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**Report to the European Commission for 2008 under
Article 4(1) of Directive 2003/30/EC of the European
Parliament and of the Council of 8 May 2003 on the
promotion of the use of biofuels or other renewable fuels for
transport**

**Prepared by the Ministry of Economic Affairs with the cooperation of
the Ministry of Agriculture and Rural Development, the Ministry of
Finance, the Ministry of Science and Higher Education, the Ministry
of Regional Development, the Ministry of the Environment and the
Ministry of Infrastructure**

Poland, September 2009

*Document adopted by the
Cabinet on 14 September 2009*

Report to the European Commission for 2008 under Article 4(1) of Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport

This report has been drawn up to fulfil Poland's obligation under Article 4(1) of Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport (OJ L 123 of 17 May 2003, p. 42, OJ EU Polish Special Edition, Chapter 13, Volume 31, p. 188).

It implements Article 32 of the Biocomponents and Liquid Biofuels Act of 25 August 2006 (Journal of Laws No 169, item 1199, as amended), which transposes the aforementioned Directive into Polish law.

The report covers the following subjects:

- I. Measures taken to promote the use of liquid biofuels or other renewable fuels for transport
- II. National resources allocated to the production of biomass for energy uses other than transport
- III. The quantity and types of liquid fuels and liquid biofuels placed on the market, and of liquid biofuels produced by farmers for their own use
- IV. The level and achievement of National Indicative Targets.

I. Measures taken to promote the use of biofuels or other renewable fuels for transport

I.1. Legal provisions concerning the functioning of the market for biocomponents and liquid biofuels

The main items of legislation governing the organisational, legal and economic conditions of biocomponent and liquid biofuel production in Poland are the Biocomponents and Liquid Biofuels Act and the Fuel Quality Monitoring and Control Act of 25 August 2006 (Journal of Laws No 169, item 1200, as amended). Both acts establish the right conditions for dynamic growth in this market.

The Biocomponents and Liquid Biofuels Act incorporated a raft of amendments into Polish law, three of which are particularly important:

- The requirement to ensure specified biocomponent participation in the transport fuels market. This requirement has been imposed on businesses which produce liquid fuels or liquid biofuels and import them or purchase them within the Community, for subsequent sale or for their own use.
- Solutions enabling funds to be generated to support biocomponent and liquid biofuel production. Pursuant to Articles 33(11) and 34 of the Biocomponents and Liquid Biofuels Act and Article 401(13b) of the Environmental Protection Act of 27 April 2001 (Journal of Laws 2008, No 25, item 150, as amended), revenue from fines imposed under this Act is credited to the National Environmental Protection and Water Management Fund and earmarked solely as aid for activities relating to biocomponent and liquid biofuel production.
- Possibility for farmers to produce liquid biofuels for their own use. Farmers can now produce for their own use all kinds of liquid biofuels used as direct fuel, and the lodging of security for excise duty will no longer be required in the case of pure vegetable oils and esters. Under the Fuel Quality Monitoring and Control Act, liquid biofuels produced by farmers for their own use must meet only minimum quality requirements that are essential for reasons of environmental protection. The annual limit on own-use production is 100 litres per hectare of the utilised agricultural area owned by the farmer.

The “captive fleet” concept has been incorporated into Polish law by Article 2(1)(23) of the Fuel Quality Monitoring and Control Act. A “captive fleet” is a group of at least 10 vehicles, agricultural tractors or off-road machines, or a group of locomotives or ships fitted with engines able to burn liquid biofuels, owned or used by individuals engaged in business, legal persons or organisational units without legal personality. The introduction of this concept has made it possible to use liquid biofuels other than those granted marketing authorisation in vehicles and machines which are part of “captive fleets”.

The potential for marketing biocomponents in Poland is gradually increasing. As early as in 2005, there were no obstacles to adding up to 5% of fatty acid methyl esters to diesel fuels (bioethanol has been used as an additive in petrol since 1994). In 2006, the entry into force of the Decree of the Minister for Economic Affairs of 8 September 2006 on quality requirements for liquid biofuels (Journal of Laws No 166, item 1182), created the conditions for placing two types of biofuel on the market:

- methyl esters used as direct fuel;
- diesel containing 20% of such esters.

