

Malta's Annual Report for 2005 submitted to fulfil requirements of Article 4 of Directive 2003/30/EC on the promotion of biofuels and other renewable fuels for transport

Directive 2003/30/EC on the promotion of biofuels and other renewable fuels for transport requires Member States to prepare a report annually 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 biomass for energy uses other than transport; and
- 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.

Background information

The Directive aims at promoting the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes in each Member State, with a view to contributing to objectives such as meeting climate change commitments, environment friendly security of supply and promoting renewable energy sources.

The Directive specifies biofuels as liquid or gaseous fuel for transport produced from biomass. Biomass is further defined as the biodegradable fraction of products, waste and residue from agriculture (including vegetal and animal substances), forestry and related industries as well as the biodegradable fraction of industrial and municipal waste.

Malta's potential for growing crops for producing biofuels is negligible due to the limited land, high population density, poor soil fertility and limited freshwater resources (50% of potable water is supplied from desalination).

On the other hand, Malta is totally dependent on imported fuel for all its energy needs. This fact is a strong motivator to find means to increase fuel diversity – although to the marginal extent possible – and to use renewable and indigenous energy sources.

Given the lack of agricultural residues due to the reasons listed above, industrial and domestic waste is the only substantial source of biomass and, therefore, the only substantial source of producing biofuels.

In this regard, Government policy is as follows:

- to reduce the quantity of waste and to encourage higher levels of reuse;
- to increase recycling and composting;
- further development of energy recovery technologies (anaerobic digestion); and
- safe disposal of residues that cannot be otherwise managed.

Encouraging waste prevention, minimisation, reuse, recycling and composting is given a higher preference than energy recovery and the strategy envisages composting of biodegradable waste with targets for reducing landfilling as far as possible.

This leaves little sources from where biofuels could be produced. However, potential for waste cooking oil to be collected and converted to biodiesel exists. Apart from reducing the amount of

waste cooking oil finishing in the sewers, presently this is serving as the only source of indigenous production of biofuels in the Maltese islands. Currently, one privately owned company is carrying out such a process and the Government as well as private entities have been using biodiesel in their heavy plants.

As far as biomass from waste water is concerned, investigations will be concentrating on electricity generation from biogas generated during the treatment process.

Measures to promote the use of biofuels or other renewable fuels

Legislative instruments

Currently, the Use of Biofuels or Other Renewable Fuels for Transport Regulations (LN528/04) is the main legislative instrument regulating biofuels. This legal notice transposes Directive 2003/30/EC.

These Regulations impose an obligation on the Malta Resources Authority to report to the Minister responsible for Resources on the measures undertaken for the promotion of the use of biofuels or other renewable fuels to replace petrol and diesel for purposes of transport, on the national resources allocated for the production of biomass for energy uses other than transport and on the total sale of transport fuel and the share of biofuels that are put in the market in the preceding year. When applicable, the Malta Resources Authority must also report on any exceptional conditions of oil products which have influenced the marketing of biofuels and other renewable fuels. The Minister may approve any of the reports, in whole or in part, with or without modifications or conditions, or may refer any of the reports back to the Malta Resources Authority. When approved, the reports would have to be published by the Malta Resources Authority.

The Malta Resources Authority also has a monitoring duty with regards to the effect of the use of biofuels in diesel blends above 5% by non-adapted vehicles through the use of surveys and, or any other means considered appropriate. The Regulation also imposes reporting duties on importers and producers as well as other obligations with regard to the sale and labelling of biofuels. Finally, the Regulation also gives the Malta Resources Authority the power to issue compliance orders against any person who has contravened any of the provisions of the Regulation and makes it an offence to contravene such compliance orders or any provision of the Regulation or to fail in one's obligations regarding disclosure of information.

The target is also established in a schedule to the Regulations. The target for 2005 is 0.3%.

Exemption from excise duty

During November 2004, Government announced that as from 2005, the biomass content (that is, the percentage element) in biodiesel is exempted from the payment of excise duty under fiscal control where such energy products are made up of, or contain, one or more of the following products:

- products falling within CN Codes 1507 to 1518;

- products falling within CN Codes 3824.90.55 and 3824.90.80 to 3824.90.99 for their components produced from biomass;
- products falling within CN Codes 2207.20.00 and 2905 11 00 which are not of synthetic origin;
- products produced from biomass, including products falling within CN Codes 4401 and 4402; and
- products which contain water (CN Codes 2201 and 2851.00.10).

Government leading by example

As had been the case during 2004, a number of government departments and agencies have continued using biodiesel. These include St. Vincent De Paule Hospital, the Ministry for Rural Affairs and Environment and the Malta Environment and Planning Authority. The Ministry for Resources and Infrastructure, through the Works Division, also buys a substantial amount of biofuel for its vehicles.

National resources allocated to biomass for energy uses other than transport

As indicated earlier, no agricultural resources are used for biofuels. Industrial and municipal waste streams will be directed towards reuse and composting, rather than biofuel production, with the exception of waste oil.

During 2005, total production of 100% biodiesel was around 1.492 Mega litres, of which 60% was used for transport purposes, and 40% for industrial use.

Total sales of transport fuel and the share of biodiesel

Biofuels used in Malta during 2005 consisted of biodiesel produced by one company which collects, cleans and processes waste cooking oil producing biodiesel. This biodiesel is sold mainly blended with diesel oil in blends of B20 and B30, although occasionally higher blends are sold on request. Neat biodiesel (B100%) is occasionally also sold to industry for use in boilers.

Total amount of biodiesel sold for the transport sector was of 0.895 Mega litres.

Interest has been expressed in importing biofuels and or setting up additional manufacturing facilities by a number of private enterprises.

The calculations of the portion of biofuels used for road transport are shown below. The calorific values are standard figures.

Table 1 - Use of road transport fuels in Malta 2005

Fuel	Mega litres (MI)	Energy Content MJ/l	Energy TJ	% of total
Petrol	82.924	31.2	2587.2	45.6%
Diesel	86.524	35.7	3088.9	54.4%
<i>Total fuel sales</i>	<i>169.448</i>		<i>5676.1</i>	<i>100%</i>
Biodiesel	0.895	32.8	29.4	0.52%

Biodiesel accounted for 0.52% of total fuel used for road transport in 2005, a significant improvement on the 0.1% achieved in 2004. This figure is in fact higher than the national indicative target of 0.3% which had been set for 2005.

This increase can be mainly attributed to the increase in sales of biofuels (0.39%). A reduction in sales of petrol and diesel during 2006 as compared to 2005 had a marginal effect (0.03%).