

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session

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SENATE

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COMMITTEE REPORT NO. 102

Submitted by the Committee on Energy on FEB 17 2015.

Re: Senate Bill No. 2622

Recommending its approval with Amendments

Sponsor: Senator Sergio Osmeña III

MR. PRESIDENT:

The Committee on Energy to which was referred Senate Bill No. 2622, introduced by Senator Sergio Osmeña III, entitled:


**“AN ACT
AMENDING THE REPUBLIC ACT NO. 9367, OTHERWISE KNOWN AS THE BIOFUELS ACT
OF 2006”**

has considered the same and has the honor to report it back to the Senate with the recommendation that it be approved with the following amendment:

1. On Section 1, Page 2, Line 1, the *proviso* has been amended to read as follows:

PROVIDED, THAT NATURAL GAS POWER GENERATING PLANTS MAY USE NEAT DIESEL AS THEIR ALTERNATIVE FUEL DURING SHORTAGES OF NATURAL GAS SUPPLIES: PROVIDED, HOWEVER, THAT THE DOE SHALL ENSURE THAT THE AUTHORITY GRANTED HEREIN SHALL ONLY BE AVAILED OF, DIRECTLY OR INDIRECTLY, BY NATURAL GAS POWER PLANTS.

RESPECTFULLY SUBMITTED:


SEN. SERGIO OSMEÑA III
Chairperson

Members


SEN. TEOFISTO GUINGONA III


SEN. LOREN B. LEGARDA


SEN. CYNTHIA A. VILAR


SEN. PAOLO BENIGNO AQUINO IV

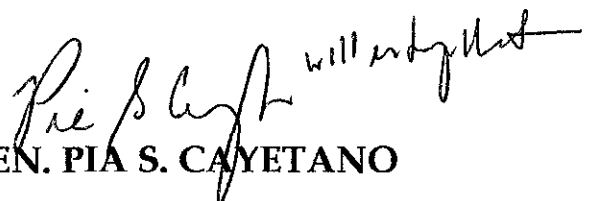

SEN. GRACE POE


SEN. ANTONIO F. TRILLANES IV

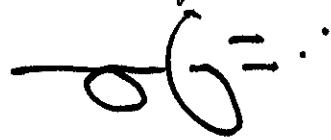

SEN. AQUILINO PIMENTEL III

SEN. FRANCIS G. ESCUDERO

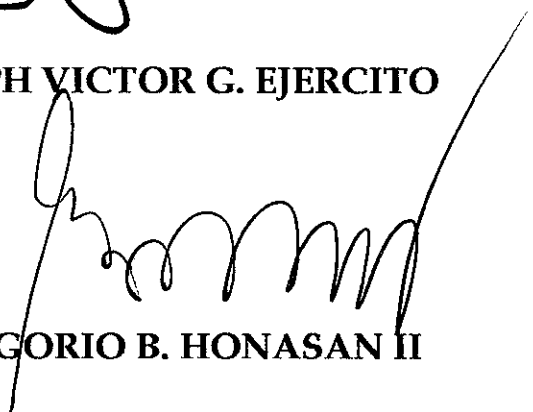
SEN. FERDINAND MARCOS, JR.


SEN. PIA S. CAYETANO


SEN. MARIA LOURDES S. BINAY


SEN. JOSEPH VICTOR G. EJERCITO

SEN. JINGGOY EJERCITO ESTRADA


SEN. GREGORIO B. HONASAN II

Ex-Officio Members

SEN. RALPH G. RECTO
Senate President Pro-Tempore

SEN. ALAN PETER S. CAYETANO
Majority Leader

SEN. JUAN PONCE ENRILE
Minority Leader

A handwritten signature in black ink, appearing to read 'Vicente Sotto III', written in a cursive style.