On 22 January 2009 the Minister for Economic Affairs signed the Decree on quality requirements for liquid biofuels (Journal of Laws No 18, item 98), which authorised the placing on the market of another type of liquid biofuel – petrol containing between 70% and 85% of bioethanol (blend E85).

1.2. Promotion of the use of biocomponents in liquid fuels and liquid biofuels

Poland currently promotes the use of biocomponents by offering financial incentives, above all through a system of tax exemptions and tax relief offered on the basis of successive Decrees of the Minister for Finance.

Pursuant to Paragraph 12(1) of the Decree of the Minister for Finance of 26 April 2004 on exemptions from excise duty (version of 1 January 2007, Journal of Laws 2006/243, item 1766) the following products were exempted from excise duty:

- 1) biocomponents intended for use in liquid fuels and liquid biofuels, meeting the relevant quality requirements;
- 2) the following fuels, meeting the relevant quality requirements and containing over 2% of biocomponents:
 - a) unleaded petrol – PLN 1.50 on each litre of biocomponents added to it;
 - b) diesel – PLN 1.00 on each litre of biocomponents added to it;
- 3) biocomponents used as direct fuel and meeting the quality requirements specified in separate regulations – PLN 1 680 per 1 000 l.

The European Commission, which was notified of the above arrangements as constituting state aid, found (in its decision of 8 March 2007) that they were compatible with the EC Treaty. It should be pointed out here that, in 2008, the aforementioned excise duty exemptions granted for using biocomponents in fuels amounted to more than PLN 879 million.

Preferential excise duty treatment will be enhanced as a result of amendments to the Excise Duty Act of 23 January 2004, which entered into force on 6 July 2007 (Journal of Laws No 99, item 666). Further to these amendments:

I. excise duty rates will be as follows for the products specified below:

- 1) for products made by blending petrol with biocomponents and containing over 2% biocomponents, the excise duty charged on the petrol (PLN 1 565 per 1 000 l) will be reduced by PLN 1.565 for each litre of biocomponents added to the petrol, subject to the minimum excise duty payable being PLN 10.00 per 1 000 l;
- 2) for products made by blending diesel with biocomponents and containing over 2% biocomponents, the excise duty charged on the diesel (PLN 1 048 per 1 000 l) will be reduced by PLN 1.048 for each litre of biocomponents added to the diesel, subject to the minimum excise duty payable being PLN 10.00 per 1 000 l;
- 3) for biocomponents intended for use as direct fuel in internal combustion engines, the rate will be PLN 10 per 1 000 l.

II. biocomponents used as direct fuel were excluded from the group of products subject to the fuel charge referred to in the Act of 27 October 1994 on toll motorways and the National Roads Fund (Journal of Laws 2004, No 256, item 2571, as amended).

At the same time, under Article 19a of the Corporate Income Tax Act of 15 February 1992 (version of 14 September 2007, Journal of Laws No 165, item 1169) biocomponent producers may, during the tax years 2007-14, deduct from their tax an amount equating to 19% of the amount by which the cost of producing biocomponents exceeds the cost of producing liquid fuels of the same calorific value (tax that cannot be deducted in the tax year in question may be deducted in subsequent tax years).

As the above-mentioned provisions cannot be put into practice unless a favourable decision is received from the European Commission regarding the compatibility with the common market of the state aid provided for in these Acts, substantial work is being done to ensure swift completion of the notification process for this legislation.

With a view to providing additional support for biocomponents and liquid biofuels production, the Cabinet has adopted Resolution No 134/2007 of 24 July 2007 on the Long-Term Project for the Promotion of Biofuels or Other Renewable Fuels (2008-14) (Polish Monitor No 53, item 607), which implements Article 37 of the Biocomponents and Liquid Biofuels Act. The introduction of the arrangements it contains will improve the cost effectiveness of the process as a whole, from the cultivation of the agricultural raw materials through the production of biocomponents and the manufacture of liquid biofuels and liquid fuels blended with biocomponents, and ending with the use of the biofuels. These arrangements should also ensure a stable operating environment for all entities connected with the biocomponents and liquid biofuels market, which is essential for formulating long-term business plans and to the ability of businesses to raise capital for new investments.

