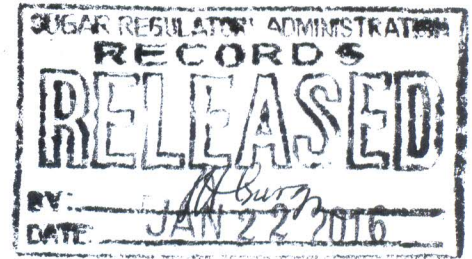




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



MEMO-PPD-2016-Jan-026

January 20, 2016

MEMORANDUM CIRCULAR NO. 2
Series of 2016

TO : ALL BIOETHANOL PRODUCERS

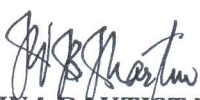
SUBJECT : **Mandatory Collection of Monitoring Fee and BRDE Lien From All SRA-Registered Bioethanol Fuel Producers**

The Sugar Regulatory Administration (SRA) issued Sugar Order No. 5, Series of 2015-2016, dated January 7, 2016, mandating collections of monitoring fee and BRDE lien from all SRA-registered bioethanol fuel producers in the country purposely to support the development of bioethanol industry with focus on research, development and extension projects, viz:

1. Monitoring fee of P 0.05/liter of bioethanol produced
2. BRDE lien of P 0.10/liter of bioethanol produced

The mechanics of collection is imposed on the attached Sugar Order No. 5. SRA will issue a billing statement based on the production reports of Department of Energy-Renewable Energy Management Bureau (DOE-REMB).

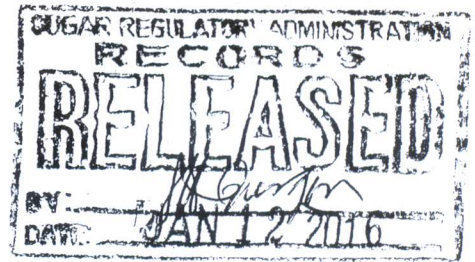
This Memorandum shall take effect on January 2016.


MA. REGINA BAUTISTA-MARTIN
Administrator





Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



MEMO-PPD-2015-Jan-006

January 7, 2016

SUGAR ORDER NO. 5

Series of 2015-2016

OFFICE OF THE MANAGER
Planning & Policy Department (PPD)
Approved by: [Signature]
DATE: 1/12/16

**SUBJECT: MANDATORY COLLECTION OF MONITORING FEE AND BRDE
LIENS FROM ALL BIOETHANOL FUEL PRODUCERS**

WHEREAS, E. O. No. 18, series of 1986, empowers the Sugar Regulatory Administration (SRA) to issue permits and licenses and collect the corresponding fees and liens on the processing and manufacture of sugar and its by-products and other products derived from sugarcane;

WHEREAS, Rule IV, Section 16 of Department Circular No. DC 2007-05-0006 of the Department of Energy providing for the Implementing Rules and Regulations (IRR) of R. A. No. 9367, otherwise known as the Biofuels Act of 2006, mandates that:

"Section 16. The Sugar Regulatory Administration (SRA)

Pursuant to its mandate under Executive Order No. 18 and the Act, the SRA shall:

- b) Together with the DA, PCA and other DA-attached agencies, develop and implement policies supporting the National Biofuels Program and submit the same to the Secretary of the Department of Agriculture for consideration".*

WHEREAS, the bioethanol producers unanimously agreed during the stakeholders meeting held on November 3, 2015 to pay the monitoring fee and bioethanol research, development and extension (BRDE) liens to SRA;



NOW, THEREFORE, under and by virtue of the powers vested in SRA, it is hereby ordered that:

SECTION 1. All Bioethanol Fuel Producers using Sugar, Sugar Syrup, Sugarcane, Molasses and other Products and By-Products derived from Sugarcane shall Pay to SRA a Monitoring Fee of FIVE CENTAVOS (P 0.05) per LITER of bioethanol fuel produced.