SEN. VICENTE SOTTO III
Acting Minority Leader

SEN. FRANKLIN M. DRILON
Senate President


SIXTEENTH CONGRESS OF THE)
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Second Regular Session)

Office of the Secretary

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SENATE

S.B. NO. 2622

RECEIVED BY: 

Introduced by SENATOR SERGIO OSMEÑA III

**AN ACT AMENDING REPUBLIC ACT NO. 9367,
OTHERWISE KNOWN AS THE "BIOFUELS ACT OF 2006"**


EXPLANATORY NOTE

The maintenance turn-around of the SPEX Malampaya Onshore Natural Gas Plant set from March 15 to April 14, 2015 would result in the total cut-off of the supply of natural gas to the three (3) natural gas-fired power plants in Luzon, i.e., the Sta. Rita, San Lorenzo and Ilijan, with a total installed capacity of 2,700 MW. As in previous similar situations, to ensure continuity of generation supply during the said period, these three power plants would have to use alternate fuel, with Sta. Rita (1000 MW) and San Lorenzo (500 MW) running on liquid condensate fuel and Ilijan (1200 MW) using biodiesel or industrial diesel oil.

Meanwhile, it has been reported that only Block 1 (600 MW) of the Ilijan plant using alternate fuel would be available but at a limited capacity of 420 MW only, instead of 500 MW owing to lower combustion of biodiesel *vis-à-vis* pure diesel. As a result, and further taking into account delays in the commissioning of committed power projects as well as the increased levels of unplanned power station outages, the Luzon grid is projected to face inadequate contingency and operating reserve capacity during the summer months of 2015 and 2016. While new generation plants are being built, many are expected not to be online during the said period.

A short term solution to mitigate the narrow reserve margin and augment the power supply during periods of natural gas supply shortages is to allow Natural gas plants in Batangas province to use pure or straight-run diesel as their alternative fuel. To achieve this objective, however, would require an amendment to Section 5 of Republic Act No. 9367, otherwise known as the "Biofuels Act of 2006", that would exempt the Ilijan plant and other similarly situated generation plants from compliance with the minimum biodiesel blend prescribed therein.

The immediate approval of this bill is therefore earnestly sought.


SERGIO OSMEÑA III
Senator

SIXTEENTH CONGRESS OF THE)
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Senate
Office of the Secretary

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SENATE

S.B. NO. 2622

Introduced by: SENATOR SERGIO OSMEÑA III

AN ACT
AMENDING REPUBLIC ACT NO. 9367, OTHERWISE KNOWN AS THE "BIOFUELS ACT OF 2006"

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1.** Section 5 of Republic Act No. 9367, otherwise known as the "Biofuels
2 Act," is hereby amended to read as follows:

3

4 "SEC. 5. *Mandatory Use of Biofuels.* – Pursuant to the above policy it is
5 hereby declared that all liquid fuels for motors and engines sold in the
6 Philippines shall contain locally-sourced biofuels components as follows:

x x x

7 5.3 Within three months from the effectivity of this Act, a minimum of one
8 percent (1%) biodiesel by volume shall be blended into all diesel engine fuels
9 sold in the country. Provided, That the biodiesel blend conforms to PNS for
10 biodiesel.

11 Within two years from the effectivity of this Act, the NBB created under
12 this Act is empowered to determine the feasibility and thereafter recommend to
13 DOE to mandate a minimum of two percent (2%) blend of biodiesel by volume
14 which may be increased taking into account considerations including but not
15 limited to domestic supply and availability of locally-sourced biodiesel

1 component: **PROVIDED, THAT NATURAL GAS POWER GENERATING PLANTS**
2 **MAY USE PURE OR STRAIGHT-RUN DIESEL AS THEIR ALTERNATIVE FUEL**
3 **DURING SHORTAGES OF NATURAL GAS SUPPLIES.”**

4 **SEC. 2. *Implementing Rules and Regulations.*** – The Department of Energy (DOE)
5 shall, within thirty (30) days from the effectivity of this Act, promulgate the implementing rules
6 and regulations of this Act.

7 **SEC. 3. *Separability Clause.*** - Should any provision of this Act be declared invalid,
8 the remaining provisions shall continue to be valid and subsisting.

9 **SEC. 4. *Repealing Clause.*** All laws, executive orders, or administrative orders,
10 rules and regulations or parts thereof, which are inconsistent with this Act, are hereby
11 amended, repealed or modified accordingly.

12 **SEC. 5. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
13 publication in at least two (2) newspapers of general circulation in the Philippines.

14 Approved,