant in operation is less than:

- 1) 400 kW;
- 2) 200 kW, when the manufacturer's power plant is installed and put into operation after 1 January 2026, regardless of the moment of acquisition of the right to the incentive measure provided for in point 1 above.⁷⁰

In addition, the Law states that the Government of the Republic of Lithuania decides on the exemption of electricity producers from responsibility for the imbalance caused by the produced electricity after the promotion period, taking into account the relevant provisions of Regulation (EU) 2019/943, using the infrastructure and facilities available to all producers.⁷¹

Furthermore, the producer subject to a fixed tariff cannot increase the installed power of the available power plant during the promotion period:

- if after its increase it is not possible to install a separate electricity metering device to calculate the amount of electricity generated due to the increase in the installed power of the power plant, or
- in advance before the increase of the installed power of the power plant with electricity networks the operator, to which the power plant is connected to the controlled networks, in accordance with the procedure established by the Government-authorized institution, another technologically reasonable and legally compliant accounting method has not been coordinated, which allows the network operator to separately determine the amount of electricity generated due to the increase in the installed capacity of the power plant.⁷²

Finally, the Law states that at the request of the State Energy Regulatory Council, the institutions applying incentive measures shall provide the Council with information on the incentive measures and their extent applied to facilities using renewable sources for the production of electricity for their own needs and the needs of the economy.⁷³

References

- Law No. XI-1375/12 May 2011, as updated, published in the official Gazette no 62-2936, Consolidated version: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.398874/asr>
- Law No. VIII-1881/20 July 2000, as updated, published in the official Gazette no 66-1984, Consolidated version: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.106350/asr>
- Resolution of the State Energy Regulatory Board, No. O3E-289 of March 2023 regarding the approval of the description of the procedure for granting and cancelling the status of citizen energy community and providing information about the citizen energy community, Consolidated version: <https://e->

⁷⁰ Article 3(4) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1001/31.03.2022

⁷¹ Article 3(5) of the Law No. XI-1375/2011

⁷² Article 3(6) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1001/31.03.2022

⁷³ Article 3(7) of the Law No. XI-1375/2011, as updated by the Law No. XIV-1001/31.03.2022



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- Resolution 65/1 February 2023 of the Government of Lithuania on the determination of the proportions of allocation of electrical networks and the share of performance for electrical power using renewable energy sources in land territory until 2030, Consolidated version: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/de1a6610a2d111eda1dbd5461e760ede?jfwid=-1cgg3j8zno>



Appendix 1 of the Resolution of the State Energy Regulatory Board, No. 03E-289 of March 2023: Procedures for granting the status of the citizen energy community and providing information about the citizen energy community

**REQUEST
TO OBTAIN THE STATUS OF THE CITIZENS' ENERGY COMMUNITY**

_____ (Filing date)

1. Legal entity code <i>(record)</i>		1.1. Name of the legal entity <i>(record)</i>		
1.2. Contact person's phone number, e-mail address (for sending information) <i>(record)</i>				
2. Residence -	2.1. Municipality <i>(record)</i>	2.2. City <i>(record)</i>		
2.3. Street <i>(record)</i>	2.3.1. House number <i>(record)</i>	2.3.2. Case number <i>(record)</i>	2.3.3. Room number <i>(record)</i>	
3. Name of the authorized representative <u>[1]</u> <i>(enter)</i>		3.1. Phone, e-mail address <i>(enter)</i>		

Submitted documents are required	
1.	Community <u>[2]</u> founding agreement and/or statutes or other founding documents of a legal entity.
2.	Power of attorney if the documents are submitted by an authorized representative of a legal entity.

CONFIRMATION OF THE APPLICANT'S SUITABILITY TO PERFORM ACTIVITIES:

We note that the activity of the association is based on the voluntary and open participation of participants, members or participants who meet the requirements specified in Article ²² Part 5 of the Law on Electricity of the Republic of Lithuania.

note that the main purpose of the association's founding agreement and/or articles of association is to provide environmental, economic or social public benefits to its shareholders, members or participants or to provide those benefits in the places where it operates, and its main purpose is not to seek profit.

We note that the shareholders, members or participants of the association are natural persons, as well as very small and small enterprises, as defined in the Law on the Development of Small and Medium-sized Businesses, municipalities and/or municipal institutions, when they are not prohibited from being shareholders or members by the Law on Public Institutions of the Republic of Lithuania, the provisions of the Law on Associations of the Republic of Lithuania, the Law on Associations of Owners of Multi-apartment Residential Buildings and Other Purpose Buildings of the Republic of Lithuania, the Law on Gardeners' Associations of the Republic of Lithuania or other laws regulating the legal forms of non-profit legal entities.

We note that, in order to carry out the specified activities, the company will obligatorily comply with the requirements set out in Article 20, Part 3 of the Law on Energy of the Republic of Lithuania and the provisions of Article 16 of the Law on Electricity on the conditions for the performance of the relevant activities.

The company is aware that the citizens' energy community is financially responsible for the imbalance caused by its activities in the electricity market.

The community is aware that a citizens' energy community cannot be a renewable energy community at the same time.

We note that the State Energy Regulatory Council will be informed about the change of contact data within 10 working days.

We would like to inform you that the provisions of Articles 24 ¹, 25 and 36 of the Law on Energy apply *mutatis mutandis* to the supervision of citizens' energy associations carried out by the State Energy Regulatory Council.

The applicant or the applicant's authorized representative, by checking the appropriate boxes next to each point and signing this application, confirms that the data provided is correct and known to them.

of the applicant (authorized representative of the applicant)

(signature) (name, surname)

^[1] Note: The applicant's documents can be submitted by a representative of the association, who has the right to represent it in accordance with the statutes, or a person authorized by the association who has submitted documents confirming the association and a document confirming personal identity.

^[2] Citizens' Energy Association is a legal entity established on the basis of the Law on Public Institutions of the Republic of Lithuania, the Law on Associations of the Republic of Lithuania, the Law on Associations of Owners of Apartment Buildings and Other Purpose Buildings of the Republic of Lithuania, or the Law on Gardeners' Associations of the Republic of Lithuania, or a legal entity of another legal form, which in accordance with the regulations governing that legal form according to the law, a non-profit person who, according to the founding agreement and/or statutes or other founding documents of a legal entity, can use electricity (share electricity) and carry out electricity production, including production from renewable resources, supply, demand gathering, energy storage activities, to provide energy efficiency services and/or electric car charging services or to its shareholders, to provide members or participants with other services related to activities in the electricity sector, except for distribution, and which, meeting the requirements set forth in this law, has acquired the legal status of a citizens' energy society in accordance with the procedure established in paragraph 6 of this article.