All bioethanol fuel producers shall pay to SRA a monitoring fee in the amount of five centavos (P0.05) per liter of bioethanol produced. For purposes of convenience and as agreed with the bioethanol producers, the monitoring fee that shall be collected by SRA shall be based on the volume of *bioethanol fuel produced*. The mechanics of collection shall be as follows:

- a. The determination of the monthly volume of bioethanol fuel actually produced by each bioethanol producer shall be based on the monthly data collected by the Renewable Energy Management Bureau of the Department of Energy (REMB-DOE) from the bioethanol producers;
- b. SRA shall issue a billing statement to individual bioethanol producers upon availability of the production data officially transmitted by REMB-DOE to SRA;
- c. The Planning and Policy Department shall prepare the individual billing statements of bioethanol producers and transmit officially to the Regulation Departments of Quezon City and the Visayas for issuance to concerned bioethanol producers.

The monitoring fees collected by SRA from the production of bioethanol fuel shall form part of the SRA corporate fund.

SECTION 2. Mandatory Collection of Bioethanol Research, Development and Extension (BRDE) Lien from Bioethanol Fuel Producers using Sugar, Sugarcane, Molasses and other Products and By-Products derived from Sugarcane at TEN CENTAVOS (P0.10) per LITER of bioethanol produced.

All bioethanol fuel producers shall pay to SRA a bioethanol research, development and extension (BRDE) lien in the amount of ten centavos (P0.10) per liter of bioethanol produced. The mechanics of monitoring fee collection mentioned in Section 1 hereof shall also apply to the collection of BRDE lien. However, the billing statement for the BRDE lien shall be issued separately.

SECTION 3. Management of the BRDE Lien

The **BRDE lien** shall be set aside by SRA as a **trust account** specifically for the purpose of funding the research, development and extension projects of the bioethanol fuel industry that shall be endorsed by the Ethanol Producers Association of the Philippines (EPAP).

The mechanics of implementation of projects charged against the BRDE lien shall be as follows:

1. Project proponents shall submit its proposal/s to the EPAP;
2. EPAP shall set its own criteria of evaluating the project proposals;
3. All project proposals endorsed by EPAP to SRA, through the SRA Administrator, shall be accompanied by a Board Resolution;
4. For evaluation purposes, the following conditions shall apply to project proposals submitted by EPAP to SRA:
 - For project proposals involving feedstocks that are not derived from sugarcane-based materials, project proposals on the processing of any feedstocks into bioethanol, activities relative to the development of product standards for higher bioethanol blends, information campaign, the development of test vehicles or flex-fuel vehicles and other related proposals, SRA shall submit such proposals to the National Biofuel Board Technical Working Group (NBB-TWG) for evaluation and its recommendation shall be submitted by the Head of the NBB-TWG to the SRA Sugar Board for approval;
 - For projects which involve sugarcane research, development and extension or purely sugarcane agricultural R, D & E in nature, the SRA project evaluation team shall evaluate the project proposal/s and submit its recommendation to the SRA Sugar Board for approval;

5. EPAP shall enter into a Memorandum of Agreement (MOA) with SRA or a mother MOA, on the general terms and conditions for the utilization of the BRDE lien, the templates of project proposals and workplans, and other requirements pursuant to COA rules and regulations;
6. Individual MOA for each SRA-approved projects shall be prepared which shall include the Party or Parties involved in implementing the project aside from SRA and EPAP.

Fund disbursements of the BRDE lien shall be subject to COA auditing rules and regulations.

SECTION 4. Penalties and Sanctions

Non-payment by the bioethanol fuel producers of the mandatory monitoring fee and BRDE lien to SRA shall be subject to suspension or revocation of their SRA registration and subsequently, shall cause SRA to circulate a notification to DOE and other NBB-member agencies of such suspension or revocation which shall subject them to applicable sanctions and penalties as provided under the NBB Joint Administrative Order 2008-001, series of 2008.

SECTION 5. Repealing Clause

Sugar orders, circular letters and other SRA issuances that are not consistent with this policy are hereby deemed repealed, revoked or amended accordingly.

SECTION 6. Effectivity

This policy takes effect upon ratification by the Sugar Board and publication in the UP Law Library.

By Authority of the Sugar Board:



MA. REGINA BAUTISTA-MARTIN

Administrator