



Republic of the Philippines

## DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. \_\_\_\_\_

### GUIDELINES FOR THE ENDORSEMENT OF ENERGY EFFICIENCY AND CONSERVATION PROJECTS TO THE BOARD OF INVESTMENTS FOR FISCAL INCENTIVES

**WHEREAS**, Article II Section 20 of the Philippine Constitution mentions that the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments;

**WHEREAS**, Section 2 of Republic Act No. 7638 or the "Department of Energy (DOE) Act of 1992" states that it is the policy of the State to ensure a continuous, adequate, reliable, and economic supply of energy through, among others, judicious conservation, renewal, and efficient utilization of energy, to keep pace with the country's growth and economic development;

**WHEREAS**, Section 6 (a) and 25 of Republic Act No. 11285 or the "Energy Efficiency and Conservation Act" (EEC Act) and Section 71 of Department Circular No. DC2019-11-0014 or the Implementing Rules and Regulations of the EEC Act (EEC IRR), provide that the Board of Investments (BOI) shall include energy efficiency projects, as defined in the EEC Act, in the annual investment priorities plan, to incentives provided under Executive Order (E.O.) No. 226, otherwise known as the "Omnibus Investments Code of 1987", as amended, and any other applicable laws for ten (10) years as provided in the EEC Act. After the aforementioned period, the BOI shall review extension of inclusion of the energy efficiency projects in the investment priorities plan and that EEC projects shall be exempt from Article 32(1) of E.O. No. 226;

**WHEREAS**, Section 72 of the EEC IRR states that to qualify for the availment of the fiscal incentives allowed under the EEC Act and the EEC-IRR, the energy efficiency and conservation (EEC) project (whether new or existing project) must be certified as such by the DOE and registered with the BOI.

**NOW THEREFORE**, for and in consideration of the foregoing premises and pursuant to its mandate and under the EEC Act and EEC IRR, the DOE hereby promulgates the following guidelines:

**Section 1. Title.** This Circular shall be known as the "Prescribing the Guidelines for the Endorsement of Energy Efficiency and Conservation Projects to the Board of Investments for Fiscal Incentives."

**Section 2. Scope.** This Department Circular shall establish the guidelines, rules and procedures in the endorsement of energy efficiency projects to the BOI for registration in order to grant fiscal incentives to the proponents for the said project.

**Section 3. Definition of Terms.** As used in this Department Circular, the following terms shall be understood to mean:

- 3.1 "Energy Efficiency" refers to the way of managing and restraining the growth in energy consumption resulting in the delivery of more services for the same energy input or the same services for less energy input;
- 3.2 "Energy Conservation" refers to the reduction of losses or wastage in various energy stages from energy production to energy consumption through the adoption of appropriate measures which may, among others be, technologically feasible, economically sound, environmentally-friendly, or socially affordable;
- 3.3 "Energy Efficiency Projects" refer to projects designed to reduce energy consumption or costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto;
- 3.4 "Energy Management" refers to the process of designing and/or implementing an optimal program of purchasing, generating, and consuming various types of energy based on the end user's overall short-term and long-term management program, with due consideration of factors including costs, availability, economics, and environmental impact;
- 3.5 "Energy Service Company (ESCO)" refers to a juridical entity that offers multi-technology services and goods towards developing and designing energy efficiency projects, delivering and guaranteeing energy savings, and ensuring cost-effective and optimal performance. Their services include energy supply and management, energy financing, technical engineering expertise and consultancy, equipment supply, installation, operation, maintenance and upgrade, and monitoring and verification of performance and savings. Their goods include lighting, motors, drives, heating, ventilation, air conditioning systems, building envelope improvements, and waste heat recovery, cooling, heating, or other usable forms of energy control systems;
- 3.6 "Board of Investments (BOI)" refers to an attached agency of the Department of Trade and Industry responsible for the promotion of investments in the Philippines. The BOI shall include energy efficiency projects as defined in Republic Act No. 11285, in the annual investment priorities plan entitled to incentives provided under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987," as amended, and any other applicable laws.

**Section 4. Qualification to be Considered an Energy Efficiency and Conservation Project.** An Energy Efficiency and Conservation (EEC) project which involves the installation of new equipment or system in an existing plant, facility or establishment and will realize energy savings, as further categorized under Section 7 of this Circular, may be qualified for BOI registration and be entitled to income tax holiday and other incentives under E.O. 226.

