

Important notice: this report has been submitted in the language of the Member State, which is the sole authentic version. Translation into the English language is being provided for information purposes only. The European Commission does not guarantee the accuracy of the data or information provided in the translation, nor does it accept responsibility for any use made thereof.

Letter from Denmark's Permanent Representation

Diary No: 400.K.4-1-8

28.6.2006

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

Article 4 of the Biofuels Directive states the following:

“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...”

That information is detailed below:

A. Measures to promote the use of biofuels for transport

With effect from 1 January 2005 the Danish government exempted biofuels from the CO<sub>2</sub> tax which is levied on the consumption of normal gasoline and diesel for transport. The Commission approved this CO<sub>2</sub> tax exemption via Case NN 59/2005. The impact of the tax advantage on demand for biofuels is in practice highly uncertain because of the high fluctuations in the market prices for gasoline/diesel and biofuels. However, in May 2006 the oil company Statoil took the initiative and started to sell bio95, a 95-octane gasoline with 5% bioethanol added. Bio95 is the only 95-octane gasoline currently sold at 176 of Statoil's 306 filling stations in Denmark.

The Danish government has earmarked DKK 60 million for the period 2006-08 for the use of biodiesel in defined fleets of vehicles. We will be informing the Commission later on how the scheme is to be implemented.

Lastly, the Danish government has decided on a substantial reinforcement of the efforts to develop second-generation technologies by earmarking DKK 200 million for co-financing large-scale private development programmes. The total amount of additional private and public development funding is expected to be appreciably over DKK 200 million. This also sends a clear signal from the government to the market.

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

Biomass supplied some 11% of energy consumption in 2004. Aid expenditure on this was some DKK 2.4 million. During the period 2000-04 about 0.75% per year (a good 6 PJ) of energy supplies switched from fossil fuel to bioenergy, see the table below. The use of biomass for energy purposes other than transport fuels follows the same objectives as the Biofuels Directive: to improve security of energy supplies, reduce CO<sub>2</sub> emissions and safeguard development and employment in rural areas.

Partly as a result of this effort Denmark is now more than self-sufficient in energy. Renewable energy supplied some 14% of Danish energy consumption in 2004.

### Supply and use of biomass for energy purposes 1980-2004

PJ	1980	1990	1995	2000	2001	2002	2003	2004
<b>Production</b>								
- straw	4.8	12.5	13.1	12.2	13.7	15.7	16.8	17.9
- woodchips	0.0	1.7	2.3	2.7	3.2	3.7	6.2	6.8
- wood pellets	0.0	1.6	2.1	3.0	3.1	2.9	3.1	3.3
- wood residue	3.7	6.2	5.7	6.9	6.7	6.0	6.3	6.5
- biogas	0.2	0.8	1.8	2.9	3.1	3.4	3.6	3.7
- firewood	7.6	8.8	11.5	11.7	11.9	11.3	12.5	12.2
- waste, biomass	7.6	11.1	17.5	23.6	25.0	26.3	28.3	28.7
- biodiesel	0.0	0.0	0.0	0.0	0.9	1.5	1.7	2.4
- fish oil	0.0	0.7	0.3	0.0	0.2	0.1	0.4	0.6
<b>Total</b>	<b>24.0</b>	<b>43.3</b>	<b>54.2</b>	<b>63.1</b>	<b>67.8</b>	<b>71.0</b>	<b>78.8</b>	<b>82.1</b>
<b>production</b>								
<b>Net imports</b>								
- woodchips	0.0	0.0	0.0	0.3	0.4	0.4	0.7	0.8
- timber pellets	0.0	0.0	0.2	2.2	4.1	4.9	6.7	9.5
- biodiesel	0.0	0.0	0.0	0.0	-0.9	-1.5	-1.7	-2.4
<b>Total net</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>2.5</b>	<b>3.5</b>	<b>3.9</b>	<b>4.7</b>	<b>7.8</b>
<b>imports</b>								
<b>Total supply =</b>	<b>24.0</b>	<b>43.3</b>	<b>54.4</b>	<b>65.5</b>	<b>71.2</b>	<b>74.8</b>	<b>84.5</b>	<b>90.0</b>
<b>use</b>								
<b>- of which for:</b>								
- electricity and heat production	7.9	20.0	30.0	39.4	43.2	47.7	55.1	60.6
- other industrial	5.7	9.3	8.6	9.2	9.3	8.4	9.0	9.1
- residential	10.4	14.0	15.8	17.0	18.8	18.7	20.4	20.3

Note: Some of the figures have been revised by comparison with previous reports as a result of new studies. Only the 80% or so of the waste which is actually biomass has been included.

Source: Danish Energy Authority, Energy Statistics 2004. No figures for 2005 exist at present.

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

In 2004 2.5 billion litres of gasoline and 2.6 billion litres of diesel were sold for transport purposes in Denmark, a total of 175 PJ of fuel. There was a net export through border trade of 7 PJ so consumption of gasoline and diesel in Denmark was 168 PJ. Border trade traditionally shows a highly fluctuating pattern.

These are the most recent figures available. As mentioned above, since May 2006 gasoline with added bioethanol has been on sale in Denmark.

(signed)