

[DOE DEPARTMENT CIRCULAR NO. DC 2004-04-003, March 29, 2004]

RULES AND REGULATIONS IMPLEMENTING MEMORANDUM CIRCULAR NO. 55

Pursuant to Section 4 of Memorandum Circular No. 55 issued by the Office of the President on February 9, 2004, directing all departments, bureaus, offices, agencies and instrumentalities of the government, including government-owned and controlled corporations to incorporate the use of one percent (1%) by volume Coconut Methyl Ester in their diesel requirements, the Department of Energy, in consultation with concerned government agencies and private entities, hereby promulgates and adopts the following rules and regulations.

SECTION 1. Title - This Department Circular shall be known and cited as the RULES AND REGULATIONS IMPLEMENTING MEMORANDUM CIRCULAR NO. 55.

SECTION 2. Objective - The purpose of this Department Circular is to provide guidelines on the implementation of Memorandum Circular No. 55.

SECTION 3. Scope and Coverage - This Department Circular shall apply to all land transport diesel vehicles owned or registered in the name of all departments, bureaus, offices, agencies and instrumentalities of the government, including, government-owned and controlled corporations and local government units.

SECTION 4. Definition of Terms -

a. "Coconut Methyl Ester or CME" - as defined by PNS 2020:2003, shall refer to fatty ester derived from coconut oil whose alkyl groups range in varying percentage from C8 to C18 suitable for compression ignition engines and other similar types of engines.

b. "CME-Diesel" - shall refer to diesel fuel with 1% blend of coconut methyl ester. The ratio of CME-Diesel blend is thus defined as 1% of CME and 99% of diesel fuel.

c. "Product Registration" - shall refer to the fuel additive registration requirement under Section 12 of Republic Act (R.A.) No. 8479 (Downstream Oil Industry Deregulation Law of 1998) and Section 27 of R.A. No. 8749 (Philippine Clean Air Act of 1999).

d. " Accreditation" - shall refer to the certification issued to a CME manufacturer/supplier having complied with the prescribed technical criteria (to include, among others, capability to manufacture PNS-compliant CME, distribution network, etc.) of the DOE.

e. "PNS" - shall refer to the Philippine National Standard established by the inter-agency committee, Technical Committee on Petroleum Products and Additives (TCPPA), created pursuant to R.A. No. 8749, on quality parameters, values, and limits of petroleum products including CME.

f. "Diesel requirements" - shall refer to the diesel fuel consumption of all land transport diesel vehicles as defined in Section 3 of this Department Circular.

SECTION 5. Roles and Responsibilities of Agencies -

The Department of Energy (DOE), created pursuant to R.A. No. 7638, shall be the lead implementing agency for the CME Program in petroleum applications beginning with the CME-Diesel blend. The DOE shall coordinate with various government agencies and private entities involved in CME activities and shall provide policy direction for the effective implementation of the program. The DOE shall register CME products, accredit CME manufacturers/suppliers and monitor the quality of CME. The DOE shall prepare a strategic plan outlining national goals in the development, utilization and promotion of CME.

The Department of Environment and Natural Resources (DENR), created pursuant to E.O. No. 192, shall coordinate with DOE and DOTC in terms of data generation of the results of emission testing using CME which will serve as inputs in the emission standard-setting necessary to maintain air quality.

The Department of Science and Technology (DOST), created pursuant to R.A. No. 2067, through the Philippine Council for Industry and Energy Research and Development (PCIERD) and Industrial Technology Development Institute (ITDI), shall coordinate and provide support on research and development works on the production and application of CME being undertaken by the academe, research institutions and others.

The Department of Transportation and Communications (DOTC), created pursuant to Executive Order Nos. 546 and 125-A, shall monitor and test emissions of CME-Diesel -run vehicles and provide DOE with annual statistics and inventory of land transport diesel vehicles owned and registered in the name of all departments, bureaus, offices, agencies and instrumentalities of the government, including government-owned and controlled corporations and local government units.

The Department of Trade and Industry (DTI), created pursuant to Executive Order No. 133, through the Board of Investments (BOI) may provide incentives to investment on CME production in conjunction with coconut processing provided that the resulting CME product conforms to PNS 2020:2003 promulgated by the Bureau of Product Standards (BPS).

The Department of Finance (DOF), created pursuant to Administrative

Order Nos. 127 and 127-A, shall develop and recommend fiscal and nonfiscal incentives as it may deem appropriate for participating petroleum and oleochemical companies to promote the sustainable development of this program.

The Philippine Coconut Authority (PCA), created pursuant to Presidential Decree No. 232, in partnership with coconut farmers, processors, refiners and traders shall ensure security of coconut oil supply by undertaking an aggressive program for planting, replanting, fertilization, agricultural research and development, and rehabilitation of the coconut industry and shall formulate a program to encourage investments and technology for the production of CME to meet the needs of the domestic market.

SECTION 6. Supply and Distribution of 1% CME-Diesel - In the supply and distribution of 1% of CME-Diesel the following guidelines shall be observed:

- a. Each government agency shall be solely responsible for the blending of CME for its diesel fuel requirements.
- b. CME suppliers shall ensure sufficient supply and efficient distribution of CME based on the government agency's specific requirements including storage, mode of procurement and existing logistics and infrastructure.
- c. CME suppliers shall make the product available in small packages for government agencies without storage tanks/dispensing pumps, in recyclable/refillable containers.
- d. CME requirements of the government agencies including government-owned and controlled corporations and their subsidiaries shall only be procured from DOE-accredited suppliers of DOE-registered CME products.
- e. The DOE Energy Utilization Management Bureau (EUMB) shall issue accreditation to CME manufacturers/suppliers subject to the applicant's submission of an effective distribution scheme, IEC and after-sales support program, among others.
- f. The DOE shall provide all government agencies with list of accredited CME manufacturers/suppliers and registered CME products.

SECTION 7. Mechanics of Blending - CME can be blended directly in the diesel fuel tank or may be pre-blended with diesel fuel using the table below as guide.

Table for Blending 1% CME

Diesel (in litres)	5	10	15	20	25	30	35	40	50
CME (in	50	100	150	200	250	300	350	400	500