**Section 5. Application Procedure and Processing of the said Application.** The application procedure for the issuance of a Certificate of Endorsement to BOI shall be the following:

- 5.1 Applications shall be filed with the DOE Records, which shall in turn be forwarded to the Energy Utilization and Management Bureau – Office of the Director (EUMB – OD) within one (1) day from receipt. Application will be



returned to applicants when there are missing annexes without prejudice to re-application.

- 5.2 Incoming documents and application request addressed to the EUMB – OD will be acknowledged and encoded at the DOE Data Tracking System.
- 5.3 Upon receiving of the documents, the EUMB-OD will forward the documents to the Energy Efficiency and Conservation Program Management and Technology Promotions Division (EPMPD) where the application shall be processed according to the sequence and criteria in this Circular.
- 5.4 The documents will be initially reviewed by the Division Chief of EPMPD and endorsed for assessment/evaluation to the Section Chief.
- 5.5 The Section Chief may delegate the evaluation/assessment of the request to the technical staff of the section.
- 5.6 The assigned technical staff will evaluate, assess and validate the request. The technical staff has the responsibility to develop reports and/or communication letters pertaining to the EEC project requested for BOI endorsement:
- 5.7 If deemed necessary by the technical staff, a virtual meeting/presentation with/by the applicant may be requested for the initial assessment/evaluation. EPMPD may request for the details of the energy savings calculations of the proposed project being presented.
- 5.8 Upon extensive review and evaluation of the EEC measures to be installed/adopted, the assigned technical staff will submit evaluation report for the Section Chief's review and approval.
- 5.9 The Section Chief shall be responsible in reporting and endorsing the said report to the Division's Chief.
- 5.10 The Division Chief will review and approve/disapprove the evaluation report. If approved, it is the Division Chief's responsibility to endorse the report for the Director's approval and signature of the endorsement to BOI.
- 5.11 *Issuance of Letter of Endorsement* - EPMPD shall prepare a letter of endorsement to be signed by the EUMB Director for the granting of incentives addressed to the BOI Chairman. The letter of endorsement shall be supported by the recommendation arising from EPMPD's evaluation. The EUMB Director shall have two (2) days act on the letter of endorsement.
- 5.12 After the Director's approval, the endorsement will then be released, recorded and transmitted by the documenters.
- 5.13 The client will then be notified on the result of their request for BOI endorsement, whether approved or disapproved.

## **Section 6. Documentary Requirements.**

- 6.1 Cover letter indicating the entity's intent to avail of BOI incentives, letter should be addressed to:

**The Director**

Energy Utilization and Management Bureau  
Department of Energy  
Energy Center, Rizal Drive, Bonifacio Global City, Taguig City

**6.2 Certified True Copy of the Documents on Corporate Personality**

6.2.1 For sole proprietorship entity, Business Registration

6.2.2 For corporate entities such as: corporation, partnership, joint venture and cooperatives, the following documents, as applicable:

- i. Business registration;
- ii. Business permits;
- iii. SEC registration/CDA registration; and
- iv. Articles of Incorporation

6.3 Project Background (Annex A)

6.4 Anticipated Energy Savings (Annex B)

6.5 Proof of payment of a non-refundable Application Fee of Five Thousand Pesos (PhP 5,000.00) for BOI Endorsement.

**Section 7. Evaluation Criteria.** To qualify for registration, the EEC project should be endorsed by the Department of Energy (DOE), as having met at least 15% savings threshold measured at project boundary.

<b><i>Energy Savings at the Project Boundary</i></b>	<b><i>Rate of Income Tax Holiday (ITH)</i></b>
<i>15% to 20%</i>	<i>50%</i>
<i>more than 20% and up to 25%</i>	<i>75%</i>
<i>more than 25%</i>	<i>100%</i>

- 7.1 All registered EEC projects shall be granted with Pioneer incentives, if the said EEC Project or Enterprise is registered as a Pioneer Project or Enterprise in accordance with the Omnibus Investment Code of 1987. The rate ITH shall be reckoned from the start of operation of the EEC project.
- 7.2 An Energy Service Company (ESCO), certified and/or registered by the DOE, which will invest and provide services under a contract with the owner of the plant, facility or establishment, regardless of the sector, may qualify for BOI endorsement.
- 7.3 The anticipated savings, due to energy efficiency and conservation measures to be installed/adopted will be doubled-checked by the technical staff without prejudice to making his own calculations. If case discrepancies arise, the calculation of the technical staff shall be regarded as final.
- 7.4 Final evaluation on granting what incentives and how much of it will be given will depend on the final decision of BOI.