The activities referred to in the Long-Term Project were divided into two groups: biocomponent and liquid biofuel production (designed to impact on the supply of biocomponents and liquid biofuels) and demand-focused activities.

On the demand side, fiscal arrangements will continue to play a very significant role in ensuring the cost-effectiveness of biocomponent and liquid biofuel production in comparison with fossil fuels. The Project contains details of the arrangements concerning exemptions from excise duty, corporate income tax and the fuel charge referred to above, notification of which has been given to the European Commission.

Other financial support instruments included in the Long-Term Project in 2008 included aid for energy crops providing the raw material for biocomponent production. This aid is provided e.g. by enabling farmers to receive European Union subsidies for the cultivation of energy crops (including plants supplied for biocomponent production purposes) of €45 per hectare and by introducing an additional national payment for farmers (who had been awarded payments for the cultivation of energy crops in respect of areas of rape seed cultivation). That payment (PLN 176 per 1 ha of rape seed

cultivation) constitutes *de minimis* aid in the area of agriculture (Article 7a(5) of the Payments under Direct Support Schemes Act (Journal of Laws 2008/170, item 1051, as amended)).

The scheme also envisages investment aid (as regards the production of biocomponents and liquid fuels) from national public funds and EU funds. It is implemented as part of:

- the Infrastructure and Environment Operational Programme.

Investment projects involving e.g. the construction of plants producing biocomponents or liquid fuels are assisted under this programme. Projects of this type may be aided under Action 9.5 “Promotion of the production of biofuels from renewable sources”, the main objective of which is to increase biocomponent and biofuel production. Action 9.5 sets the minimum value of the project at PLN 20 million;

- the Innovative Economy Operational Programme

Projects involving innovative technology for energy production can apply for funding under Action 4.4 of the Innovative Economy Operational Programme. The minimum value of a project in this area has been set at PLN 8 million, and the maximum amount of a grant at PLN 40 million.

- *2007-13 Rural Development Programme*

Under the 2007-13 Rural Development Programme aid to investments in biocomponent production is provided for under Action 123 “Increasing the Added Value of Basic Agricultural and Forestries Production.” This action supports e.g. investments in the processing of agricultural products for energy purposes. The aid takes the form of a refund of part of the project’s eligible costs. The maximum amount of aid awarded to a given recipient during the Rural Development Programme is PLN 20 million. The amount of aid awarded for the implementation of a given project may not be lower than PLN 100 000.

The next category of actions forming part of the programme is projects to increase demand for liquid biofuels. Noteworthy actions of this type include the introduction of ecological public transport areas (in which public transport can be based solely on vehicles using ecological fuel, i.e. liquid biofuels, LPG and CNG, or powered by electric or hybrid engines) and the creation of a system of exemption from parking charges for vehicles which run on these fuels. The duration for which the vehicle is exempt from parking charges is assumed to be proportional to the total biocomponent content of the liquid biofuel used.

The tasks described above (designation of ecological public transport areas in towns and exemption from parking charges) lie within the remit of local authorities, and as such it is extremely important for them to play an active part in implementing the programme.

In addition, the programme provides for a reduction in charges for gases or dust emitted as a result of liquid biofuel use in internal combustion engines for bodies which use liquid biofuels in vehicles. In order to carry out this action it was necessary to make appropriate changes to the implementing legislation for the Environmental Protection Act of 27 April 2001 (Journal of Laws 2008/25, item 150, as amended). In accordance with Annex 1 to the Cabinet Decree of 14 October 2008 on environmental charges (Journal of Laws No 196, item 1217), when the unit charge for gases or dust emitted as a result of fuel use in internal combustion engines is established, account is taken of the biocomponent content of the fuel or the use of biofuel. Where fuels containing biocomponents are used or biofuels are used as direct fuel, the amount of the unit charge for gases or dust emitted as a result of fuel use in internal combustion engines depends on the biocomponent content of the fuel or the use of biofuel as direct fuel respectively.

