REPORT FOR 2007

UNDER ARTICLE 4(1) OF DIRECTIVE 2003/30/EC

on the promotion of the use of biofuels or other renewable fuels for transport

Introduction

The purpose of this report is to meet, for 2007, the reporting obligation laid down in Article 4(1) of Directive 2003/30/EC of the European Parliament and the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport.

Since 2007 suppliers of petrol and diesel for road transport have been obliged to market a certain proportion of their sales in the Netherlands in the form of biofuel. Under the Directive, the percentage of biofuels had to represent 2% of total energy in 2007, and this figure should rise to 5.75% by 2010. The percentage for 2010 is based on the assumption that the Directive specifying fuel quality will be adapted so that the figure of 5.75% energy will be possible without negative effects on the environment and safety. In 2008 and 2009, the annual percentage will be gradually increased to 3.25% and 4.5% respectively, guaranteeing a smooth transition to the figure for 2010. A start had already been made on the marketing of biofuels in 2006 by means of a tax incentive for mixing 2% biofuels with fossil fuels.

This report will deal with the following points in Article 4 of Directive 2003/30/EC:

1. the measures taken to promote the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes,

2. the national resources allocated to the production of biomass for energy uses other than transport, and

3. 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.

1. The measures taken to promote the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes

In 2006 the Netherlands made a start on the biofuels policy by means of a tax incentive to encourage the admixture of 2% biofuels (bioethanol, biodiesel or bioETBE). The incentive took the form of a reduction in excise duty. The target for the admixture of biofuels was 2% of the petrol and diesel placed on the market. In 2006 the proportion of the market accounted for by biofuels – mixed or unmixed – and other renewable fuels corresponded to 0.3% of energy.

Besides the tax incentives, towards the end of 2006 the Dutch cabinet earmarked grants totalling sixty million euros for projects in the field of innovative biofuels that a yield significant reduction in CO_2 emissions. This scheme has been extended to run until 2010. Companies that intend to invest in projects focusing on innovative or improved production of biofuels for transport and will incur extra costs for reducing CO_2 emissions may qualify for grants. Besides investment projects, the programme also supports projects for applications or uses that reduce CO_2 emissions in transport.

In 2007 the biofuel policy was continued by obliging suppliers of petrol and diesel (oil companies and oil traders) for road transport to deliver 2% (in terms of energy value) of their sales in the

Netherlands in the form of biofuels. Oil companies and oil traders had to report to the Dutch Government by 1 April 2008 on the quantities of unleaded petrol and diesel they placed on the market for road transport in 2007. In their reports, each company or trader had to specify the energy percentage of any biofuel that was placed on the market for the quantities of petrol and diesel supplied. This report to the European Commission has been compiled from the reports by oil companies and oil traders to the Dutch Government.

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

No national resources are allocated in the Netherlands to the production of biomass for energy uses other than transport. Biomass is produced if the necessary economic conditions obtain.

To improve the economic conditions for the production of electricity and heat from biomass, resources are used applying the general tools for sustainable (renewable) energy, i.e.:

- Ø tax rebates on investment in renewable energy and energy saving (EIA);
- Ø production subsidies for renewable electricity production (MEP [*Milieukwaliteit van de Elektriciteitsproductie* – Environmental Quality of Electricity Production];
- Ø Encouraging Sustainable Energy for promotion of renewable electricity and renewable gas (SDE)
- Ø incentive programmes for research, development and application of renewable energy and savings. Energy generation from biomass is an integral part of these instruments.

3. 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.

Oil companies and oil traders who supply unleaded light oil (petrol) and / or gas oil (diesel) to the Dutch market are obliged, in accordance with the Decree on biofuels in road traffic 2007, to report prior to 1 April 2008 on the quantities of biofuels and the quantities of petrol and diesel that they put on the market in 2007. On the basis of the reports received, the quantities of petrol, diesel and biofuels for 2007 were as follows:

Petrol: 6.331 million litres
Diesel: 8.739 million litres

Bio-ethanol: 80.9 million litres
Bio-ETBE: 187.8 million litres
Biodiesel: 187.2 million litres

Some oil companies and oil traders reported marketed bio-ETBE as bio-ethanol, a conversion to energy content being applied. As at 1 July 2008, not all reports had yet been received from oil companies and oil traders that had placed petrol and/or diesel on the market in 2007. The reports of parties who did report in some cases indicate that parties who had not yet reported had (through administrative action) in fact placed the required quantities of biofuels on the market.

Expressed in Tonne of Oil Equivalent (See Annex 1), the quantities of unleaded light oil (petrol) and diesel fuel (diesel) supplied for road transport purposes were as follows:

Quantity in million litres of fuel x conversion factor x 1 000 m^3 per million litres =

Petrol:	6 331 x 0.78 x 1000 =	4 938 180 toe
Diesel:	8 739 x 0.86 x 1000 =	7 515 540 toe
Total		12 453 720 toe

The quantities of biofuels reported by the oil companies and oil traders expressed in tonne of oil equivalent are as follows:

Quantity in million litres of fuel x conversion factor x 1 000 m^3 per million litres =

Bioethanol: 80.9 x 0.51 x 1000 =	41 259 toe
BioETBE: 187.8 x 0.64 x 1000 =	120 192 toe
Biodiesel: 187.2 x 0.80 x 1000 =	149 760 toe
Total:	311 211 toe

Calculated on the basis of the energy content of the total quantities of petrol and diesel on the Dutch market, the share of biofuels and other renewable fuels (as defined in Article 3 of Directive 2003/30/EC) was as follows:

The share of biofuels in the market compared to the amount of petrol and diesel:

Energy content biofuels / energy content of petrol and diesel =

((80.9 x 21.3 x 100% + 187.8 x 26.9 x 47% + 187.2 x 33.6 x 100%) x 1 000 000)

/ ((6 331 x 32.5 + 8 739 x 35.9) x 1 000 000) = 2.00%

In 2007 there were no exceptional circumstances in the supply of crude oil or oil products in the Netherlands that influenced the marketing of biofuels and other renewable fuels.

Annex 1. Calorific values and factors for conversion to tonnes of oil equivalent

1 tonne of oil equivalent = 41 868 000 000 joules = 41.868 GJ

Fuel	Energy content	Conversion factor
Petrol	32.5 MJ per litre	0.78 toe/m^3
Diesel	35.9 MJ per litre	0.86 toe/m^3
LPG	24.7 MJ per litre	0.59 toe/m^3
PPO	33.6 MJ per litre	0.80 toe/m^3
Biodiesel	33.6 MJ per litre	0.80 toe/m^3
Ethanol	21.3 MJ per litre	0.51 toe/m^3
ETBE	26.9 MJ per litre	0.64 toe/m^3