

# Strengthening Stakeholder Cooperation for the Transition of District Heating and Cooling Systems

## REHEATEAST Policy Brief No.2 | Building supportive governance and stakeholder engagement for sustainable heating transition

Building on the various REHEATEAST consultations and surveys, this **second Policy Brief** highlights specific structural barriers and governance gaps identified by stakeholders across the Eastern Danube Region. It outlines proactive steps needed to accelerate the district heating and cooling (DHC) transition, emphasizing the critical role of stakeholder cooperation and targeted, country-specific interventions.

### Why Stakeholder Cooperation Matters

District heating and cooling systems are becoming increasingly important for achieving Europe's energy transition and energy security objectives, including across the Eastern Danube region. Rising energy costs, climate objectives, ageing infrastructure, and the need to reduce dependence on imported fossil fuels are increasing pressure to modernise existing heating systems. At the same time, experiences across Europe demonstrate that successful DHC transition depends not only on investments and new technologies, but also **on effective cooperation between governments, municipalities, utilities, investors, housing actors, and consumers**. Stronger coordination and more inclusive decision-making are seen as essential conditions for accelerating the transition, particularly at the municipal level, where local authorities play a pivotal role in coordinating stakeholders and implementing sustainable heating solutions.

### Key Governance and Implementation Challenges for DHC Transition

#### Stable policy frameworks are essential

The REHEATEAST consultations and analyses confirm that predictable and coherent long-term frameworks are essential for successful DHC development. Although decarbonisation objectives are increasingly reflected in national strategies implementation is often weakened by fragmented legislation, overlapping institutional responsibilities, and insufficient coordination between governance levels.

#### Financing and regulatory barriers continue to hinder DHC development

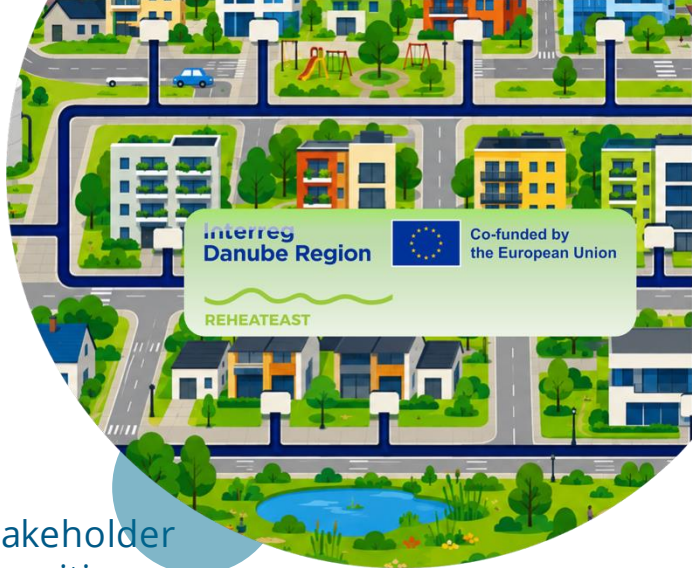
Many DHC projects still depend heavily on public and EU funding, while private investment remains limited due to regulatory uncertainty and unclear long-term investment conditions. Stable tariff systems, simplified administrative procedures, and financing instruments better aligned with policy objectives are recognised as important enabling conditions for accelerating investment.

#### Municipalities play a central role, but capacities remain limited

Local authorities are widely recognised as key actors in energy planning, infrastructure development, and communication with other stakeholders, including citizens. However, municipalities often lack sufficient staffing, technical expertise, and financial capacity, which constrain their ability to lead complex DHC transition projects effectively.

#### Stakeholder involvement must become more systematic

Cooperation between ministries, municipalities, utilities, regulators, and investors often remains informal and project-based. Strengthening permanent dialogue platforms and ensuring stronger involvement of homeowners' associations, building managers, and end-users are perceived as essential conditions for improving governance, supporting project development, public trust, and increasing implementation effectiveness.



## Country-Specific Perspectives

**BOSNIA AND HERZEGOVINA:** Stakeholder trust and engagement remain low due to consultation fatigue from previous studies and weak implementation of reforms.

**BULGARIA:** Political instability and institutional changes significantly affect stakeholder engagement and policy continuity.

**CROATIA:** Modernisation of existing DHC systems must precede network expansion, with strong focus on geothermal opportunities.

**HUNGARY:** Fossil-fuel subsidies and regulated pricing structures weaken incentives for energy efficiency and renewable energy integration.

**ROMANIA:** Fragmented planning and weak coordination between governance levels remain the central systemic challenge.

**SLOVAKIA:** Stronger cross-sectoral coordination and clearer strategic positioning of DHC are needed.

**SERBIA:** Consumption-based billing reform is considered the most urgent step for improving efficiency and consumer engagement.

**SLOVENIA:** A significant gap persists between relatively strong strategic frameworks and weak practical implementation.

## What Needs to Be Done: Policy Recommendations

### A Strengthen governance and policy coordination

- Establish coherent long-term DHC development frameworks.
- Improve coordination between energy, climate, building renovation, and spatial planning policies.
- Create permanent multi-stakeholder dialogue platforms.

### B Strengthen stakeholder cooperation and municipal capacities

- Support municipalities with technical expertise and project preparation capacities.
- Institutionalise stakeholder engagement throughout planning and implementation.
- Ensure stronger involvement of housing associations, building managers, and consumers.

### C Accelerate implementation and investment

- Align financing mechanisms with long-term policy objectives.
- Simplify administrative and permitting procedures.
- Accelerate support for renewable energy integration, waste heat recovery, and DHC modernisation.

Experiences from Denmark demonstrate that long-term municipal heat planning, stable financing mechanisms, and close cooperation between municipalities and utilities can significantly accelerate district heating modernisation and renewable energy integration.

## Key Message for Decision-Makers

The REHEATEAST consultations and surveys confirm that Eastern Danube region countries share a common ambition to modernise DHC systems and reduce dependence on fossil fuels.

At the same time, the analyses have shown that the barriers to transition differ significantly between countries, ranging from regulatory and financial constraints to weak institutional coordination and slow implementation capacities. Addressing these country-specific challenges while strengthening governance, policy stability, and stakeholder cooperation will be essential for accelerating DHC modernisation and decarbonisation across the region. This should be supported by strategic heat planning, municipal capacity building, and faster deployment of renewable and waste heat solutions in order to achieve a more sustainable, resilient, and low-carbon DHC sector across the region.

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