





**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.

**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.