

Directorate-General for Energy and Geology

**7th national report on promoting the use of biofuels and other
renewable fuels in transport in Portugal – Directive 2003/30/EC**

(2009)

June 2010

1. Introduction

This report for 2009 aims to comply with the provisions of Article 4(1) of Directive 2003/30/EC to report to the Commission 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 for transport;
- the total sales of transport fuel and the share of biofuels, pure or blended, and other renewable fuels placed on the market.

In accordance with Article 4 of the Directive, this report also makes reference to the national indicative targets for the second phase (until 31 December 2010).

2. Measures taken to promote the use of biofuels in transport

Directive 2003/30/EC was transposed into Portuguese law by Decree-Law No 62/2006 of 21 March 2006, which provides for the following measures to promote the use of biofuels:

- the possibility of imposing minimum quotas for the incorporation of biofuels in fossil fuels if biofuel incorporation the previous year was considerably lower than expected;
- the conclusion of agreements for the use of biodiesel in public passenger transport and goods transport fleets, with a percentage rate of biodiesel incorporation in fossil fuels of more than 10%;
- the creation of the title of ‘dedicated small producer’ for firms with a maximum annual production of 3 000 tonnes from waste materials or using technological development projects based on products that are more environmentally friendly.

The promotion of biofuels through tax measures was covered in Decree-Law No 66/2006 of 22 March 2006, which provides for total exemption (for dedicated small producers) or partial exemption from excise duty on these fuels (specifically the *ISP - Imposto sobre Produtos Petrolíferos e Energéticos* or tax on oil and energy) up to a target fixed annually and regulated by a Portuguese *Portaria* [Order in Council].

Portaria No 1554-A/2007 of 7 December 2007 established the total biofuel amounts to be exempted and the corresponding conditions for allocating them to producers for the years 2008 to 2010.

Decree-Law No 49/2009 of 26 February 2009 set quotas for the obligatory incorporation of biofuels for road diesel fuels and established procedures for the monitoring and control thereof. Nevertheless, compliance with the incorporation objectives established in the Decree-Law (6% (v/v) for 2009 and 10% (v/v) for 2010) was subject to amendments to the European standard EN 590 on road diesel.

In order to monitor compliance with the obligations arising from the application of the Decree-Law, a ‘Portal Biocombustíveis’ portal was set up on the Directorate-General for

Energy and Geology's website. Biofuel producers record on the website the monthly figures for the volume of biofuel that they have produced and sold; entities obliged to ensure incorporation¹ record, on a monthly basis, the volume of biofuel that they have sold or consumed.

In order to ensure greater equity between biofuel producers benefitting from the ISP exemption and in order to guarantee equitable prices, Portaria No 353-E/2009 of 3 April 2009 was published, which was intended to establish maximum limits on sales volume for biofuels and to establish a formula for maximum prices (subject to international markets and the cost of production).

3. Support for the use of national biomass for energy uses other than transport

Electricity producers under the special regime are guaranteed that the Public Service Electricity Network will take up the energy produced by renewable sources. Renewable electricity supplied to the network is paid for using a tariff (differentiated by technology), which, in the case of biomass, had an average approximate value in 2006 of €0.11/kWh (Decree-Law No 33-A/2005 of 16 February 2005).

A call for tender for allocating electricity production capacity totalling 100 MVA in the electricity distribution network for 15 forest biomass thermoelectric power plants has been launched. As a result of this call for tender, approximately 1 000 000 tonnes/year of waste resulting from the management and operation of forests are expected to be consumed. At the end of 2009, 10 connection points for these plants had already been allocated.

The data for electricity and heat produced from the use of biomass in **2009** are as follows:

Electricity		Thermal energy	Total
GWh	TOE	TOE	TOE
2 239	192 554	2 341 089	2 533.643

4. Total sales of fuel for transport and incorporation of biofuels

4.1. Total sales of transport fuels

Total sales of transport fuels in 2009 are as follows:

Petrol	Unleaded 98	153 925 tonnes
	Unleaded 95	1 298 898 tonnes
	Total	1 452 823 tonnes

¹ Entities introducing road diesel for consumption, having processed Import Declarations (DIC) in accordance with the Excise Duties Code.

Diesel	Road diesel	4 901 396 tonnes
	Agricultural diesel	269 490 tonnes
	Total	5 170 886 tonnes
LPG (motor vehicles)		26 589 tonnes
Natural gas – for vehicles		15 301 10³ m³ (m)

4.2. Incorporation of biofuels in the transport sector

For petrol: no incorporation recorded

For diesel: 256 282 tonnes of biodiesel were incorporated, i.e. an incorporation rate of approximately 4.28% (on the basis of energy content).

In total, the biofuel incorporation rate for the transport sector in 2009 was 3.32%.

5. National indicative targets for the second phase (until 31 December 2010)

The national indicative targets for the placing on the market of biofuels and other renewable fuels for transport purposes are defined by the Government.

- Council of Ministers Resolution No 119/2004 of 31 July 2004 approving the National Climate Change Programme (PNAC-2004) established 5.75% as a target for 2010;
- However, in Council of Ministers Resolution No 1/2008 of 4 January 2008, the Government set a more ambitious target for 2010: biofuel to account for 10% of the transport sector.
- Subsequently, taking into account the results of incorporating biofuels into road transport fuels in 2008, Decree-Law No 49/2009 of 26 February 2009 laid down that road diesel should have a FAME content of 6% by volume for 2009 and 10% for 2010. This obligation was required by the maximum content specified in standard EN 590 (this value being currently set at 7% by volume).

6. Prospects for 2010 and until 2020

Given that the provisions of Decree-Law No 49/2009 of 26 February 2009 and Portaria 353-E/2009 of 4 April 2009 continue to apply, it has been laid down that, with regard to 2010, the FAME content of diesel should be 6.75% and 7% by volume, representing approximately 360 million litres of FAME (320 000 tonnes).

Bearing in mind that the current model to support biofuels ends on 31 December 2010, a new mechanism, to apply until 2020, has been drawn up, which has been based on the following general principles:

- The obligation on companies introducing fuels for consumption to submit documents relating to the incorporation of biofuels in quantities corresponding to a specific percentage, which will increase during the period (biofuel must be certified in terms of

sustainability criteria in order for these documents to be issued) and the previous tax assistance (reduction of ISP) will be removed;

- The support given to the production of biofuels produced using wastes, residues, non-food cellulosic material, and ligno-cellulosic material, the introduction of which for consumption continues to be the subject of tax exemption.

Given that the inclusion of biomethane into the natural gas network continues to be considered, this biogas is expected to be acquired by transport companies and counted under Directive 2009/28/EC for the purposes of complying with the target of incorporating renewable fuels in the transport sector.

With regard to the use of biomass for purposes other than biofuels, it is expected that connection points for a further three thermoelectric plants from the forestry biomass call for tender will have been allocated by the end of the year. In the meantime, some of the plants with a connection point already allocated had already started operating.