Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City  

EIGHTEENTH CONGRESS  
First Regular Session  

HOUSE BILL NO. 7356  

Introduced By Representative ALLAN BENEDICT S. REYES

EXPLANATORY NOTE

The Government considers the use of biofuels for transport as "a major thrust of the Philippines to reduce the country’s dependence on imported fossil fuels and to mitigate greenhouse gas emissions."¹ For this purpose, we have enacted Republic Act No. 9367, otherwise known as the Biofuels Act of 2006 and implemented the National Biofuels Program ("NBP") to promote investments in biofuel productions.² Among others, the industry hopes to achieve the following by year 2030:

1. Maximize the contributions of indigenous biofuels in the country’s energy mix towards self-sufficiency and better environmental conditions;
2. Harmonize research, development, demonstration, and commercialization efforts;
3. Coordinate efforts towards the creation of new applications and markets for biofuels; and
4. Update national incentives and regulatory requirements to encourage production and use of biofuels.

Aside from those identified in the Biofuels Act of 2006, another possible raw material for the production of biodiesel is used cooking oil.³ In fact, "[r]esearches into the productive chain of this type of biofuel were performed in Brazil while several scientific studies approaching processes of pretreatment and transesterification of waste cooking oil were analyzed."⁴ One study revealed that, in terms of the economic benefits provided by used cooking oil, there are "reductions of up to 45% of direct production costs compared to virgin oils, even with the additional costs of the pretreatment."⁵ Moreover, given the abundant supply and availability of used cooking oil, it has the "potential to supply up to 13% of the demand for biodiesel in Brazil."⁶

² Id.
³ S. Gopalakrishnan, Production of Biodiesel from used Cooking Oil, IJIRST, National Conference on Recent Advancements in Mechanical Engineering (RAME’17), March 2017 available at https://www.researchgate.net/publication/324200684_PRODUCTION_OF_BIODIESEL_FROM_USED_COOKING_OIL (last accessed 9 August 2020).
⁵ Id.
On top of the list of suppliers of used cooking oil for production of biodiesel are restaurants, cafeterias, kitchenettes and other similar establishments that regularly consume cooking oil in large quantities. The proper handling and disposal of used cooking oil by these establishment is, however, not regulated as of the moment. Not only can the reuse of used cooking oil harm human health, improper disposal of used cooking oil imposes additional burden on the government of treating oily wastewater and maintaining public sewers.

To address this gap, the Philippines needs a law that will prohibit the improper transportation, collection and disposal of used cooking oil. For this purpose, clear ordinances and harmonized regulations must be put in place in all local government units to ensure that the transportation, collection and disposal of used cooking oil all throughout the country are done in a manner that is environmentally safe and protective of public health. We must also recognize and reward the use of platforms and technologies or any undertaking for the effective treatment and production of biodiesel from used cooking oil. To encourage this, the Government must provide attractive incentives and rewards to boost the cooperation and active participation of private entities and individuals in using, developing or undertaking effective biodiesel production projects, technologies, or activities from used cooking oil.

In view of the foregoing, passage of this bill is earnestly sought.

HON. ALLAN BENEDICT S. REYES
Representative
3rd District, Quezon City
AN ACT PROHIBITING THE IMPROPER DISPOSAL OF USED COOKING OIL AND PROVIDING INCENTIVES AND REWARDS TO LOCAL GOVERNMENT UNITS, PRIVATE ENTITIES AND INDIVIDUALS WHO DEVELOP OR UNDERTAKE EFFECTIVE BIODIESEL PRODUCTION PROJECTS, TECHNOLOGIES, OR ACTIVITIES FROM USED COOKING OIL AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. Short Title. - This Act shall be known as the "Proper Disposal of Used Cooking Oil Act of 2020."

SECTION 2. Declaration of Policy.- The Biofuels Act of 2006 aims to reduce the country's dependence on imported fuels with due regard to the protection of public health, the environment, and the natural ecosystems consistent with the country's sustainable economic growth. It mandates the use of biofuels as a measure to develop and utilize indigenous renewable and sustainable-sources clean energy sources to reduce dependence on imported oil; mitigate toxic and greenhouse gas (GSG) emissions; increase rural employment and income; and ensure the availability of alternative and renewable clean energy without any detriment to the natural ecosystem, biodiversity and food reserves of the country. The said law also provides for additional incentives to encourage investments in the production, distribution and use of locally-produced biofuels.

