Solar energy market lithuania

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Long dependent on neighbouring countries for its energy supply, Lithuania has set very ambitious targets for itself in the energy sector and intends to achieve both energy sufficiency and carbon neutrality in the coming decades. In particular, Lithuania aims to reduce its CO2 emissions by 70% compared to the 1990 level in 2030 and full carbon neutrality by 2050.

After closing its only nuclear power plant Ignalina Nuclear Power Plant in 2009, which was covering 70% of the country"s electricity need, Lithuania was left with only a third of its electricity consumption produced domestically, one of the highest dependencies in the EU. Electricity demand will grow strongly in the country, driven notably by the power-to-gas sector, the electrification of the transport sector (trains, buses and individual vehicles) and the electrification of the heating systems (heat pumps).

Before Russia"s invasion of Ukraine and the fossil energy crisis that followed, electricity prices in Lithuania had been oscillating slightly above the European average, at around 50 euros per MWh. Nevertheless, the country was particularly dependent on Russian gas and saw its electricity price soar in 2022, peaking at 250 euros per MWh. Starting now, the country"s efforts to increase domestic electricity production should allow prices to gradually go down and stabilise between 50 and 60 euros per MWh after 2035.

Lithuania does not benefit from oil resources and has historically been heavily reliant on imports, particularly for gas from Russia. The country passed an ambitious National Energy Independence Strategy in 2012. The policy is regularly updated and sets the short and long-term milestones the country needs to achieve in order to reach self-sufficiency by 2050. This strategy is based on four pillars:

In 2022, 26% of the electricity produced in Lithuania came from fossil fuel. As shown in the graphics below, decommissioning old oil and gas-fired power plants will allow the country to reach 100% renewable electricity by 2030, when wind and solar represent no less than 85% of the electricity mix. To achieve this goal, Lithuania will also rely on behind-the-meter decentralised production and aims to have a third of households producing their own electricity.

Because of this very ambitious intermittent renewable energy penetration, a lot of pressure will be put on the grid. Lithuania intends to build resilience and flexibility by adding battery energy storage systems.

In a further article, we will explore how improved interconnection with other European countries, notably Poland and Finland, can help Lithuania and the Baltics in general increase their grid stability and reduce their GHG emissions.

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The energy market is expected to continue growing, with increasing demand for energy worldwide as populations grow and economies develop. However, the mix of energy sources is expected to shift towards cleaner and more sustainable options, with renewable energy sources like solar, wind, and hydropower projected to continue growing rapidly. Fossil fuels are expected to gradually decline in importance, although they are likely to remain significant contributors to the global energy mix for several decades, especially in countries that rely almost totally on fossils.

Market sizes are determined through a bottom-up approach, building on specific predefined factors for each market segment. As a basis for evaluating markets, we use resources from the Statista platform as well as annual reports of the market-leading companies and industry associations, third-party studies and reports, national statistical offices, international institutions, and the experience of our analysts.

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