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**REPORT**  
**on the promotion of the use of biofuels and other renewable fuels in transport**  
**ESTONIA**  
**2009**

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.

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.

Primary energy provision in 2008 was 224 PJ, of which approximately 64% was from oil shale and 15% from wood and peat combined.

Gross electricity production in 2008 was 10579 GWh, including 28 GWh from hydro-electric plants, 133 GWh from wind farms and 38 GWh from other power plants using renewable fuels.

## **3. Fuel consumption in transport in 2008 and 2009**

According to revised data, fuel consumption for transport purposes in 2008 was as follows:

Diesel - 384 000 tonnes

Petrol - 320 000 tonnes

On the basis of preliminary data from Statistics Estonia the fuel used for transport purposes in 2009 was as follows:

Diesel - 348 000 tonnes

Petrol - 292 000 tonnes

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

According to the reports presented, in 2009 there were four biofuel operators in Estonia which released a total of 2 062 610 litres of biofuel (KN 3824 90 91 or 3824 90 99) to be used in its pure state or mixed with diesel, and one biofuel operator which released a total of 196 827 litres of biofuel (KN 2207 20 00) mixed with petrol.

In terms of energy content, the share of biofuel in the total consumption of petrol and diesel is 0.26%.

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.

The area of renewable energy has since been dealt with in more detail in the “Energy sector development plan 2020”, the “Development plan for the Estonian electricity sector 2018” and the “Development plan to promote the use of biomass and biofuel 2007-2013”. The renewable energy action plan contains a detailed description of all the policies and measures to promote the use of energy from renewable resources.

The renewable energy action plan builds on the courses of action set out in the aforementioned plans, and adds new ones.

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

Drawn up by: Ell-Mari Koppel, Energy Department, Ministry of Economic Affairs and Communications  
**[mari.koppel@mkm.ee](mailto:mari.koppel@mkm.ee)**