

Energy and Transport Directorate-General
European Commission
DG Energy and Transport
B – 1049 Brussels

in Bratislava, June 18th 2007

Dear Sir/Madam

As we would like to express our opinion towards the **Biofuel issues in the new legislation on the promotion of renewable energy** let us, first of all, introduce you with our „Association of alcohol and alcoholic beverages excise tax payers“ (hereinafter „Association“) which was founded in Bratislava (Slovakia) in 2000. The most important scope of our activities are as following:

- Protection of business interests of its members in the fields of the production and the circulation of alcohol and alcoholic beverages, as well as in the field of the management of the collection, payment and reimbursement of the excise taxes on alcohol and alcoholic beverages.
- Protection of the members of the Association from restriction of their rights and liberties in the fields mentioned above and from political and economic measures leading to impairment of fair market environment, and thereby contributing to the development of a modern market economy.

Moreover, Association has been active in the field of biofuels by leading a research project funded by PHARE aiming to identify possibilities of utilization of bioethanol and to spread determined information among our members. Since then, we are representing interests of our members in the biofuel field as well as monitoring the fast moving situation in Slovakia and in the EU as well.

We consider the recent development of setting a binding 10% target for the share of biofuels in petrol and diesel in each Member State in 2020 to be a great step forward to reduce the risks of global warming to the environment. It is indeed important to implement the target in to the EU legislation as soon as possible and consequently, please find our statements towards „**Biofuel issues in the new legislation on the promotion of renewable energy**“ questions below.

Question 1.1, 1.2.:

Do you think the "possible way forward" described above is feasible? What do you think the administrative burden of an approach like the "possible way forward" would be?

In principle, we do not believe that it is a feasible idea to incorporate „sustainability criteria“ into the legislation. Suggested criterias might be a base for an intransparent biofuel scheme. Legislation shall promote the biofuel production and it's usage without multiplying administrative burdens that would be a consequence of such a demanding criteria scheme.

Furthermore, increased demand in the biofuel industry has attracted a lot of producers, who in order to succeed, in some cases even to survive, have to invest considerable amounts in to the research and development (e.g. new raw materials, new technology etc.). This is what we consider to be a headstone of the biofuel sustainability.

Question 3.1:

How should second-generation biofuels be defined? Should the definition be based on:

- a) the type of raw materials from which biofuels are made (for example, "biofuel from cellulosic material")?
 - b) the type of technology used to produce the biofuel (for example, "biofuels produced using a production technique that is capable of handling cellulosic material")?
 - c) other criteria (please give details)?
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According to our point of view, **every significant improvement** (of no matter whether of the technology or of the raw material processing) within the industry shall be comprehended as a „second-generation biofuel“. Every possible step forward shall be supported, regardless of e.g. BTL or corn process is being utilized.

In other words, we suggest other criteria for the definition of the „second-generation biofuels“, namely the **asset of the improvement measured according to the proven energy efficiency enhancement**.

Question 3.2:

Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.

EU legislation should require Member States to give an advantage to every improvement in the industry that would provably cause an energy efficiency improvement (i.e. second generation biofuel). This of course does not mean that the first generation biofuel shall not receive any promotion. We can only reach the 10% target if the environment benefits from the synergy effects of both, of the first as well as of the second generation biofuels.

Generally speaking, support scheme should be based on the energy efficiency.

Question 4.1:

Should the legislation include measures to ensure that diesel containing 10% biodiesel (by volume) can be placed on the market, and is in fact placed on the market?

EN 14214 shall be revised in order to decrease its limitations. Based on the latest research cognitions, this technical norm should be opened and consequently should increase the possibilities of the new raw materials for the biodiesel production as well.

Question 4.2:

Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends? If so, what?

We certainly agree with the idea that the legislation should include measures to encourage the use of ethanol and biodiesel in high blends. Moreover, we believe that the relevant measures should be a consensus between the EC, biofuels producers, fossil fuels producers, as well as engines and automobiles produces.

Question 4.5:

Should the legislation ask the Commission to review, by a given date, whether it is possible to be confident that the 10% target can be achieved through:

- a) rules that allow 10% blending by volume of ethanol in ordinary petrol, plus
- b) rules that allow 10% blending by volume of biodiesel in ordinary diesel, plus
- c) the four options listed under 'other options for solving the problem';

If so, what should the date be?

If the review were to conclude that the target is unlikely to be met, what action should the Commission take?

The legislation would ask the Commission to review whether it is possible to be confident that the 10% target could be achieved through any means possible. If the EC would be obliged to proceed mentioned review, it would be crucial to fix a deadline until such an expertise should have been completed as well. Consequently, there should also be a fixed deadline for the definition of measures and their implementation.

If the review was to conclude that the target is unlikely to be met, the Commission should select further tax measures in combination with further nontax measures in order to encourage the biofuel industry (e.g. further tax exceptions in combination with further nontax measures).

Question 4.6

More generally, what role should taxation play in the promotion of biofuels (considering different situations such as low blends, high blends and second-generation biofuels)?

Taxation, as a transparent measure, should be kept incorporated into the promotion of biofuels scheme. Its main role should be to increase the long term investments into the biofuels sector as well as encourage the research and development.

Best regards,



Robert Spišák, vice president

Asociácia platiteľov spotrebnej dane z liehu a liehovín
Association of alcohol and alcoholic beverages excise tax payers