


Albanian legislation on biofuels

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Overview

- Albanian current legislation on biofuels
 - Why it didn't work
 - Lessons learned
- New law on biofuels
 - Status quo
 - Barriers

Current legislation

- Some measures are already in place in Albania to accommodate the production and supply of biofuels in the country.
- There is in place a Law for production, transportation and trade of biofuels and other renewable fuels for transport (Law no.9876) which was adopted in 2008 in response to Albania's obligations under Directive 2003/30/EC.
- This law establishes a binding biofuels target of 10% by volume from 2015 onwards, imposed on 'wholesale companies in possession of "trade license" for oil byproducts.'

Current law II

- The law covers some of the measures for biofuels required under Directive 2009/28/EC such as the biofuel blending obligation and relevant definitions.
- However several new measures introduced by this Directive are not part of this law, such as establishing sustainability criteria for biofuels and setting out fuel quality requirements.
- Setting up a comprehensive legislative framework for biofuels and bioliquids will be essential in order to establish the conditions for their introduction and subsequent contribution towards the renewable energy targets established in the Renewable Energy Directive.

Staus quo

- Despite the binding targets set out in the biofuels law, and tax exemptions for domestically produced biofuel and raw materials, current supply of biofuels within Albania is very low.
- There are several reasons for this, but the absence of any measures to enforce the blending obligation (such as sanctions on suppliers who do not fulfill their obligation) is a key factor.
- Commercial biofuel production in Albania is currently limited to a single operating plant . The plant has a capacity of 100kT/yr (~112 million litres) of biodiesel, but only 10-15 kT are produced annually, principally from imported vegetable oils. The majority of this fuel is currently exported to Italy.

Barriers for full implementation

- Secondary legislation was never adopted;
- Thus the objectives set in this law were never fully implemented;
- No penalties on infringements of the criteria of the law.

New draft law on biofuels

- Since last year Albania has drafted a new draft law on biofuels, which implements fully the transport part of Directive 2009/28/EC.
- This draft law stipulates clear objective, mandatory time-frames and specific duties of the relevant administrative bodies competent in this sector.
- The objective of the law is the promotion of production and consumption of biofuels and other renewable fuels, in the transport sector of Albania, in the way that can contribute in the fulfillment of the obligations taken by Albania in the INDC, for reductions of greenhouse gases, and for contributing in the fulfillment of the objectives taken in the frame of the Energy Community (10 % until 2020).

National targets

- With the adoption of the law, Albania seeks to achieve these targets:
 - The annual minimal volumes of biofuels in the transport sector shall be no less than 7 % in the volumes of 2016, no less than 8 % in the volumes of 2017, no less than 9 % in the volumes of 2018, no less than 10 % in the volumes of 2019 and ongoing. This obligation is imposed on ‘wholesale companies in possession of “trade license” for oil byproducts.’
- These targets should take into account the Mandatory sustainability criteria for biofuels and bioliquids, that are set for the first time in a separate article.
- A separate article sets as obligation of the Minister of Energy to establish the minimum annual amount of biofuels and other renewable fuels, which will be consumed during the following year in the transport sector.

Mandatory sustainability criteria

- According to article 9 of the draft law, in order to count towards national Renewable Energy targets (the 10% RES-T), biofuels and bioliquids must meet the sustainability criteria set out in the Directive 2009/28/EC.
- Only fuel which is verified can count towards the targets. This can be fuel produced in Albania or fuel imported and that is certified to have fulfilled the sustainability criteria.
- The responsible administrative body for the verification of sustainability criteria, verifies whether economic operators have complied with the sustainability criteria set out in Article 9 of this law.

The verification body

- For this the economic operators are obliged to:
 - a) allows consignments of raw material or biofuel with differing sustainability characteristics to be mixed;
 - b) inform about the sustainability characteristics and the sizes of the consignments referred to in subparagraph a);
 - c) Ensure that the sum of all consignments withdrawn from the mixture to be described as having the same sustainability characteristics, in the same quantities, as the sum of all consignments added to the mixture.

- The Council of Ministers, with the proposal of the Minister responsible for hydrocarbons, will determine the structure responsible for verification of the sustainability criteria laid down in Article 9 of this law.

Other provisions

- In order to have a better certainty of fulfilling the sustainability criteria, every legal entity that aims to produce or blend biofuels, has to obtain a special license for productions and/or blending biofuels and other renewable fuels.
- Biofuels and other renewable fuels, that are used in the transport sector, and the raw materials that are used for their production, shall benefit from a special fiscal regime that will allow them to be competitive in the market.
- The special regime will be laid out in the specific fiscal legislation

Barriers

- Struggling with the Ministry of Finance on two issues:
 1. The percentage of biofuels that will be exempted from excise;
 2. Whether machines and other equipments used for producing biofuels will have a special VAT treatment.
- The composition of the verification body. Actually in Albania there is not a single institution that has all the capacities to perform the verification of the sustainability criteria.
- Approximately 3 institutions that can deal with it. The debate is whether there will be a separate institution or if these institutions can collaborate through a binding mechanism set up by the Council of Ministers.



Faleminderit !!

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