



LITHUANIA'S LAW ON ALTERNATIVE FUELS

Key messages

Lithuania adopted a Law on Alternative Fuels in March 2021 to facilitate a green shift in its transport sector by increasing the number of electric vehicles and charging stations, and expanding the use of cleaner fuels. The law is considered a major milestone towards its climate-neutrality targets, as transport is one of the country's largest emitters of greenhouse gases.

Country: [Lithuania](#)

Sectors: [Energy](#) | [Transport](#)

Scale: [National](#)



Affordable and clean energy



Sustainable cities and communities



Responsible consumption and production



Climate action

Challenge

The transport sector is the largest emitter of greenhouse gases (GHGs), accounting for about 30% of Lithuania's total. Transport emissions have increased by 38% over the last decade and are projected to rise steeply until at least 2024 without additional measures. The transport sector is not on a pathway consistent with the gradual decarbonisation envisaged in the 2019 National Energy and Climate Plan and more ambitious new targets of the 2021 National Climate Change Management Agenda. The generous tax treatment of fossil fuels, particularly diesel, along with the low vehicle taxation, has spurred car ownership and use.

Approach

The 2021 Law on Alternative Fuels presents a framework for achieving the 15% share of renewable energy of final energy consumption in the transport sector. It introduces various measures, such as vehicle taxes and low-emission zones in urban areas. It puts additional focus on use of advanced liquid and gaseous second-generation biofuels, and electrification of the vehicle fleet and the rail system.

In line with the law, the government will provide financial support to ensure that every tenth car in Lithuania is powered by electricity. This will involve the development of the charging infrastructure, with the goal of installing 6 000 public electric vehicle charging stations by 2030.

The law also aims to transform the freight transport sector by expanding the network of alternative fuelling stations, promoting the purchase of clean vehicles and supporting the use of renewable fuels. Lithuania sees big potential in biomethane and hydrogen gas, and hopes to see these alternative fuels accounting for at least 5% of final energy consumption in the transport sector by 2030.

The new law introduces progressively increasing obligations for fuel suppliers regarding the use of biofuels. In order to encourage the use of biomethane and other advanced biofuels and hydrogen, their blending will be offset by twice the energy value.

As of 2026, all cars and buses purchased through public procurement will have to be green, and by 2030, all public road passenger transport, including taxis and vehicles used by individuals providing transport services, will have to use alternative fuels. Switching to clean vehicles will be incentivised by introducing low-emission zones in cities thus improving urban air quality.

As the transformation in the next ten years will require significant investments, the law also established the Sustainable Mobility Fund for the implementation of the alternative fuels policy. Lithuania is also counting on funds from the European Recovery and Resilience Facility and the European Union Structural Funds to implement the transformation of its transport sector envisioned in the law.

Further information

OECD (2021), *OECD Environmental Performance Reviews: Lithuania 2021*, OECD Environmental Performance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/48d82b17-en>.

Ministry of Energy of the Republic of Lithuania (2021), "The Law on Alternative Fuels has been passed: How the transport sector will change over the next decade", *Press release*, 25 March, <https://enmin.lrv.lt/en/news/the-law-on-alternative-fuels-has-been-passed-how-the-transport-sector-will-change-over-the-next-decade>.

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