A Year After: Status of the Philippine Biofuels Act

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Introduction

The larger context: Energy independence agenda

Five-point Reform Package

Energy independence

- Attain 60% self-sufficiency by 2010
- Increase use of alternative fuels
  - 5% CME blend with diesel fuel for vehicles in 2010
  - 5% ethanol blend with gasoline fuel for vehicles by 2007 and to reach 10% in 2010
The road to the Biofuels Act

Memorandum Circular (MC) 55  9 February 2004
Department Circular (DC) 2005-04-003  1 March 2005
Ethanol Program Consultative Committee  April 2004
Philippine Fuel Ethanol Alliance  August 2004
"Bioethanol Act of 2005"  November 2005
"Biofuels Act of 2006"  November 2006

Biofuels Act of 2006

Signed into law as Republic Act (RA) 9367 in 12 January 2007
Came into effect in February 2007
DC 2007-05-0006 (or its Implementing Rules and Regulations, IRR) signed in 17 May 2007
The biofuels mandate

Section 2 – Declaration of Policy

Section 5 – Mandatory Use of Biofuels
- Bioethanol: 5% of total gasoline volume at 5% blend by 2009; to increase to 10% by 2011
- Biodiesel: 1% by 2007; to increase to 2% by 2009

Section 6 – Importation in case of supply shortage of locally-produced bioethanol

Section 7 – Incentives under the Act

Section 8 – Creation and Organizational Structure of the National Biofuels Board (NBB)

Perspectives from biofuels producers

At least P12B total investments for bioethanol production -- still no operational plant but one is expected to be on February 2008

There are seven main players in biodiesel

Some obstacles faced:
- High electricity cost
- Non-accreditation
- Still on research phase
Key aspects in the implementation of the Act

Two sets of key players: bioethanol and biodiesel groups
Aggressive national policy
Equally aggressive private sector
Conflicting views on jatropha
Pre-mixed biofuels access in provinces
Monitoring of compliance
A note on the farmers

A note on Section 39 on CDM

Section 39 – Special Clause

The Act and this IRR shall not be interpreted as prejudicial to clean development mechanism (CDM) projects that cause carbon dioxide (CO₂) and greenhouse gases (GHG) emission reductions by means of biofuels use.
A note on Section 39 on CDM

However, two main obstacles:
Lack of approved baseline and monitoring methodology
Potential problem with the ownership of credits

A surprising development: A detour?
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