This Act further strengthens the declared policy of the Biofuels Act of 2006 and, in addition to coconut, jatropha, sugarcane, cassava, corn, and sweet sorghum, and other raw materials identified therein, proposes the production of biodiesel from used cooking oil.

SECTION 3. Prohibition.- Upon the effectivity of this Act, it shall be unlawful for any person to collect, transport, and otherwise dispose of used cooking oil not in compliance with the established guidelines that will be adopted by the Department of Interior and Local Government ("DILG"), in consultation with the Department of

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7 Section 2, Republic Act No. 9367, An Act to Direct the Use of Biofuels, Establishing for this Purpose the Biofuel Program, Appropriating Funds Therefor, and for Other Purposes, 12 January 2007. [hereinafter, "Biofuels Act of 2006"].

8 Id.

9 Section 6, Biofuels Act of 2006.
Environment and Natural Resources ("DENR"), Department of Energy ("DOE") and Department of Trade and Industry ("DTI"), for the implementation of this Act.

SECTION 4. Penal Provisions. - Any person who commits, willfully aids or abets in the commission of the acts prohibited herein or who causes the commission of any such acts by another shall suffer the penalty of a fine ranging from a minimum of One million pesos (P 1,000,000.00) to Five million pesos (P 5,000,000.00).

The LGU having jurisdiction over the person committing any of the acts prohibited herein is also empowered to stop and suspend the operation of a business for refusal to comply with any of the provisions of this Act.

SECTION 5. Role of Local Government Units. - In addition to their role of ensuring the effective implementation of the NBP by assisting the DOE in monitoring the distribution, sale and use of biofuels and biofuel-blends,\(^{10}\) LGUs are hereby encouraged to set up used cooking oil collection sites in their respective jurisdictions.

For this purpose, the DILG is hereby mandated to come up with a program that will serve as a means of providing incentives for LGUs who will set up such collection sites by providing them with a performance-based grant which they can use to supplement funding for local development projects.

SECTION 6. Incentive Scheme for Private Entities. - To encourage investments in the production, distribution and use of locally-produced biofuels using used cooking oil, and without prejudice to enjoying applicable incentives and benefits under existing laws, rules and regulations, the following additional incentives as provided under the Biofuels Act of 2006, are hereby also adopted:

a) Specific tax
   The specific tax on local or imported biofuels component, per liter of volume shall be zero (0). The gasoline and diesel fuel component, shall remain subject to the prevailing specific tax rate.\(^{11}\)

b) Value Added Tax
   The sale of used cooking oil and other raw materials to be used in the production of biofuels shall be exempt from the value added tax.

c) Financial Assistance
   Government financial institutions, such as the Development Bank of the Philippines, Land Bank of the Philippines, Quedancor and other government institutions providing financial services shall, in accordance with and to the extent of the enabling provisions of their respective charters or applicable laws, accord high priority to extend financing to Filipino citizens or entities, at least sixty percent (60%) of the capital stock of which belongs to citizens of the Philippines that shall engage in activities involving production, collection, storage, handling and transport of used cooking oil for the production of biofuel, as certified by the DOE.\(^{12}\)

\(^{10}\) Section 11(g), Biofuels Act of 2006.
\(^{11}\) Section 6, Biofuels Act of 2006.
\(^{12}\) Id.
SECTION 7. Implementing Rules and Regulations and Standard Forms. -
Within sixty (60) days from the promulgation of this Act, the necessary rules and
regulations for the proper implementation of its provisions shall be formulated by
the appropriate government office or agency in coordination with all the
stakeholders and covered establishments and institutions.

SECTION 8. Repealing Clause. - All laws, executive orders, administrative
orders, rules, regulations, decrees, and other issuances or parts thereof, which are
inconsistent with the provisions of this Act are hereby revoked, repealed, or modified
accordingly.

SECTION 9. Separability Clause. - If any provision of this Act is held
unconstitutional or invalid, the other provisions not affected thereby shall continue in
operation and remain in full force and effect.

SECTION 10. Effectivity Clause. – This Act shall take effect fifteen (15) days
after its publication the Official Gazette or in the two (2) national newspaper of general
circulation.

Approved,