THIRTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

41.

Second Regular Session

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Senate Bill No. 2083

SENATE

introduced by: SENATOR COMPAÑERA PIA S. CAYETANO

EXPLANATORY NOTE:

The Philippine Energy Plan 2000 (PEP) of the Department of Energy reported that the total primary energy consumption will grow at an average annual rate of 5.6 percent per year from the year 2002 to 2004 and will further increase by 6.5 percent per year from the year 2005 to 2011. In addition, the total oil consumption in the Philippines is projected to grow from 128 million barrels (MMB) in the year 2000 to 224 MMB in the year 2009 (PEP, 2000). Due to this high demand, energy shortage poses specific risks on the transportation sector and some industries that are dependent on liquid fuels such as diesel. Aside from energy insufficiency, this considerable demand for petroleum also implies significant levels of air pollution.

One of the three major sources of air pollution in the Philippines is emission from automobiles. In fact, according to the Vehicular Emission Control Planning in Metro Manila Study, motor vehicles were the most significant contributors of air pollution in the country in 1992. Fuel quality greatly affects the amount and type of pollutants released by these vehicles.

With the risk of energy shortage and the Philippines' worsening air quality, it is high time that efforts be made to address these problems. One of the possible solutions is the use of a cleaner fuel such as biodiesel, which is an indigenous and renewable diesel substitute and can be produced from oil-bearing crops. The utilization of biodiesel in automotive diesel engines showed the reduction in vehicular air emissions which greatly contributes to different environmental and health problems. Moreover, as biodiesel is proven to make a vehicle fuel efficient, consumption of imported diesel fuel will be greatly minimized. Lastly, economic benefits can be expected upon its use since local copra producers and farmers will be confident enough that their product will be in great demand and not oversupplied since both the local and the international market will require coconut oil.

This bill focuses on the efforts to introduce and require the use of biodiesel in vehicles to reduce harmful emissions and diesel fuel importation.

For these reasons, approval of this Bill is urgently sought.

SENATOR COMPANERA PIA S. CAYETANO

SENATE JEFICE OF THE SECRETARY

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SENATE

S. B. No. _ 2083

Introduced by: SENATOR COMPAÑERA PIA S. CAYETANO

AN ACT

REGULATING THE USE OF DIESEL FUEL BY REQUIRING THE MANDATORY USE OF MORE EFFICIENT AND ENVIRONMENT-FRIENDLY BIODIESEL, AND FOR OTHER PURPOSES.

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

Section 1. – Title. – This Act shall be known as "THE BIODEISEL ACT OF 2005."

Section 2. – Declaration of Policy:

- a. Pursuant to Section 15 of Article II of the Constitution, it shall be the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.
- b. Pursuant to Section 16 of Article II of the Constitution, it shall be the policy of the State to protect and promote the right to health of the people.
- c. Pursuant to Section 12 of Article XII of the Constitution, it shall be the policy of the State to promote the preferential use of Filipino labor, domestic materials and locally produced goods, and adopt measures that help make them competitive.
- d. Put into practice energy efficiency and lessen energy consumption to address the risk of energy source shortage.
- e. Promote the production and development of indigenous and renewable fuels, specifically coconut biodiesel in the Philippines and reinvigorate the Philippine coconut industry through the creation of a new domestic market and increased productivity, thereby improving the lives of coconut farmers

Section 3. - Definition of Terms. -

- a) "Coconut Methyl Esters or CME"— shall refer to fatty ester derived from coconut oil whose alkyl group range in varying percentage suitable for compression ignition engines and other similar types of engines.
- b) "Registered CME" shall refer to CME intended as fuel additive which is registered as required under Section 12 of R. A. No. 8479 or the Downstream Oil Industry Deregulation Law of 1998 and in accordance with Section 27 of R. A. No. 8749 or the Philippine Clean Air Act of 1999.
- c) "CME Diesel or Biodiesel" shall refer to diesel fuel with at least one percent (1%) blend of Registered CME.
- d) "Diesel Fuel" shall refer to fossil fuel for diesel engines representing the middle distillate component of crude oil produced through fractional distillation.
- e) "DENR" shall refer to the Department of Environment and Natural Resources.
- f) "DOE" shall refer to the Department of Energy.
- g) "DA" shall refer to the Department of Agriculture.

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Section 4. - Mandatory Use of CME Diesel or Biodiesel. —The use of CME Diesel or Biodiesel on all motor vehicles shall be mandatory nationwide. Starting January 1, 2007, all Diesel Fuel shall have a mandatory one percent (1%) Registered CME blend. This shall be increased to two percent (2%) Registered CME blend by January 1, 2010.

Section 5. – Prohibited Act. – To ensure faithful compliance with the provision on the mandatory use of CME Diesel or Biodiesel, importers and refineries are prohibited from selling or distributing Diesel Fuel which is not compliant with the requirements of this Act.

Section 6. – Penalty for Violation. – Any person found violating the provisions of this Act shall be penalized as follows:

- a) For the First Offense A fine of not less than Fifty Thousand Pesos but not more than One Hundred Thousand Pesos.
- b) For the Second Offense A fine of not less than One Hundred Fifty Thousand Pesos but not more than Two Hundred Fifty Thousand Pesos.
- c) For the Third offense A fine of not less than Three Hundred Thousand Pesos but not more than Five Hundred Thousand Pesos plus permanent revocation of business license.

Section 7. Duty of the DA. – The DA shall ensure increased productivity and sustainable supply of CME. It shall institute a program which would guarantee that a certain percentage of coconut oil production shall be allocated for CME production.

Section 8. – Duty of DENR and DOE. - Within six months from the promulgation of this Act, the DENR and DOE in consultation with various stakeholders shall formulate the necessary implementing rules and regulation for the complete and proper implementation of this Act.

Section. 9. Separability Clause.- If any part, section, or provision of this Act shall be held invalid or unconstitutional, the other provisions shall not be affected thereby.

Section. 10. Repealing Clause.- All other acts, laws, executive orders, presidential issuances, rules and regulations or any part thereof which are inconsistent herewith are hereby deemed repealed or modified accordingly.

Section. 11. Effectivity. - The provisions of this Act shall take effect fifteen days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved.