

Malta's Annual Report for 2010 in line with the requirements of Article 4 of Directive 2003/30/EC on the promotion of biofuels and other renewable fuels for transport

Background Information

Biofuels in Malta were at first relatively successful, registering increases in the initial years when they were introduced in 2003. This trend, however, did not continue in recent years. The steady decrease in the price of fossil oil in 2008 and the increase in the costs of raw material used to produce biofuel have resulted in a lower price margin between the two products, and hence a substantial decrease in the amount of biofuels placed on the market in 2008 was observed. This continued in 2009 and 2010, albeit the increase in the prices of petroleum products.

Measures to promote the use of biofuels or other renewable fuels

Legislative instruments

With the entering into force of Directive 2009/28/EC, the Renewables Directive, the market of biofuels is being regulated further in order for Malta to achieve its targets. The provisions relating to biofuels were inserted in two Regulations:

- The Promotion of Energy from Renewable Energy Sources Regulations (LN538/10); and
- The Biofuels (Sustainability Criteria) Regulations (LN553/10).

Furthermore, the Use of Biofuels or Other Renewable Fuels for Transport Regulation (LN528/04), is still in force. These Regulations transpose Directive 2003/30/EC.

Exemption from excise duty

The main instrument used for the promotion of biofuels in Malta is the exemption from the payment of excise duty on the biomass content (that is, the percentage element) in biodiesel granted by the Government.

National resources allocated to biomass for energy uses other than transport

Electricity generation from biomass waste

The plans laid in "A Solid Waste Management Strategy for the Maltese Islands" published for consultation in 2009, are well under way. This document indicated:

- The construction of three mechanical biological treatment plants (MBT) all equipped with energy recovery.

- The development of a waste to energy plant for the treatment of the residual fraction of waste, including Refuse Derived Fuel derived from the mechanical separation of Municipal Solid Waste and rejects from the sorting of dry recyclables at the Marsascala Refuse Facility.

The first mechanical biological treatment plant (MBT) in Malta started treating and receiving waste late in 2010 and by the end of 2011, two gas engines will be running and generating electricity recovered from the plant. In addition to this plant, two further MBTs are planned to be constructed by 2013 and, when operational, would generate more than 30GWh of electricity annually.

Electricity generation from sewage sludge

Malta has recently constructed three sewage treatment infrastructures, one in Gozo and two in Malta. The Gozo plant (40,000 population equivalent capacity) started operation in November 2007 whereas the Malta North plant (45,000 population equivalent capacity) was commissioned in March 2009. In 2010, works advanced at the largest envisaged plant, that is, the Malta South, located at Tal-Barkat. This plant is to have an anticipated treatment capacity of 500,000 population equivalent and will be inaugurated in 2011. This plant is equipped with anaerobic sludge digestion facilities generating enough biogas to supply 32% of the plant's electrical power requirements. It is estimated that the plant will have an electricity generating capacity of 990kW and 1046kW in heat.

Total sales of transport fuel and the share of biofuels

Out of the three companies which were active in the Maltese biofuel market up to 2007, only one continued with its operations post 2008, supplying both the transport and the industry sector. This company remained in the market throughout 2010.

The reasons for cessation of operations could have been various, though the operators highlighted administrative barriers. Thereafter, Malta, through its negotiations on the new Industrial Emissions Directive (IED), Directive 2010/75/EU, managed to obtain an inclusion in the Directive for the Commission to establish guidance on the interpretation of 'industrial scale' with respect to the chemical industry. Such guidance would clarify what scale of biodiesel producers constitutes 'industrial scale' and therefore, small biodiesel producers may not fall within the scope of the IED and thus, would not be subject to the IPPC permitting provisions contained therein, although these producers would still need to obtain the relevant planning and environmental permits.

Similar to previous years, biofuel for the transport sector was supplied both as pure biodiesel (B100) from petroleum filling stations, as well as in mixed blends direct from the biofuel plant. At the retail level, around 30 petroleum filling stations, equivalent to about 37% of the total number of stations present in Malta, were retailing biodiesel to consumers in 2010.

Total sales of biodiesel for 2010 per sector are summarised in *Table I* below.

Table 1 – Consumption of Biodiesel per sector

Biofuel Type	Industrial Sector (Million Litres)	Transport Sector (Million Litres)	Total (Million Litres)
Biodiesel	0.103	0.693	0.796

Based on the data collected and considering the standard figures for the calorific values of the fuels used in road transport, the share of biofuels used for road transport is that shown in *Table 2* below.

Table 2 - Use of road transport fuels in Malta during 2010 and the share of Biofuels

Fuel	Litres	Energy Content MJ/l¹	Energy TJ	Percentage of total Petrol and Diesel sales
Petrol Sales	96,074,872	31.2	2997.54	44.98
Diesel Sales	102,105,657	35.7	3,652.31	55.02
Total Petrol and Diesel sales	198,380,589		6,664.85	100.00
Biodiesel Sales	693,181	32.8	22.75	0.342

The share of biofuels in 2010, therefore, based on energy content, accounted for 0.342% of the total petrol and diesel sales used for road transport. This figure shows a continued downward trend initiated in 2008.

Measures being taken

In order to meet national targets, Malta amended the fuel market regulations to impose obligations on importers of transport fuels to the Maltese islands. Following the consultation paper² 'Biofuels in Transport', the Malta Resources Authority consulted with market players and amended the regulations governing the fuel importation sector by introducing a substitution obligation in the Petroleum for the Inland (Wholesale) Market Regulations (LN278/07, starting in 2011.

¹ Kavalov Boyan, Jensen Peder, Papageorgiou, Schwensen Carsten and Olsson Jens Peter, "Biofuel Production Potential of EU-Candidate Countries", Institute for Prospective Technological Studies, EU Joint Research Centre, September 2003.

² <http://www.mra.org.mt/Downloads/Consultations/BiofuelsConsultation%20v%2013%20Final.pdf>

The substitution obligation places a commitment upon importers to introduce a minimum biofuel amount as a percentage of the total energy content of MSA EN 228 petrol and MSA EN 590 diesel as specified in the Schedules to the legal notice. The amendments to the Regulations also impose that

- (i) this biofuel must be compliant with MSA EN 14214 for biodiesel and MSA EN 15376 for bioethanol; and
- (ii) that the energy content of biofuels produced from wastes, residues, non-food cellulosic material and lingo-cellulosic material shall be counted at a double rate for the purposes of the substitution obligation.

The annual substitution obligation is set out in the new Sixth Schedule of the Petroleum for the Inland (Wholesale) Market Regulations (LN278/07), as described in Table 3; however the Malta Resources Authority could suggest changes in minimum biofuel content through amendments to the Legal Notice as the market and national scenarios develop further.

Table 3 – Substitution Obligation from 2011 to 2020

Year	Minimum biofuel content as a percentage (%) of the total energy content petroleum placed on the market by an authorised provider who is authorised to carry out the activity of an importer and, or wholesaler of petroleum
2011	1.5 %
2012	2.5 %
2013	3.5 %
2014	4.5 %
2015	5.5 %
2016	6.5 %
2017	7.5 %
2018	8.5 %
2019	9.5 %
2020	10.0 %