Arrangements to be implemented under the programme include the introduction of preferential treatment in the context of public procurement for purchases of vehicles and machinery fitted with engines capable of using liquid biofuels. The objective of the action is for entities required to apply the Public Procurement Act of 29 January 2004 (Journal of Laws 2007/223, item 1655, as amended) to gradually replace vehicles which run purely on petroleum fuels by vehicles fitted with engines capable of using liquid biofuels.

Another very significant provision of the programme is the requirement that government departments gradually replace their vehicle fleets with vehicles capable of using liquid biofuels. These vehicles should be visibly marked so as to clearly demonstrate to the public that the government is using fuels of this type (with a view to promoting the use of liquid biofuels).

One of the main components of the programme is information and educational activities on liquid biofuels, including the preparation and dissemination of reliable information on the conditions governing the use of liquid biofuels (which biofuel can be used in a given type of engine, what are the benefits to the environment and national oil consumption resulting from the use of liquid biofuels and the economic and financial benefits associated with the use of liquid biofuels) and the introduction of liquid biofuels as a subject in teaching programmes at all levels.

Information and educational activities targeted on the general public, and on vehicle users in particular, are to include the incorporation into training for drivers of technical, economic and environmental aspects of liquid biofuel use in transport and the use of instruments such as advertising, press articles, television programmes and internet platforms to disseminate information on the benefits of using liquid biofuels.

Planned R&D activities to prioritise research into advanced biofuel production technologies form another important component of the programme. Another important development is the creation of the Polish Technology Platform on Biofuels and Biocomponents, the activities of which are coordinated by the Institute of Fuels and Renewable Energy under the aegis of the Minister for Economic Affairs.

Appropriate legislative measures have been taken to provide funding for actions to promote the use of liquid biofuels. The bill amending the Energy Act of 10 April 1997

(Journal of Laws 2006/89, item 625, as amended) contains provisions enabling funds accruing to the National Environmental Protection and Water Management Fund by way of fines for non-compliance with the Biocomponents and Liquid Biofuels Act to be earmarked to support not just the production of biocomponents and liquid biofuels or other renewable fuels, but also measures to promote the use of these fuels.

I. 3. Financial support for research relating to biofuels

Poland supports research into biofuels by financing research and development projects.

Research projects relating to biofuels

In 2008, work continued on the eleven research projects listed below. Their total cost was PLN 2.78 million.

1. Model for heat generation and NO_x emission in compression ignition engines powered by diesel and plant fuels;
2. Waste glycerol from biofuel production as a substrate for the biosynthesis of citric acid by *Yarrowia lipolytica*;
3. Development of methods for selecting ecological fuel for compression ignition engines using unprocessed rapeseed oil based on comprehensive engine testing;
4. Development of biofuel production technology based on the processing of permeates from the membrane filtration of whey;
5. Analysis of the potential for using the selected biomass in the fuel formation process;
6. Development of criteria for the use of alcohol fuels in a dual fuel spark-ignition engine in terms of fuel economy and minimum emission of toxic components;
7. Economic analysis of rape seed cultivation for the purpose of producing liquid biofuels (as in West Pomerania Province and Mecklenburg-Western Pomerania);
8. Construction and operation of non-waste conversion of rape seed into diesel with management of the glycerin phase;
9. Comprehensive research into the impact on pollution and the performance characteristics of compression ignition engines of methyl esters of selected plant oils blended with diesel;
10. Energy and technical analysis of biodiesel production technology on small farms;
11. Development of methods to adapt means of propulsion of fleet vehicles and agricultural machinery to dual fuel operation using totally renewable blends.

Development projects relating to biofuels

In 2008 work continued on the sixteen development projects listed below. Their total cost was PLN 13.435 million.

