



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2016 - 07 - 0012 ^{IN}

**IMPLEMENTING RULES AND REGULATIONS FOR REPUBLIC ACT NO. (RA)
10745 OR THE AMENDED BIOFUELS ACT OF 2006**

Pursuant to Section 2 of RA 10745 or "An Act Allowing Natural Gas Power Generating Plants in the Country to Use Neat Diesel as an Alternative Fuel, Exempting Them from the Requirements of Paragraph 5.3, Section 5 of RA 9367 or the "Biofuels Act of 2006," the Department of Energy (DOE), in consultation with the National Biofuels Board (NBB), concerned government agencies and stakeholders, hereby issues, adopts and promulgates the following implementing rules and regulations (IRR).

Section 1. Title, Purpose and Scope.

- 1.1 **Title.** This Department Circular shall be known as the Implementing Rules and Regulations (IRR) of RA No 10745 or the Amended Biofuels Act of 2006.
- 1.2 **Scope.** It shall cover power generating plants in the country utilizing natural gas as its fuel.
- 1.3 **Purpose.** It provides for the exemption of natural gas power plans in utilizing the mandated biodiesel blend as provided under RA 9367.

Section 2. Declaration of Policy. It is hereby declared the policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power with due consideration in reducing dependence on imported fuels through the use of indigenous and environmentally friendly fuel sources.

In view hereof, natural gas power generating plants may use neat diesel as their alternative fuel during shortages of natural gas supplies: *Provided*, That the DOE shall ensure that the authority granted herein shall only be availed of, directly or indirectly, by natural gas power plants.

Section 3. Definition of Terms. As used in this IRR, the following terms shall be defined as follows:

- a) "Biodiesel" refers to Fatty Acid Methyl Ester (FAME) or mono-alkyl esters derived from vegetable oils or animal fats and other biomass-derived oils that shall be technically proven and approved by the DOE for use in diesel engines with quality specifications in accordance with the Philippine National Standard (PNS) consistent with Section 26 of RA 8479 or the Philippine Clean Air Act of 1999;

- b) "Biofuel" refers to bioethanol and biodiesel and other fuels made from biomass and primarily used for motive, thermal and power generation with quality specifications in accordance with the PNS;
- c) "Board" refers to the National Biofuels Board (NBB) created under Section 8 of RA 9367 or the Biofuels Act of 2006;
- d) "DOE" refers to the Department of Energy created under RA 7638 or the DOE Act of 1992, as amended;
- e) "ERC" refers to the Energy Regulatory Commission established under Section 38 of RA 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA); and
- f) "Neat diesel" refers to the refined petroleum distillate, which may contain small amount of hydrocarbon or non-hydrocarbon additives to improve ignition quality or other characteristics, suitable for compression ignition engine and other suitable types of engines with quality specifications in compliance with the PNS.

Section 4. Role of the DOE. Pursuant to Section 5 of the RA 10745, the Oil Industry Management Bureau of the DOE shall closely monitor compliance, to ensure that the authority granted herein shall only be availed of, directly or indirectly, by a natural gas power plant, only during shortages of natural gas supplies, duly certified by the DOE: *Provided*, That in cases of non-compliance, the DOE shall impose fines and penalties in accordance with the provisions of RA 9367 and its IRR.

Section 5. Guidelines on the Use of Neat Diesel by Natural Gas Power Generating Plants.

- 5.1 Natural gas power generating plants with duly issued Certificate of Compliance (COC) from the ERC can avail themselves of the use of neat diesel in the following instances:
 - a. During maintenance and/or shutdown of facilities used for the supply of natural gas such as pipelines, terminal, etc.,
 - b. During force majeure which adversely affect the supply of natural gas to natural gas power plants, or
 - c. Other analogous instances.
- 5.2 The DOE shall issue certification of a natural gas supplies shortage event in consideration of the conditions provided in Section 5.1 of this IRR. For this purpose, all suppliers of natural gas shall submit to the DOE their preventive maintenance schedule indicating the dates when the supplies of natural gas would be critical: *Provided*, That during force majeure events, the DOE shall



determine the affected facilities for proper issuance of certification of the shortage of natural gas supplies.

- 5.3 For monitoring, the natural gas power generating plant shall inform the DOE of the volume of neat diesel to be used as alternative fuel, including the procurement of the replenishment volume fifteen (15) calendar days after termination of its usage. Further, the natural gas power plant shall inform the DOE of the source of the neat diesel upon its determination of the supplier.
- 5.4 The natural gas power generating plant shall submit to the DOE the total neat diesel used as alternative fuel when the said power plant resumes the use of natural gas.

Section 6. Separability Clause. If any provision of this IRR is declared invalid, the remaining provisions shall continue to be valid and subsisting.

Section 7. Effectivity. This IRR shall take effect immediately after its publication in two (2) newspapers of general circulation.

Issued at Energy Center, Bonifacio Global City, Taguig City.


ZENAIDA Y. MONSADA
Secretary 

