A Year After: Status of the Philippine Biofuels Act

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Contents

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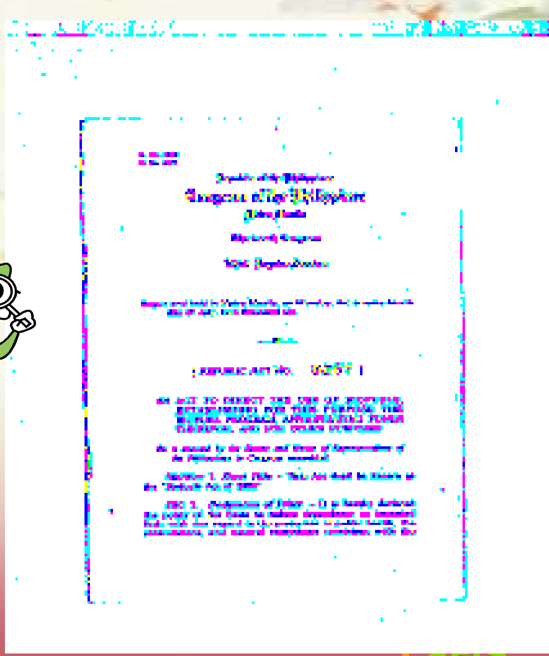
Introduction



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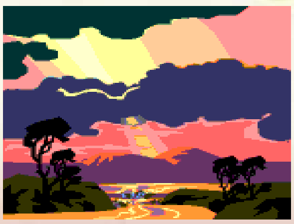
The larger context: Energy independence agenda



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

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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

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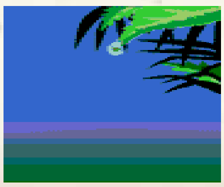
Biofuels Act of 2006

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



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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)

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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

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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

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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 (CO_2) and greenhouse gases (GHG) emission reductions by means of biofuels use.

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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

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A surprising development: A detour?

PHILIPPINE DAILY
INQUIRER

Biofuels act review urged

RP food supply in peril, say lawmakers

Go jump in the lake, Gonzalez tells media

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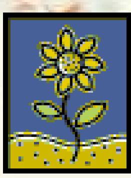

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Thank you!

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