1. Research into the potential for using winter rape mutants with modified fatty acid composition in the cultivation of varieties intended for biofuel production;
2. Pilot installation for research into the thermocatalytic processing of polyolefins and polystyrene waste into liquid fuels;
3. Development and introduction of a method for selecting the best technologies for the conversion of chemical energy of fuels into heat and electricity using artificial intelligence;
4. Development of a thermal conversion technology for biomass and municipal waste conversion into gas fuel, based on the concept of a two-stage gasification reactor;
5. Development of fuel processing technology based on sewage sludge;
6. Steering and power system for hybrid units – high-temperature fuel cells – gas turbine;
7. Study of calorific and emission-related properties of waste biomass as a fuel for power boilers;
8. Research into the genetic variability of energy grass crops of the genus *Miscanthus* and their interaction with the environment with regard to yields of biomass as a raw material for biofuels;
9. Construction materials for high temperature fuel cells;
10. Modernisation of the fuel-feed system of aircraft piston engines to enable them to operate using ethanol fuel;
11. Development and preparation for production of a new ester biofuel named Glicerol, using glycerine;
12. Study and optimisation of the operation of PEM fuel cells fitted with a hydrogen fuel regeneration system in the electrolyser;
13. Efficient systems for producing biomass on agricultural land and converting it into liquid and gaseous fuels;
14. Development of technologies for the low-emission combustion of solid fuels – coal and biomass – in low-power boilers, and of a strategy for introducing them;
15. Use of crude rapeseed oil as fuel in diesel engines fitted to tractors and agricultural vehicles;
16. Microbiological production of gas biofuels from waste.

Commissioned development projects relating to biofuels

One commissioned development project was implemented in 2008: “Modern technologies for the use as fuel of biomass and biodegradable waste – conversion of biomass and biodegradable waste into gas fuel.” The amount awarded was PLN 9.892 million.

Other projects

1. Technological initiative “Container installation for the production of fatty acid esters from waste fats”. Amount awarded: PLN 2.573 million.
2. Eureka Programme: “Development of technology for producing biofuels from plant oils and animal fats using camelina oil as a new raw material.” Amount awarded: PLN 2.099 million.

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

An effective method of providing a stimulus to the development of renewables-based power generation is financial support of investments in this area. This is particularly beneficial in the initial stages of the introduction of new technologies, acting as a start-up mechanism. Poland has a long tradition of financial support for investment in renewable energy sources, with the support coming mainly from:

- the National Environmental Protection and Water Management Fund and provincial, district and municipal environmental protection and water management funds. These funds are accumulated out of environmental charges and fines, including substitution charges and fines associated with the operation of the Renewable Energy Certificates (“Green Certificates”) system. Under the terms of the Environmental Protection Act, these funds are intended to support the use of renewable energy sources and assist in the introduction of more environmentally friendly energy sources.
- the EcoFund Foundation, whose funds are generated by Polish debt-for-environment swap activities (however, in view of the end of this programme, applications for funding for projects could be accepted only until 30 June 2008).

The provision of state aid for renewable energy sources is governed by the Decree of the Minister for the Environment of 16 January 2008 specifying the conditions for the provision of state aid for projects involving investment in renewable energy sources (Journal of Laws No 14, item 89).

The priority given to renewable energy was enshrined in “Poland’s Energy Policy to 2030”, a document drafted by the Ministry of Economic Affairs, in which greater use of renewable energy sources was indicated as one of the six main objectives of Polish energy policy.

Three main energy policy objectives in that area are set out in the document:

- to increase the percentage of final energy consumption accounted for by renewable energy sources to 15% by 2020 and to 20% by 2030;
- to boost the share of biofuels in the transport fuels market to 10%, and to increase the use of second-generation biofuels;
- to protect forests against excessive exploitation for the purposes of obtaining biomass and to promote the balanced use of agricultural land for the purposes of renewable energy sources, including biofuels, so as to avoid creating a competition between renewable energy and agriculture.

The provisions of the Energy Policy document will be supported by renewables promotion mechanisms. The principal legislative instrument regulating energy companies’ activities aimed at increasing the use of renewable energy sources is the Energy Act of 10 April 1997 (Journal of Laws 2006/89, item 625, as amended). It identifies the principal support mechanism, which consists in the obligation imposed on energy companies selling electricity to end users to obtain and present for redemption to the energy regulator a specified number of certificates of origin of electricity generated from renewable energy sources, or to pay a substitution charge.

The mixed support system introduced in Poland makes use of market mechanisms that are conducive to development, including a quota system based on “green certificates”, an obligation to purchase energy produced from renewable sources, excise duty exemptions for electricity produced from such sources, simplified arrangements regarding connection and balancing in respect of certain types of renewable energy sources, and support from special-purpose funds, as mentioned above.

Another important element, complementing the mechanisms described above, is the financial support from EU funds. The new EU Cohesion Policy for 2007–13 places particular emphasis on a balanced approach to the use of energy, including energy from renewable sources. Financial support from EU funds is obtainable mainly from the Infrastructure and Environment Operational Programme and, in particular, Priority IX, “Environmentally Friendly Energy Infrastructure and Energy Efficiency”, which aims to reduce the impact of the energy sector on the environment, make the production, transmission and distribution of energy more efficient, improve energy use and increase the use of energy from renewable sources, including biofuels.

EU funding is also obtainable under regional operational programmes for which the provincial councils are responsible. Projects encompassing the construction of buildings using all known types of renewable energy are eligible for funding. The regions organise public procurement procedures to fund these projects. Applications

must be lodged within the deadline indicated in the call for proposals published on the webpage of the institution implementing the ROP. This support is complemented by renewables support under the Rural Development Programme.

III. Quantity and types of liquid fuels and liquid biofuels placed on the market, and of liquid biofuels produced by farmers for their own use*

III. 1. Quantity of transport fuels and percentage share of biofuels placed on the market in 2000-08

An analysis of the data compiled by the Central Statistical Office, the Ministry of Finance, the energy regulator and the Energy Market Agency on petrol and diesel consumption shows the percentage share of biocomponents in fuel consumption in transport in the 2000-08 period to be as follows:

Year	Consumption in transport ('000 tonnes)				Percentage share based on energy content
	Petrol	Diesel	Bioethanol	Esters	
2000	4841	2343	40.6	0	0.35%
2001	4484	2562	52.4	0	0.46%
2002	4109	2940	65.3	0	0.57%
2003	3941	3606	60.1	0	0.49%
2004	4011	4303	38.3	0	0.29%
2005	3915	5075	42.8	17.1	0.47%
2006	4048	6042	84.3	44.9	0.92%
2007	3997	7212	70.8	37.3	0.68%
2008	4109	10069	185.6	479.9	3.66%

* the data presented in this chapter concerning the quantity of biocomponents, liquid biofuels and liquid fuels have been converted on the basis of the average densities specified in the Decree of the Minister for Economic Affairs of 27 December 2007 concerning the calorific value of individual biocomponents and liquid biofuels (Journal of Laws 2008/3, item 12). The data for 2008 were taken from the Corrected Quarterly Reports of the energy regulator.

III. 2. Number of registered undertakings manufacturing, storing or marketing biocomponents

Under the terms of Article 4(1) of the Biocomponents and Liquid Biofuels Act, the manufacture, storage and marketing of biocomponents are regulated activities within the meaning of the Freedom of Economic Activity regulations and must be entered in the register of manufacturers.

Data supplied by the Agricultural Market Agency suggest that, as at 31 December 2008, the register of manufacturers contained entries for:

1. 14 bioethanol producers, declaring an annual production capacity of 590 million litres of bioethanol;
2. 23 methyl ester producers, declaring an annual production capacity of 772 million litres of ester approx.

III. 3. Number of registered farmers producing liquid biofuels for own use, and the type and quantity of the liquid biofuels produced by them

Under the terms of Article 13(1) of the Biocomponents and Liquid Biofuels Act, farmers may produce biofuels for their own use subject to their registration in the Register of Farmers Producing Liquid Biofuels for Their Own Use, maintained by the Agricultural Market Agency.

The data compiled by the Agricultural Market Agency shows that, as at 31 December 2008, three farmers were registered in the register of farmers producing methyl esters for own use who produced around 32 700 litres of methyl esters in 2008.

III. 4. Bioethanol production

The data supplied by the energy regulator show that, in 2008, biocomponent producers produced about 110 million litres of bioethanol (87 000 tonnes). About 235 million litres (186 000 tonnes) of bioethanol came onto the fuel market. The use of bioethanol in petrol in the 1994-2008 period is shown in the table below.

