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**REPORT**  
**on the promotion of the use of biofuels and other renewable fuels in transport**  
**ESTONIA**  
**2008**

Article 4 of DIRECTIVE 2003/30/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the promotion of the use of biofuels or other renewable fuels for transport lays down that Member States are to report to the Commission by 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 are to 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.

**1. Measures to promote the use of biofuels or other renewable fuels in place of diesel or petrol for transport purposes**

Under the **Alcohol, Tobacco and Fuel Excise Duty Act**, biofuel is exempt from excise duty once the European Commission has given an authorisation and until that authorisation expires. Biofuel for which the first four digits of the CN code are 4401 or 4402 is unconditionally exempt from excise duty. Authorisation to exempt biofuel from excise duty was received from the European Commission in a letter dated 27 July 2005. The authorisation number for the exemption of biofuel from excise duty is 314/2005 and it is valid for 6 years.

In accordance with the objectives set out in the **Development plan to promote the use of biomass and bio-energy 2007-2013** (drawn up pursuant to Government Order No 429 of 3 August 2006), in 2008 studies were carried out on the selection and breeding of varieties of cereals suitable for the production of bioethanol and also on the possibilities of breeding varieties of reed canary grass suitable as energy grass on the basis of the seed of ecotypes growing in Estonia. A review of the bioenergy market in Estonia was drawn up and regular price surveys of the biofuels market were conducted.

A number of seminars were organised for those interested to present the intermediate results and final reports of the studies and to discuss further action.

All studies and their summaries in English have been posted for anyone to see on the website [www.bioenergybaltic.ee](http://www.bioenergybaltic.ee).

As part of the information activities on biofuel production and use, several seminars and conference were organised in 2008.

The biggest event organised was the international "Biomass and Bioenergy 2008" conference held in Tallinn from 27 to 29 February 2008, which was attended, in addition to Estonian bioenergy experts, by representatives of many internationally recognised research institutions, companies, government bodies and local authorities. A number of study trips within Estonia were organised for the participants. The conference was attended by a total of 333 participants from 15 countries.

One of the priorities of the National Strategy for the Use of Structural Instruments 2007 - 2013 is to develop the energy sector. One objective of the priority is to increase the use of alternative transport fuels. To achieve this objective, support is being provided for the widespread dissemination of information concerning the use of alternative fuels and for investments to convert vehicles.

## **2. Renewable energy resources used for energy generation in Estonia**

Estonia's renewable energy potential, which lies primarily in the co-generation of heat and electricity based on biofuel and in wind energy, was described in the 2005 report.

The figures for the share of renewables in primary energy for 2008 are currently not available; they will be published in September.

Primary energy provision in 2007 was 232 PJ, of which approximately 64% was from oil shale and a total of 15% from wood and peat.

Gross electricity production in 2007 was 12 188 GWh, including 22 GWh from hydro-electric plants, 91 GWh from wind farms and 36 GWh from other power plants using renewable fuels.

Renewable fuels accounted for 20.8% of the fuel used to produce heat energy in 2007.

## **3. Fuel consumption in transport in 2007 and 2008**

According to revised data, fuel consumption for transport purposes in 2007 was as follows:

diesel	412 000 t
petrol	321 000 t

A total of 638 964 litres of biofuel (FAME, CN 3824 90 98) and 26 345 litres of denatured ethanol (CN 2207 20 00) were released for consumption .

The share of biofuel in the consumption of diesel fuel and petrol in 2007 thus amounted to 0.07%.

The calculations are based on the following figures:

diesel – energy content 43 MJ/kg;  
petrol – energy content 44 MJ/kg;  
ethanol – energy content 27 MJ/kg;  
FAME – energy content 38.6 MJ/kg.

On the basis of preliminary data from Statistics Estonia the fuel used for transport purposes in 2008 was as follows:

diesel	-385 000 t
petrol	- 320 000 t

Precise figures will be available in Statistics Estonia's September publication.

As at 1 January 2009, 657 094 vehicles were registered in the traffic register, of which 460 410 ran on petrol and 196 661 on diesel.

According to the reports presented by biofuel producers, in Estonia in 2008 there was one biofuel operator releasing 2 849 777 litres of biofuel (denatured ethanol, CN 2207 10 00) mixed in various ratios with petrol and four biofuel operators releasing a total of 3 560 804 litres of biofuel (100% FAME, CN 3824 90 91) to be used in its pure state or mixed with diesel.

In terms of energy content, the share of biofuel in the total consumption of petrol and diesel is 0.6%.

The calculations are based on the following data:

diesel – energy content 43 MJ/kg;  
petrol – energy content 44 MJ/kg;  
ethanol – energy content 27 MJ/kg;  
FAME – energy content 38.25 MJ/kg.

#### **4. Other factors influencing the placing on the market of liquid biofuels**

In connection with the climate change package adopted by the European Parliament on 17 December 2008, approval was also given to a Directive on developing the use of energy from renewable sources. Under this renewable-energy Directive, each Member State must draw up a renewable-energy action plan setting out the action to be taken to achieve the objectives and interim objectives laid down in the Directive.

In connection with this action plan the necessary measures must also be drawn up for ensuring that the objectives are achieved.

In the light of the studies carried out and of other countries' experience, one possible measure is to require the mandatory sale of biofuel, combined with a full or partial tax exemption.

The renewable-energy action plan must be submitted to the European Commission by 30 June 2010.