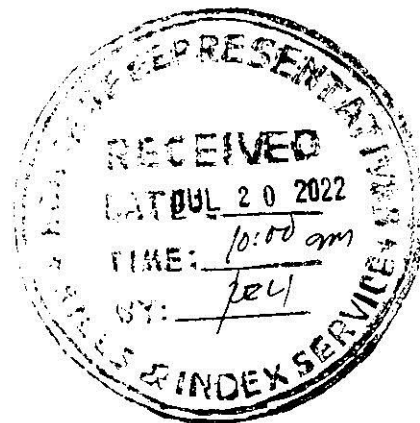


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

House Bill No. 2180

Introduced by Representative Ralph G. Recto

AN ACT

REDUCING THE PRICE OF FUEL, AMENDING FOR THE PURPOSE SECTION 5 OF REPUBLIC ACT NO. 9367, OTHERWISE KNOWN AS THE "BIOFUELS ACT OF 2006"

EXPLANATORY NOTE

Republic Act No. 9367, otherwise known as the "Biofuels Act of 2006" mandates that all liquid fuels for motors and engines sold in the Philippines shall contain locally-sourced biofuel components. Currently, the Philippines implements a blending of at least 10% of bioethanol for gasoline fuel (E10) and 2% biodiesel for diesel fuel (B2). The blending component for bioethanol is ethanol, while for biodiesel, it is coco methyl ester (CME).

The disruption in the global oil and gas supply chain brought about by the Russia-Ukraine conflict has a tremendous impact on the Philippines' oil supply and prices. Average Dubai crude oil price jumped from US\$ 73.19 in January 2022¹ to US\$ 112.30 in June 2022.² Since the beginning of the year up to June 2022, prices of gasoline and diesel per liter have gone up by P29.50 and P44.25, respectively.³

¹ Department of Energy. "Briefer on the Current Oil Supply and Price Situation and Implications of the Russian-Ukraine Conflict" 14 March 2022.

² <https://ph.investing.com/commodities/dubai-crude-oil-platts-futures-historical-data>. (Accessed 26 June 2022).

³ Department of Energy. Oil Price Monitor. (Accessed July 6, 2022).

The staggering increase in the price of fuel brought by the skyrocketing global oil prices and higher prices of domestic ethanol paid by some oil companies have aggravated the hardships of the public, especially the consumer, agriculture, manufacturing, and service sectors.

Oil is the lifeblood of the economy, transportation, and power. It is a key input in manufacturing and a major cost factor in the overall price of goods and services. Thus, fuel price increases and their impact on commodity prices in both the international and domestic markets have caused the country's headline inflation rate to rise further to 6.1% in June 2022, the highest recorded inflation since October 2018. The main sources of this acceleration are food and non-alcoholic beverages (6.0%), transportation (17.1%), and alcoholic beverages and tobacco (7.8%).⁴

Hence, the government is pressed to give the public some reprieve and help cushion the unbearable fuel cost and soaring prices of commodities.

The proposed measure seeks to reduce the retail pump price of fuel by suspending the implementation of the biofuel blend requirement of gasoline and diesel for three (3) years. According to a presentation made by the Independent Philippine Petroleum Companies Association (IPPCA) to the Senate Committee on Energy hearing on March 14, 2022, locally-produced ethanol is much more expensive than imported ethanol with a P21 per liter price difference, while locally-produced CME's price impact on diesel compared to its imported counterpart is P34 per liter. The same IPPCA presentation shows that suspending the mandatory use of biofuels imposed under Section 5 of RA 9367 will reduce the price of gasoline by P1.00 to P1.50 per liter while local diesel would be cheaper by P0.75 to P0.90 per liter.⁵

⁴ Philippine Statistics Authority. Summary Inflation Report Consumer Price Index(2018=100): June 2022. (Accessed July 5, 2022).

⁵ Independent Philippine Petroleum Companies Association (IPPCA). Presentation on the Implications of the Russia-Ukraine Conflict. Senate Committee on Energy hearing held on March 14, 2022.

In view of the foregoing, early approval of this proposal is earnestly sought.



RALPH G. RECTO

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

1 Section 1. *Short Title.* — This Act shall be known as the "*Murang Langis*" Act.

2 Sec. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to
3 protect public interest by providing reasonably-priced petroleum products to
4 consumers. Towards, this end, the State shall implement policies and programs to
5 ensure the delivery of affordable fuel to the public.

6 Sec. 3. Section 5 of Republic Act No. 9367, otherwise known as the "Biofuels
7 Act of 2006" is hereby amended to read as follows:

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

11 "5.1 Within two years from the effectivity of this Act, at least five
12 percent (5%) bioethanol shall comprise the annual total volume of gasoline
13 fuel actually sold and distributed by each and every oil company in the
14 country, subject to the requirement that all bioethanol blended gasoline shall
15 contain a minimum of five percent (5%) bioethanol fuel by volume: Provided,
16 That the ethanol blend conforms to PNS.

17 "5.2 Within four years from the effectivity of this Act, the NBB created
18 under this Act is empowered to determine the feasibility and thereafter

1 recommend to DOE to mandate a minimum of ten percent (10%) blend of
2 bioethanol by volume into all gasoline fuel distributed and sold by each and
3 every oil company in the country.

4 "In the event of supply shortage of locally-produced bioethanol during
5 the four-year period, oil companies shall be allowed to import bioethanol but
6 only to the extent of the shortage as may be determined by the NBB.

7 "5.3 Within three months from the effectivity of this Act, a minimum of
8 one percent (1%) biodiesel by volume shall be blended into all diesel engine
9 fuels sold in the country: Provided, That the biodiesel blend conforms to PNS
10 for biodiesel.

11 "Within two years from the effectivity of this Act, the NBB created
12 under this Act is empowered to determine the feasibility and thereafter
13 recommend to DOE to mandate a minimum of two percent (2%) blend of
14 biodiesel by volume which may be increased taking into account
15 considerations including but not limited to domestic supply and availability of
16 locally-sourced biodiesel component.

17 **"PROVIDED, THAT BEGINNING AUGUST 1, 2022, THE**
18 **MANDATORY USE OF BIOFUELS IMPOSED IN THIS SECTION SHALL**
19 **BE SUSPENDED FOR THREE (3) YEARS."**

20 *Sec. 4. Implementing Rules and Regulations.* – The Department of Energy, in
21 consultation with the National Biofuel Board, the stakeholders and other agencies
22 concerned, shall within thirty (30) days from the effectivity of this Act, promulgate
23 the rules and regulations to effectively implement the provisions of this Act.

24 *Sec. 5. Repealing Clause.* – All laws, decrees, ordinances, rules, regulations,
25 other issuances or parts thereof which are inconsistent with this Act are hereby
26 repealed, amended or modified accordingly.

27 *Sec. 6. Effectivity.* – This Act shall take effect fifteen (15) days following its
28 complete publication in two (2) newspapers of general circulation or in the *Official*
29 *Gazette*.

Approved,