Accelerating the Transformation of District Heating in Central and Eastern Europe

REHEATEAST Policy Brief No. 1 | Policy lessons for decision-makers in heating and the energy transition

This first REHEATEAST Policy Brief presents evidence and policy insights from stakeholder consultations with national and regional policymakers, regulators, and sector experts across the project partner countries (Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Romania, Serbia, Slovakia and Slovenia). It aims to support decision-makers in shaping effective, socially just, and climate-aligned district heating (DH) policies.

Why District Heating Transformation Matters

Heating accounts more than 40% of building energy consumption in Europe, yet many Central and Eastern European countries DH remains heavily fossil-based – contributing to price volatility, energy poverty, and climate risks. Optimized networks can better adapt to demand fluctuations, integrate diverse heat sources and increase resilience, often with lower social and economic disruption than large-scale infrastructure replacement.

» Modernising DH through energy efficiency, renewable heat, waste heat recovery and system optimization is essential for building affordable, resilient, and low carbon energy systems. REHEATEAST promotes a holistic approach that links building renovation, integration of renewables, and network modernisation.«

What Stakeholders Say: Key Findings

Consultations with policymakers, regulators, and sector experts highlight consistent messages:

A clear role for district heating

Stakeholders broadly agree that DH will remain a cornerstone of future heating and energy systems. A shift toward low-temperature, renewable-based, and interconnected networks, aligned with building renovation and urban development, is widely expected.

Regulatory frameworks lag behind ambition

Current policies only partially enable DH decarbonisation. Major gaps remain in tariff design, heat planning, permitting, and incentives for renewable and waste heat integration. While EU-level initiatives are strong drivers, national implementation remains uneven.

Financing remains a bottleneck

Investments still rely heavily on public and EU funding. Private capital and public-private partnerships are limited, mainly due to regulatory uncertainty and unclear long-term tariff frameworks.

Governance and participation need strengthening

Municipalities and DHC operators play central role, particularly in planning and project development, yet coordination with housing managers, regulators, and residents is often weak. Stronger cooperation is crucial for delivering widely accepted solutions.

What Stakeholders Say: Key Findings (continued from previous page)

Barriers coexist with strong opportunities

Key challenges include aging infrastructure, fossil dependency, low connection density, limited digitalisation, and slow permitting. At the same time, major opportunities arise in building renovation, waste heat recovery, renewable integration (e.g. geothermal), digitalisation, and energy communities.

What Needs to Be Done: Policy Recommendations

1 Strengthen strategic and regulatory frameworks

Establish long-term national DH strategies aligned with national and international climate and decarbonisation objectives.

Mandate municipal heat planning and zoning to align building renovation, network development, and heat supply.

2 Enable investment and financing

Introduce stable and transparent tariff frameworks that enable DH modernisation while protecting consumers.

Expand blended finance instruments, guarantees, and public-private partnership models

3 Support innovation and technology deployment

Promote the social benefits of DH, system optimization, smart control, and thermal storage to improve efficiency and flexibility.

Accelerate deployment of renewable heat and waste heat recovery through targeted incentives and streamlined permitting.

4 Facilitate inclusive governance and participation of all stakeholders

Reinforce municipalities' coordinating role in integrated heat planning by strengthening their capacities to convene stakeholders, align spatial/urban planning with energy planning, and translate plans into bankable project pipelines.

Improve transparency, consumer information, and user engagement in planning, billing, and renovation processes.

Expected Impacts

Accelerated decarbonisation of the heating sector and reduced reliance on (imported) fossil fuels

Faster modernisation of facilities and reduced heat losses

Greater investment certainty and mobilisation of capital

Improved cost efficiency, affordability, and reduced energy poverty

Increased share of renewable energy and waste heat in district heating

More resilient, flexible, and climate-proof heating systems

Key Message for Decision-Makers

REHEATEAST evidence confirms that transforming district heating is both a necessity and an opportunity. With clear policy direction, supportive regulation, coordinated investment, and inclusive governance, district heating can become a backbone of climate-neutral and socially just urban energy systems. The REHEATEAST project and its growing network of policymakers and practitioners will continue to support national and local authorities in turning this vision into practice.

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