



# LICENCE APPLICATION MANUAL UNDER THE MALAYSIAN BIOFUEL INDUSTRY ACT 2007



Update on 25 March 2009

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## **INTRODUCTION**

This Licence Application Manual is prepared as reference on the procedures involved in the process, evaluation and approval of licence for the biofuel industry in accordance to the Malaysian Biofuel Industry Act 2007. The manual is expected to assist all relevant parties in understanding and fulfilling the necessary requirements and procedures pertaining to licensing application. We hope that this document will also provide useful information to those interested in applying for licence as provided under the Malaysian Biofuel Industry (Licensing) Regulation 2008.

Ministry of Plantation Industries and Commodities Malaysia  
25 March 2009.

## **1. ACTIVITIES THAT NEED TO BE LICENSED**

Under Section 5 of the Malaysian Biofuel Industry Act 2007, activities that need to be licensed are as follows:

- i. Commence to construct any biofuel plant or biofuel blending plant;
- ii. Produce any biofuel;
- iii. Blend any biofuel with any other fuel or biofuel;
- iv. Export any biofuel, biofuel blended with any other fuel or biofuel blended with any other biofuel;
- v. Import any biofuel, biofuel blended with any other fuel or biofuel blended with any other biofuel;
- vi. Transport any biofuel, biofuel blended with any other fuel or biofuel blended with any other biofuel connected with upstream activities;
- vii. Store any biofuel, biofuel blended with any other fuel or biofuel blended with any other biofuel connected with upstream activities;
- viii. Survey any biofuel, biofuel blended with any other fuel or biofuel blended with any other biofuel; or
- ix. Test any biofuel, biofuel blended with any other fuel or biofuel blended with any other biofuel.

To date, biofuel refers to the biofuel as specified in the First Schedule of the Malaysian Biofuel Industry Act 2007, namely:

- i. Palm Olein.
- ii. Methyl Ester.

Activities to be licensed are divided into three (3) categories:

- i. Biofuel Production Category
  - a. Commence to Construct Plant
  - b. Produce Biofuel
  - c. Blending
- ii. Biofuel Trading Category
  - a. Export
  - b. Import
  - c. Transport
  - d. Store
- iii. Biofuel Services Category
  - a. Survey
  - b. Testing

## 2. LICENCE APPLICATION CRITERIA

### 2.1 General Qualifying Criteria

- (a) Applying companies, including new applicants are required to show proof that they have secured financial position as well as stable feedstock to commence operations; and
- (b) Applying companies are undertaking capacity enhancement and have been in operation since 31 December 2007; or
- (c) Applying companies produce phytonutrients from oil palm products as well as methyl ester as primary product or byproduct through the Biofuel Manufacturing Licence.

### 2.2 Specific Qualifying Criteria

#### (a) Biofuel Production Category

- (i) Commence To Construct Plant
- (ii) Produce Biofuel
- (iii) Blending

CRITERIA	JUSTIFICATION/NOTES
<b>1) Application Form</b> Complete KPPK (L) PBF 1 Application Form	To ensure all required information are furnished.
<b>2) Licence Fee</b> Licence fee payment to be enclosed (RM100 per activity)	Licence fee to be paid after an application has been approved
<b>3) Business Entity</b> Legal entity document to be enclosed  Form 9; Form 24; Form 44; and Form 49.	To ensure the following information is furnished: <ul style="list-style-type: none"><li>• Company Registration</li><li>• Capital Share</li><li>• Board of Directors</li><li>• Company's Registered Address</li></ul>

CRITERIA	JUSTIFICATION/NOTES
<p><b>4) Capital Ownership</b> Minimum shareholders' fund of RM2.5 Million</p>	<p>To ensure applicants have secured financial position.</p>
<p><b>5) Approval from related Government agencies</b> 5.1 Department of Environment (DOE)</p>	<p>To ensure compliance to environmental requirements, including EIA requirement if daily production capacity exceeds 100 tonnes.</p>
<p>5.2 State Government</p>	<p>To ensure applicants have obtained the necessary approvals.</p>
<p><b>6) Premise Ownership</b></p>	<p>To ensure applicants have obtained the necessary approvals and rights to use the premise.</p>
<p><b>7) Raw Material Supply (only applies to the activity to produce any biofuel)</b> Ability to source palm oil supply. Priority shall be given to companies with integrated operations. <i>Note: Presently, palm oil supply must be sourced locally.</i></p>	<p>To ensure applicants have stable feedstock for biofuel production.</p>

**(b) Biofuel Trading Category**

- (i) Export
- (ii) Import
- (iii) Transport
- (iv) Store

CRITERIA	JUSTIFICATION/NOTES
<p><b>1) Application Form</b> Complete KPPK (L) DBF 1 Application Form</p>	<p>To ensure all required information are furnished</p>
<p><b>2) License Fee</b> Licence fee payment to be enclosed (RM100 per activity)</p>	<p>Licence fee to be paid after an application has been approved</p>
<p><b>3) Business Entity</b> Legal entity document to be enclosed</p> <p>Form 9; Form 24; Form 44; and Form 49.</p>	<p>To ensure the following information is furnished:</p> <ul style="list-style-type: none"><li>• Company Registration</li><li>• Capital Share</li><li>• Board of Directors</li><li>• Company's Registered Address</li></ul>
<p><b>4) Capital Ownership</b> Minimum shareholders' fund of RM100,000</p>	<p>To ensure applicants have secured financial position.</p>
<p><b>5) Approval from related Government agencies (only applies to export and storing activities)</b></p> <p>5.1 Department of Environment (DOE)</p> <p>5.2 State Government</p>	<p>To ensure compliance to environmental requirements. For licence application on storing activity, DOE's approval is needed if storage capacity exceeds 10,800 metric tones at any one time.</p> <p>To ensure applicants have obtained the necessary approvals.</p>



