



MINISTRY
OF INDUSTRY, TOURISM
AND TRADE

DIRECTORATE-GENERAL FOR
ENERGY POLICY AND MINES

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**REPORT BY THE DIRECTORATE-GENERAL FOR ENERGY POLICY AND MINES
PURSUANT TO ARTICLE 4(1) OF DIRECTIVE 2003/30/EC OF 8 MAY 2003**

MADRID, 13 JUNE 2008



REPORT BY THE DIRECTORATE-GENERAL FOR ENERGY POLICY AND MINES REGARDING ARTICLE 4(1) OF DIRECTIVE 2003/30/EC OF 8 MAY 2003 ON THE PROMOTION OF THE USE OF BIOFUELS FOR TRANSPORT

DATA FOR 2007

Article 4(1) of Directive 2003/30/EC of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport lays down the obligation for Member States to report to the Commission before 1 July each year on, among other things:

- ✓ the measures taken to promote the use of biofuels;
- ✓ the national resources allocated to the production of biomass for energy uses other than transport;
- ✓ the total sales of transport fuel;
- ✓ the share of biofuels placed on national markets;
- ✓ the level of national targets for 2008 and subsequent years.

In line with this request, the Directorate-General for Energy Policy and Mines, within its field of competence and in accordance with the data available to it, reports as follows:

1.- Measures taken

Firstly, as regards the measures taken in Spain to promote the use of biofuels in the transport sector, the most important is that referred to in Article 6(5) of Law 53/2002 of 30 December 2002 on tax, administrative and social measures, which lays down the following:

'Special tax rate for biofuels

Until 31 December 2012, under the conditions laid down in the regulations and without prejudice to the provisions of paragraph 3 of this Article, a special rate of zero euros per 1 000 litres shall apply to biofuels. This special rate shall apply solely to the volume of biofuel, even when it is used blended with other products.

If the comparative trend in the production costs of petroleum products and biofuels so warrants, the General State Budget Laws may replace the zero rate referred to in paragraph 1 of this Article with a positive rate of tax which shall not exceed the rate applicable to the equivalent conventional fuel.'

As another measure to promote the use of biofuels, the Ministry of Industry, Tourism and Trade also applies a favourable regime for calculating minimum security stocks to undertakings which produce biofuels – whether bioethanol or biodiesel – and which are classed as operators on the Spanish market.



This makes it possible, by analogy with refining operators and in accordance with Article 9 of Royal Decree 1716/2004 of 23 July 2004 governing the obligation to maintain minimum security stocks, for the operator covered by the obligation to maintain up to 40% of the aforementioned stock-holding obligation in the form of raw materials, thereby reducing the fixed asset costs of the finished product.

2.- National resources allocated to the production of biomass for uses other than transport

The consumption of biomass, biogas and municipal solid waste, in terms of primary energy and without including biofuels, was as follows for 2007:

electricity generation	2 375 Gwh	= 946 ktoe
final uses (heat)		<u>3 536 ktoe</u>
TOTAL		4 482 ktoe

3.- Total sales of transport biofuels on the Spanish market in 2006

- national consumption of automotive petrol (95, 97 and 98 octane) 6 696 Kt
- national consumption of automotive diesel 25 760 Kt
- sales of bioethanol for transport purposes 191 000 t
- sales of methyl ester for transport purposes 293 000 t

The figure given for bioethanol was for the production of ETBE in Spanish refineries for subsequent formulation of petrols.

Spain's production of methyl ester was obtained from virgin oils and waste vegetable oils and was used in the transport sector, essentially by blending with automotive diesel.

In accordance with the above quantities, the share of biofuels in the Spanish transport sector for 2007 was as follows:

For petrol:

Consumption of petrol	6 696 000 t
Consumption of bioethanol	191 000 t

indicating a share of **1.80%**, calculated on the basis of the energy content of these products.

For diesel:

Consumption of automotive diesel	25 760 000 t
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Consumption of biodiesel 293 000 t

indicating a share of **1.01%**, calculated on the basis of the energy content of these products.

Accordingly, the average share of all biofuels in the transport sector in 2006 was **1.18%**.

5.- National indicative targets

In accordance with Article 3(1)(b) of Directive 2003/30/EC, the reference value for 2008 in relation to the national targets for placing biofuels and other renewable fuels on the market in the transport sector is estimated at **1.9%**, calculated on the basis of the energy content of the above-mentioned products placed on the Spanish transport market.

Lastly, in accordance with Article 4(1) of the above-mentioned Directive, the national target for biofuel consumption for 2010 has been set at 5.75%, which is also the figure given in Directive 2003/30/EC.

The new Additional Provision 16 of Law 12/2007 of 2 July 2007 amending Law 34/1998 of 7 October 1998 on the hydrocarbons sector sets annual targets for biofuels and other renewable fuels for transport purposes, which will be mandatory from 2009 (3.4%) and increase to 5.83% in 2010.

Madrid, 13 June 2008