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The annual report required under the Biofuels Directive (Directive 2003/30/EC) was forwarded by the Office of the Danish Permanent Representative to the European Union on 1 July 2005 (Ref. 400.K.4-1-8.).

It was subsequently found that two pages were missing from the report. Below please find the full report, which consequently replaces the one sent earlier.

**Subject: Annual report under the Biofuels Directive (Directive 2003/30/EC)**

Article 4 of the Biofuels Directive stipulates, *inter alia*, that:

"1. Member States shall report to the Commission, before 1 July each year, 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 for the preceding year. Where appropriate, Member States shall report on any exceptional conditions in the supply of crude oil or oil products that have affected the marketing of biofuels and other renewable fuels. ..."

The relevant information is set out below.

#### A. Measures taken to promote the use of biofuels for transport

With a view to promoting the use of biofuels for transport in a cost-effective manner, the CO<sub>2</sub> tax on such fuels was removed with effect from 1 January 2005 pursuant to Law No 1391 of 20 December 2004 amending the Act introducing a carbon dioxide tax on certain energy products, the Act imposing an energy tax on mineral oils etc., the Act on the taxing of electricity, the Act on the taxing of tap water and the Act on registration duty on motor vehicles etc. The text of the amendment was annexed to the letter of 21 December 2004 from the Danish Energy Authority to the European Commission.

With a view to ensuring compliance with the labelling and information provisions contained in Article 3(5) of the Directive, the Danish Energy Authority entered into an agreement with the Danish Petroleum Industry Association [*Oliebranchens Fællesrepræsentation*] on this subject on 15 December 2004. A copy of the agreement was annexed to the letter of 21 December 2004 from the Danish Energy Authority to the European Commission.

#### B. Danish national resources allocated to the production of biomass for energy uses other than transport

Biomass provided almost 11 percent of the energy consumed in 2003. No figures are yet available for 2004. Between 2000-2003, around  $\frac{3}{4}$  percent (6-7 PJ) of the energy supply moved from fossil fuels to biofuels per year, in accordance with the table below. This was the result of a deliberate and costly policy intended, amongst other things, to reduce CO<sub>2</sub> emissions, improve security of supply and ensure development and employment in rural areas. In 2005, two percent of biofuels in 2005 will correspond to only 3-4 PJ.

This policy has been instrumental in making Denmark more than self-sufficient in energy. Sustainable energy provided 13 percent of Danish energy consumption in 2003.

#### Use of biomass for energy 1980-2002

<b>PJ</b>	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Biofuel</b>							
Straw	4.8	12.5	13.1	12.2	13.7	15.7	16.7
Woodchips	0.2	2.0	2.4	3.1	3.6	4.3	7.0
Wood pellets	0.1	1.7	2.4	5.1	6.5	7.0	10.4
Wood waste	3.8	6.2	5.7	6.9	6.7	8.8	7.0
Biogas	0.2	0.7	1.7	2.9	3.1	3.4	3.6
Firewood	7.6	8.8	11.5	11.7	11.9	11.3	11.5
Waste	10.6	15.2	22.9	30.4	32.2	34.0	36.2

<b>Total biofuel</b>	<b>27.3</b>	<b>47.1</b>	<b>59.6</b>	<b>72.4</b>	<b>77.8</b>	<b>84.3</b>	<b>92.5</b>
<b>Of which used for</b>							
Electricity and heat	11.1	23.4	34.8	45.8	49.8	54.6	62.4
Other industry	5.9	9.7	9.0	9.6	9.8	12.0	12.2
Housing	10.4	14.0	15.8	17.0	18.2	17.7	17.9

NB: Around 80 percent of waste is actually biomass.

Source: the Danish Energy Agency, "*Energistatistik 2003*". No figures are yet available for 2004.

### C. Total sales of transport fuel and the share of biofuels, and market conditions

In 2003, 2.6 billion litres of petrol and 2.2 billion litres of diesel, a total of 164 PJ, were sold as transport fuel. Biofuel has not yet been sold in significant amounts in spite of the fact that biofuels, as mentioned above, are now exempt from CO<sub>2</sub> tax and oil companies have voluntarily refrained from adding MTBE as an octane enhancer to 92 and 95 octane petrol, as explained below.

The Danish distribution system for transport fuels is not designed to handle biofuels. The use of biofuels will therefore require considerable investment in storage and handling facilities at refineries, depots and in petrol stations. This will not be achievable in 2005.

The Danish oil industry voluntarily extended its undertaking not to add MTBE as an octane enhancer to 92 and 95 octane petrol, even after 1 January 2005. This was done *inter alia* with a view to avoiding the pollution of groundwater with MTBE. As yet, the oil industry has not exercised the option to add bioethanol to ensure the octane number, as other, cheaper methods have been found to avoid the addition of MTBE.

In its policy statement "New Objectives" ("*Nye Mål*") of February 2005, the Government declared its aim to promote the development of green technology, *inter alia* in the energy and fuels sectors.

The Government's long-term energy strategy for 2025 ("*Energistrategi 2025*") of June 2005 states that a governmental committee will be set up to get an overall perspective of the prospects and potential for developing and using competitive alternatives to petrol and diesel, including biofuels, natural gas and hydrogen, in order to create a basis for long-term, more ambitious efforts to limit and reduce the transport sector's dependence on oil.

In parallel, the Danish Energy Agency has published two new research and development strategies for hydrogen and liquid biofuels respectively to give direction and guidance in connection with the concrete allocation of funds for research, development and demonstration. The objective of the research and development strategy for liquid biofuels is to achieve commercial status for the new biofuels technologies.

For the Ambassador

[signed]

Peter Skøtt  
Acting Chargé d'Affaire