CRITERIA	JUSTIFICATION/NOTES
<p><b>6) Premise Ownership</b></p> <p><b>7) Current Government's Policy on :</b></p> <p>7.1 Export</p> <p>7.2 Import</p>	<p>To ensure applicants have obtained the necessary approvals and rights to use the premise.</p> <p>Only limited to producer of biofuel</p> <p>Presently, the Government does not allow the import of palm based biofuel.</p>

**(c) Biofuel Services Category**

- (i) Survey
- (ii) Testing

CRITERIA	JUSTIFICATION/NOTES
<b>1) Application Form</b> Complete KPPK (L) SBF 1 Application Form	To ensure all required information are furnished.
<b>2) License Fee</b> Licence fee payment to be enclosed (RM100 per activity)	Licence fee to be paid after an application has been approved
<b>3) Business Entity</b> Legal entity document to be enclosed  Form 9; Form 24; Form 49; and Form 44.	To ensure the following information is furnished: <ul style="list-style-type: none"><li>• Company Registration</li><li>• Capital Share</li><li>• Board of Directors</li><li>• Company's Registered Address</li></ul>
<b>4) Capital Ownership</b> Minimum shareholders' fund of RM25,000	To ensure applicants have secured financial position.
<b>5) Premise Ownership</b>	To ensure applicants have obtained the necessary approvals and rights to use the premise.
<b>6) Employee Capability</b>  6.1 Survey (at least one qualified surveyor)  6.2 Testing (at least one qualified chemist)	To ensure applicants have the qualified personnels to do a specific job.  Need to pass MPOB's surveying exam.  Must be a member of the Malaysian Chemicals Institute (IKM).

### 3. LICENSING PROCEDURES FOR ALL CATEGORIES

- I. Commence to construct plant
- II. Produce biofuel
- III. Blending
- IV. Export
- V. Import
- VI. Transport
- VII. Store
- VIII. Survey
- IX. Testing

PROCEDURE	DESCRIPTION
1) Receive application form	<ul style="list-style-type: none"> <li>• Acknowledge receipt of application form.</li> </ul>
2) Check the application form based on licence application criteria	<ul style="list-style-type: none"> <li>• Processing officer evaluates the application form based on the following criteria:               <ol style="list-style-type: none"> <li>i. Entity evidence of applicant;</li> <li>ii. Proof of capital ownership;</li> <li>iii. Premise ownership evidence;</li> <li>iv. Implementation schedule plant construction;</li> <li>v. DOE Approval</li> <li>vi. State Government approval</li> </ol> </li> </ul>
3) Prepare report of the completed application	<ul style="list-style-type: none"> <li>• Prepare an assessment report of the completed application that fulfills the prescribed criteria.</li> </ul>
4) Present report to Biofuel Working Committee	<ul style="list-style-type: none"> <li>• Biofuel Working Committee (JKB) to evaluate and make recommendation on the application. The members of the committee consists of:               <ol style="list-style-type: none"> <li>i. Finance Ministry;</li> <li>ii. Ministry of International Trade and Industry;</li> <li>iii. Ministry of Domestic Trade and Consumer Affairs;</li> <li>iv. Malaysian Industrial Development Authority;</li> <li>v. Malaysian Palm Oil Berhad;</li> <li>vi. Department of Enviroment; and</li> <li>vii. Department of Vegetable Oil, Fats and Sago (MSLS), MPIC.</li> </ol> <p style="text-align: center;">Secretariat – Biofuel Licensing Task Force, MPIC</p> </li> </ul>

PROCEDURE	DESCRIPTION
5) Present report to Biofuel Licensing Committee for approval	<ul style="list-style-type: none"> <li>• Biofuel Licensing Committee (JPB) would consider and make a decision on the application. This committee consists of:               <ul style="list-style-type: none"> <li>i. Secretary General of MPIC - Chairman;</li> <li>ii. Finance Ministry;</li> <li>iii. Ministry of International Trade and Industry;</li> <li>iv. Ministry of Domestic Trade and Consumer Affairs;</li> <li>v. Ministry of Energy Water and Communication;</li> <li>vi. Malaysian Industrial Development Authority;</li> <li>vii. Malaysian Palm Oil Board;</li> <li>viii. Ministry of Industrial Development Sabah;</li> <li>ix. Ministry of Industrial Development Sarawak;</li> <li>x. Department of Environment; and</li> <li>xi. SIRIM Berhad.</li> </ul> </li> </ul> <p>Secretariat – Biofuel Licensing Task Force, MPIC.</p>
6) Notice of Approval/ Disapproval	<ul style="list-style-type: none"> <li>• MPIC will issue a notice of approval or disapproval. For the approved application, licence fee payment to be enclosed is RM100 per activity.</li> </ul>
7) Licence issuance	<ul style="list-style-type: none"> <li>• Upon receipt of the licence fee, MPIC will issue the licence.</li> </ul>
8) Appeal Fee (RM500 per Appeal)	<ul style="list-style-type: none"> <li>• Application for appeal to be forwarded to the Minister of MPIC as provided for under Section 13 of the Malaysian Biofuel Industry Act 2007.</li> </ul>

#### 4. FLOW CHART OF LICENSING PROCEDURES FOR ALL CATEGORIES

