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Directorate-General for Energy and Geology

**Fourth national report on the promotion of the use of biofuels and other renewable
fuels for road transport in Portugal – Directive 2003/30/EC**

(2006)

June 2007

1. Introduction

This report, covering 2006, is aimed at complying with Article 4(1) of Directive 2003/30/EC, whereby Member States are to report annually to the Commission on:

- the measures taken to promote the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes,
- the national resources allocated to the production of biomass for energy uses other than transport, and
- the total sales of transport fuel and the share of biofuels, pure or blended, and other renewable fuels placed on the market annually.

Again in accordance with Article 4(1) of the Directive, this report gives the national indicative targets for the second phase (31 December 2010).

2. Measures taken to promote the use of biofuels for transport purposes

Directive 2003/30/EC was transposed into Portuguese law by Decree-Law No 62/2006 of 21 March 2006, which sets out the following measures for promoting the use of biofuel:

- the possible introduction of mandatory minimum quotas of biofuels in fossil fuels where the incorporation of such fuels during the preceding year was well below the level forecast;
- agreements on the incorporation of upwards of 10% of biodiesel in the fossil fuels used by fleets of vehicles for public transport or freight purposes;
- establishing a recognised figure, that of the dedicated small producer, corresponding to firms producing up to 3 000 tonnes annually whose output is derived from waste products or is based on technology projects aimed at the development of products that are less polluting.

The promotion of biofuels by fiscal means is the subject of Decree-Law No 66/2006 of 22 March 2006, which provides for total exemption (in the case of small dedicated producers) or partial exemption from the duty on such fuels (more specifically the ISP - Tax on Petroleum and Energy products) up to a target set annually and in accordance with Portaria No 1391-A/2006 of 16 December 2006 as regards the allocation for 2007.

3. Support for the use of domestic biomass as a source of energy for purposes other than transport

The RESP [Public Service Energy Grid] guarantees to take up any power produced from renewable sources by electricity producers who subscribe to a special scheme. A differential price applies to power produced from renewable sources which is supplied to the grid. In the case of biomass the average for 2006 was about €0.11/kWh (Decree-Law No 33-A/2005 of 16 February 2006).

The figures for the production of electricity and heat produced from biomass in 2006 are as follows:

Electrical energy	Thermal energy	Total
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GWh	Tonnes oil equivalent	Tonnes oil equivalent	Tonnes oil equivalent
2 011	172 946	1 565 800	1 738 746

Source: DGEG (Directorate-General for Energy and Geology) – Provisional figures.

4. Total sales of fuel used for transport

The total figures for fuel sold for transport purposes in 2006 are as follows:

Petrol	Premium petrol containing additives	t
	Lead-free 98 octane	
	Lead-free 95 octane	
	Total	[Please see original for figures]
Diesel	Road transport	
	Farming	
	Total	
LPG		
Natural gas		

Source: DGEG. Provisional figures

4.1 Incorporation of biofuels in the transport sector

- Petrol: no incorporation was recorded
- Diesel: of the 91 327 t of FAME biodiesel produced, 80 337 tonnes was incorporated, i.e. an incorporation of about 1.37% based on the energy content.

All told, the incorporation of biofuels in the transport sector in 2006 was 1.02%.

5. National indicative targets for the second phase (31 December 2010)

The national indicative targets for placing biofuels and other renewable fuels on the market in the transport sector are defined by the Government. Decision No 119/2004 of 31 July 2004 approving the National Programme on Climate Change (PNAC-2004) sets a target of 5.75% for 2010. The Government recently set a more ambitious target for biofuel penetration in the transport sector for 2010, however: 10%.

6. Outlook for 2007

In 2006 five industrial biodiesel production plants (two large and three small) entered production with an aggregate annual capacity of about 200 000 tonnes.

It is expected that a further 150 000 tonnes of biodiesel production capacity annually will be added in the second half of 2007, to arrive at a total annual installed capacity of 350 000 tonnes by the end of 2007.

It is estimated that the incorporation of biodiesel in diesel fuel will reach 200 000 tonnes in 2007.

Regarding the use of biomass for purposes other than biofuels a tendering procedure was launched for allowing 15 forestry biomass-burning thermoelectric power plants to supply the grid with a total of 100 MVA.

It is anticipated that, as a result of the tendering procedure, the consumption of residue from forestry management and exploitation will total about 1 million tonnes annually.