Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

6 April 2006 [shall come into force on 9 May 2006].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Biofuel Law**

**Chapter I. General Provisions**

**Section 1. Terms Used in the Law**

The following terms are used in the Law:

1) **biofuel –** liquid or gaseous fuel used in internal combustion engines which is produced from biomass;

2) **trade in biofuel**– any activities with biofuel (the production and processing of raw materials, and also the production, marking, storage, transportation, import, export, distribution, marketing, disposal etc. of biofuel), and also the provision of information to consumers;

3) **biomass –** the biodegradable fraction of products, waste and residues (including vegetal and animal substances) from agriculture, forestry and related industries, and also the biodegradable fraction of industrial and municipal waste;

4) **biodiesel**– a methyl ester or ethyl ester that is produced from pure vegetable oil or animal fats which have diesel fuel qualities and which may be used as fuel in internal combustion engines;

5) **bioethanol**– an ethanol that is produced from biomass or the biodegradable fraction of waste in order to be used in the production of fuel or as biofuel;

6) **biogas**– a gas that is produced from biomass or from the biodegradable fraction of waste and that can be purified to such quality as to be used as fuel or wood gas generator gas;

7) **pure vegetable oil** – a not refined or refined but not chemically modified vegetable oil obtained from oil plants by pressing, extracting or by using an equivalent technique which is suitable for use as fuel in specific types of internal combustion engines, and also complies with the emission requirements.

[*6 April 2006*]

**Section 2. Purpose of the Law**

The purpose of the Law is to promote the trade in biofuel, thereby supporting the use of environmentally friendly and safe in supply renewable energy resources.

**Section 3. Scope of Application of the Law**

This Law prescribes:

1) the guiding principles of the State policy regarding the trade in biofuel, also biodiesel, bioethanol, and biogas;

2) the competence of authorities involved in the trade in biofuel;

3) the State aid for the production of biofuel;

4) the rights, duties and the liability of persons involved in the trade in biofuel;

5) the procedures for the provision of information to biofuel consumers.

**Chapter II. Competence of State Authorities and Local Governments**

**Section 4. Competence of the Cabinet**

(1) The Cabinet shall:

1) implement the State policy regarding the trade in biofuel in accordance with the provisions of this Law;

2) upon submitting a draft annual State budget law to the *Saeima*, provide the financing necessary for attaining the purpose of this Law;

3) specify the measures which would ensure that biofuel comprises not less than 2 per cent of the total amount of fuel existing in the national economy intended for transport by 31 December 2005, but by 31 December 2010 – not less than 5.75 per cent;

4) determine quality requirements for other renewable energy sources produced from biomass, and also the procedures for use and control of such energy resources;

5) each year prepare information regarding the amount of biofuel produced, imported, and marketed in Latvia and exported from Latvia in the previous calendar year;

6) evaluate the economic efficiency of biofuel in comparison to the average indicators of the European Union;

7) compile information regarding the development of biofuel market and the provision thereof with raw materials in the previous reference period;

8) prepare and submit a report to the European Commission regarding the measures of biofuel introduction and trade in biofuel.

(2) The Cabinet shall delegate the fulfilment of the tasks specified in Paragraph one, Clauses 5–8 of this Section to the relevant member of the Cabinet.

[*6 April 2006*]

**Section 5. Competence of Local Governments**

(1) Local governments shall provide incentives to fuel users within the territory thereof to use biofuel and, within the competence thereof, create favourable conditions for the production of biofuel and investment in the development of biofuel.

(2) Local governments shall promote the use of biofuel in public transport.

**Chapter III. Requirements to be Set for Commercial Activities with Biofuel**

**Section 6. Biofuel Production and Quality**

(1) Persons performing commercial activities with biofuel shall comply with the laws and regulations governing trade in oil products (fuel) and procedures for the application of excise duty.

(2) The Cabinet shall determine the following:

1) the quality requirements to be set for biofuel;

2) the procedures by which conformity assessment of biofuel and transfer for processing shall be performed;

3) the procedures by which the production of biofuel and blending with fossil fuel shall be controlled;

4) the procedures by which biofuel not conforming to the quality requirements shall be destroyed.

**Section 7. Consumer Information**

(1) Biofuel and biofuel blends with fossil fuel, if the amount of biofuel therein is more than 5 per cent, shall be labelled with special indications at sales points.

(2) The Cabinet shall specify the procedures by which consumers shall be informed regarding the content of biofuel present at sales points and the conformity thereof with the quality requirements.

**Chapter IV. Promotion of Trade in Biofuel**

**Section 8. State Aid**

(1) The State aid shall be granted for the production of minimum necessary annual amount of biofuel and the financial aid quotas for biofuel types shall be determined in accordance with the procedures stipulated by the Cabinet.

(2) The Cabinet shall specify the deadline by which a report regarding the State aid granted in the previous reference year shall be submitted, and also the time period and the procedures by which a calculation of the aid necessary and a justification thereof shall be submitted each year.

**Section 9. Procedures for the Payment of Excise Duty and the Receipt of a Guarantee**

(1) The procedures by which the excise duty shall be imposed on biofuel are prescribed by the law On Excise Duties.

(2) Merchants who have a valid special permit (licence) for the activities of a tax warehouse-keeper and who produce biofuel or blend such biofuel with fossil fuel may receive a State guarantee within the framework of the annual State budget and in accordance with the procedures specified by the law On Budget and Financial Management.

(3) If the intended State guarantee may be qualified as aid to commercial activity, a receipt of the decision of the European Commission regarding the compliance of such guarantee with the Treaty establishing the European Community shall be necessary prior to granting the State guarantee. The State guarantee shall be provided in compliance with the conditions of the European Commission decision.

**Transitional Provisions**

1. The Cabinet shall, by 1 May 2005, issue the regulations referred to in Section 6, Paragraph two and Section 7, Paragraph two of this Law.

2. The Cabinet shall, by 1 May 2005, specify the measures which shall be taken in order to ensure the proportion of biofuel specified in Section 4, Paragraph one, Clause 3 of this Law in the total amount of fuel that is intended for transport and exists in the national economy.

3. The Cabinet shall, not later than by 1 August 2006, issue the regulations referred to in Section 4, Paragraph one, Clause 4 of this Law which determine the quality requirements for renewable energy sources produced from biomass, and also the procedures for use and control of such energy resources.

[*6 April 2006*]

**Informative Reference to a European Union Directive**

The Law includes legal norms arising from 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.

The Law has been adopted by the *Saeima* on 17 March 2005.

Acting for the President, Chairperson of the *Saeima* I. Ūdre

Rīga, 1 April 2005