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Ministry of Industry, Tourism and Trade

Directorate General for Energy Policy and Mines

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 2005

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 requires Member States to report to the Commission before 1 July each year on, inter alia:

- measures taken to promote the use of biofuels;
- national resources allocated to the production of biomass for energy uses other than transport;
- total sales of transport fuel;
- level of national indicative targets for 2006.

In line with this request, the Directorate-General for Energy Policy and Mines, within its sphere of competence and in accordance with the information at its disposal, 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 clearly the measure 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 exclusively to the volume of biofuel even when this is used blended with other products.

If the comparative trend in the production costs of petroleum products and biofuels so warrants, the General Finance Law of the State 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 equivalent conventional fuel”.

Similarly, as a further measure to promote biofuel use, the Ministry of Industry, Tourism and Trade applies to undertakings producing biofuels (whether bioethanol or biodiesel) and acting as operators on the Spanish market a favourable regime when calculating minimum security stocks.

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To this end, as is the case with refining operators, and in accordance with the provisions of Article 9 of Royal Decree 1716/2004 of 23 July 2004 governing the requirement to hold minimum security stocks, it provides the possibility for obligated undertakings to hold up to 40% of the aforementioned stocks in the form of raw materials, thereby triggering lower asset costs in relation to the finished product.

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

For 2005, consumption of biomass, biogas and municipal solid waste in terms of primary energy, excluding biofuels, was as follows:

Electricity production	3 077 GWh	=	1 245 ktoe
Final uses (thermal)			<u>3 480 ktoe</u>
TOTAL			4 725 ktoe

3. Error relating to the data for 2004 provided in the June 2005 report

The figures relating to national resources allocated to the production of biomass for uses other than transport have been checked, and an error found with regard to such resources determined as having been used in 2004.

The duly corrected figures for 2004 are below.

For 2004, consumption of biomass, biogas and municipal solid waste in terms of primary energy, not including biofuels, was as follows:

Electricity production	2 556 GWh	=	1 025 ktoe
Final uses (thermal)			<u>3 456 ktoe</u>
TOTAL			4 481 ktoe

4. Total sales of transport biofuels in 2005

National consumption of automotive petrol (95 IO, 97 IO and 98 IO)	7 260 kt
National consumption of automotive diesel	23 253 kt
Sales of bioethanol for transport purposes	176 500 t
Sales of methyl ester on the national market	26 970 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 used essentially in the transport sector by mixing it with automotive diesel.

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In accordance with the quantities mentioned, the share of biofuels in the Spanish transport sector for 2005 was as follows:

For petrol:

Consumption of petrol	7 260 000 t
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Consumption of bioethanol	176 500 t
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indicating a share of **1.49%**, calculated on the basis of the energy content of bioethanol.

For diesel:

Consumption of automotive diesel	23 253 000 t
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Consumption of biodiesel	26 970 t
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indicating a share of **0.10%**, calculated on the basis of the energy content of biodiesel.

Accordingly, the average share of all biofuels in the transport sector in 2005 amounted to **0.44%**.

5. National indicative targets

In accordance with Article 3(1)(b) of Directive 2003/30/EC, the reference value for the national targets for biofuels and other renewable fuels in the transport sector placed on the market is estimated to be in the **range 0.55–0.65%**, calculated on the basis of the energy content of automotive petrol and diesel which will be placed on the Spanish transport market by 31 December 2006.

Madrid, 5 June 2006