Year	Petrol consumption - '000 m ³	of bioethanol - '000 m ³	which % share of volume -
1994	7325	27.0	0.37
1995	8332	63.0	0.76
1996	6174	100.9	1.63
1997	6691	110.6	1.65
1998	6672	99.8	1.50
1999	7770	83.2	1.07
2000	6808	51.4	0.75
2001	6233	66.4	1.07
2002	5645	82.8	1.47
2003	5453	76.2	1.40
2004	5564	48.5	0.87
2005	5151	54.2	1.05
2006	5326	106.8	2.01
2007	5434	89.6	1.65
2008	5742	234.6	4.08

In 2008, bioethanol producers sold about 79 million litres (63 000 tonnes) of bioethanol to national producers, i.e. 156 million litres (123 000 tonnes) less than was placed on the fuel market in liquid fuels and liquid biofuels. The difference was made up by imports or intra-Community purchases. The data presented indicate a considerable increase in the proportion of bioethanol that is imported or purchased elsewhere in the Community.

III. 5. Ester production

The data supplied by the energy regulator show that, in 2008, biocomponent producers produced about 190 million litres (167 000 tonnes) of esters. About 545 million litres (480 000 tonnes) came onto the fuel market. The use of methyl esters in diesel fuel and as direct fuel in the period 2005-08 is shown in the table below.

Year	Diesel consumption – '000 m3	of which methyl esters – '000 m3	% share of volume
2005	6092	19.4	0.32
2006	7253	51.0	0.70
2007	8700	42.5	0.49
2008	12513	544	4.35

In 2008, bioethanol producers sold about 178 million litres (157 000 tonnes) of esters, i.e. 367 million litres (323 000 tonnes) less than was placed on the fuel market in liquid fuels and liquid biofuels. The difference was made up by imports or intra-Community purchases.

IV. National Indicative Targets and their achievement

IV. 1. Level of National Indicative Targets

Before the entry into force of the Biocomponents and Liquid Biofuels Act, National Indicative Targets were set (on the basis of Article 3(1)(a) of Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport) by the Minister for Economic Affairs in consultation with interested Ministers. The national Indicative Targets set in this manner (based on the energy content of transport fuels) were:

- 2005 - 0.50%,
- 2006 - 1.50%,
- 2007 - 2.30%,

The entry into force of the Biocomponents and Liquid Biofuels Act changed the way in which National Indicative Targets are set. Pursuant to Article 24(1) of the Act, every three years, by 15 June of the current year, the Cabinet issues a Decree setting the National Indicative Target for the coming six years, taking into account the availability of raw materials and production capacity, the potential of the fuel industry and the relevant European Union regulations. The Cabinet Decree of 15 June 2007 on National Indicative Targets for 2008-13 (Journal of Laws No 110, item 757) sets the following National Indicative Targets:

- 2008 - 3.45%;
- 2009 - 4.60%;
- 2010 - 5.75%;
- 2011 - 6.20%;

-2012 - 6.65%;
-2013 - 7.10%.

These targets arise out of Poland's obligations as a member of the European Union. In the period 2008-10, they will increase linearly from the target of 2.3% set for 2007 to the target of 5.75% specified in Directive 2003/30/EC for 2010. Thereafter, in the 2011-13 period, National Indicative Targets will continue to increase linearly, albeit at a slower rate. It is assumed that the rate of increase of the National Indicative Targets during that period (and up to 2020) will make it possible to reach 10% in 2020. This assumption is compatible with Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJ L 140, 5.6.2009, p. 16).

IV.2. Achievement of the National Indicative Target

It should be noted that the legal provisions concerning the functioning of the market for biocomponents and liquid biofuels, and in particular the introduction of the obligation to ensure that biocomponents achieve a specified share of the transport fuel market arising out of the Biocomponents and Liquid Biofuels Act, have generated a significant increase in the use of biocomponents in transport. This is demonstrated by the mere fact that the share of biocomponents in the market for fuel used for transport in 2008, at 3.66%, was above the expected level (3.45%).