

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5587



Introduced by REP. REYNALDO UMALI

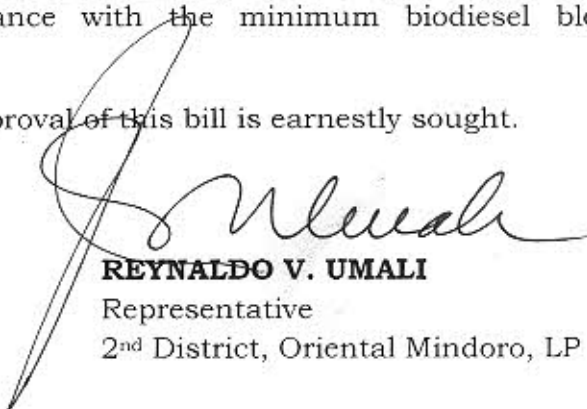
EXPLANATORY NOTE

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. Due to the foregoing, these three power plants, as well as other natural gas-fired power plants similarly situated throughout the country, may have to use alternate fuel to ensure continuity of generation supply during the said period. Thus, Sta. Rita (1000 MW) and San Lorenzo (500 MW) may run on liquid condensate fuel, while Ilijan (1200 MW) may use industrial diesel oil or biodiesel.

Power plants which would use biodiesel (the Biofuels Act of 2006 requires that biofuel should be blended with all diesel engine fuels sold in the country) would have a reduced limited capacity due to lower combustion of biodiesel vis-à-vis pure diesel. This would further deplete the energy supply available for the Luzon grid during the summer of 2015, which is already in a state of crisis due to other factors such as the delays in the commissioning of committed power projects as well as the increased levels of unplanned power station outages.

A short-term solution to mitigate this narrow reserve margin and augment the power supply during these periods of natural gas supply shortages is to allow natural gas plants in the country 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 power generation plants in the country from compliance with the minimum biodiesel blend prescribed therein.

It is in this light that the immediate approval of this bill is earnestly sought.



REYNALDO V. UMALI

Representative

2nd District, Oriental Mindoro, LP

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**AN ACT
EXEMPTING NATURAL GAS POWER GENERATING PLANTS
FROM THE REQUIREMENTS OF PARAGRAPH 5.3, SECTION 5 OF
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:*

SECTION 1. – Section 5 of Republic Act No. 9367, otherwise known as the "Biofuels Act of 2006," is hereby amended to read as follows:

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

XXX

5.3 Within three months from the effectivity of this Act, a minimum of one percent (1%) biodiesel by volume shall be blended into all diesel engine fuels sold in the country: Provided, That the

biodiesel blend conforms to PNS for biodiesel: AND PROVIDED FURTHER, THAT WHEN THERE IS AN EXISTING OR IMMINENT SHORTAGE OF ELECTRICITY, AS MAY BE DETERMINED BY THE PRESIDENT OF THE PHILIPPINES, UPON RECOMMENDATION OF THE SECRETARY OF THE DEPARTMENT OF ENERGY, NATURAL GAS POWER GENERATING PLANTS MAY USE PURE OR STRAIGHT-RUN DIESEL AS THEIR ALTERNATE FUEL DURING SAID PERIODS.

Within two years from the effectivity of this Act, the NBB created under this Act is empowered to determine the feasibility and thereafter recommend to the DOE to mandate a minimum of two percent (2%) blend of biodiesel by volume which may be increased taking into account considerations including but not limited to domestic supply and availability of locally-sourced biodiesel component: PROVIDED, THAT WHEN THERE IS AN EXISTING OR IMMINENT SHORTAGE OF ELECTRICITY, AS MAY BE DETERMINED BY THE PRESIDENT OF THE PHILIPPINES, UPON RECOMMENDATION OF THE SECRETARY OF THE DEPARTMENT OF ENERGY, NATURAL GAS POWER GENERATING PLANTS MAY USE PURE OR STRAIGHT-RUN DIESEL AS THEIR ALTERNATE FUEL DURING SAID PERIODS.

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

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

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.

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

Approved,