**Section 8. BOI Incentives that Can Be Availed.** The DOE has established this Circular to provide clients with proper assistance and incentives on their undertakings in contributing to the EEC measures and technological advancement of society. Accordingly, pursuant to Section 25 of the EEC Act, the EUMB shall issue certification that the client's project is compliant with the requirements and criteria under this Circular as an energy efficiency project which shall be the basis for its endorsement by the DOE Secretary for approval and inclusion by the BOI in the annual investment priorities plan entitled to appropriate financial incentives under Executive Order No. 226, otherwise known as Omnibus Investment Code of 1987.

**Section 9. Obligations under the Issued Endorsement.** All companies that have availed of the BOI endorsement shall comply with the following obligations:

- 9.1 Submit, not later than 30 days, a report to EUMB upon the completion of their EEC project/s in the form prescribed by EUMB (Annex C);
- 9.2 Subject themselves and their projects to Independent Verification upon the issuance of the guidelines for the same; and
- 9.3 Such other requirements as may be required by the DOE for the attainment of the objectives of the EEC Act and EEC IRR.

The DOE shall issue guidelines for the effective administration of the procedure for the monitoring, verification and enforcement: *Provided, That* the guidelines shall only be issued after public consultation: *Provided further, That* the effectivity and timelines of any issued guidelines will be mutually agreed upon by the DOE and recipient of the incentives.

**Section 10. Reportorial Obligation of EUMB.** EUMB shall provide a quarterly report on the endorsed projects to the DOE Secretary.

**Section 11. Administration of Endorsed Energy Efficiency and Conservation Projects.** EUMB shall maintain and publish the Registry of all EEC projects, which availed incentives. The Registry shall contain such pertinent information for purposes of apprising and guiding the public on the benefits of installing such projects.

**Section 12. Prohibited Acts. Pursuant to the provisions of the EEC Act and the EEC-IRR,** any person or entity or their responsible officers found in violation of any of the prohibited acts provided under Section 14 of this Department Circular, shall be held liable thereof for the following acts:

- 12.1 Failure to submit a project completion report within 30 days upon completion of the EE&C Project;
- 12.2 Failure to subject themselves and their projects to Independent Verification upon the issuance of the guidelines for the same;
- 12.3 Failure to provide accurate information or the provision of false or misleading information as required to be submitted under the EEC Act, the EEC-IRR, or this Circular;
- 12.4 Failure to comply with issued orders of the DOE in the discharge of its enforcement powers.

**Section 13. Administrative Procedures.** Upon the determination that any person or entity has committed any of the prohibited acts in Section 12 of this Department Circular, the DOE

may consider the following measures prior to the imposition of fines and penalties for such violations:

- 13.1 Require an explanation supported by reports, returns and other documents to rebut the alleged commission of the prohibited act;
- 13.2 In cases where an explanation has been issued but the DOE finds a violation because of materially insufficient reports, false returns, non-submission of required documents, provide a recommendation to the said person or entity;
- 13.3 Disclose the name of the person or entity after it has received a recommendation and comply with such recommendation; and
- 13.4 Issue an order in cases where the said person or entity fails to follow or comply with the recommendation of the DOE. The failure on the part of the person or entity to comply with the order shall be a valid ground for the imposition of the administrative fines and penalties in accordance with **Annex D. Schedule of Penalties and Fines**, of this Circular.

**Section 15. Criminal Action.** The DOE, in addition to administrative proceedings against any person or entity for violation of the prohibited acts specified under Section 12 of this Circular, may also institute corresponding criminal action against any responsible person, officers and employees of any establishment or organization found criminally liable for the said prohibited acts in accordance with Section 33 of the EEC Act and its IRR.

**Section 16. Transitory Clause.** All pending applications at the time of the effectivity of this Department Circular shall be governed by the same.

**Section 17. Information, Education and Communication Activities.** Pursuant to Section 85 of the EEC IRR, the DOE shall develop and undertake a national awareness and advocacy program covering energy efficiency and conservation and pursue partnerships with relevant stakeholders for the appreciation of this Department Circular.

**Section 18. Repealing Clause.** The provisions of other circulars, orders, issuances, rules and regulations, which are inconsistent with the provisions of this Department Circular are hereby repealed, amended, modified or superseded accordingly.

**Section 19. Separability Clause.** If for any reason, any section or provision of this Department Circular is declared unconstitutional or invalid; such parts not affected shall remain in full force and effect.


**Section 20. Effectivity.** This Department Circular shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation. Copies of this Department Circular shall be filed with the University of the Philippines Law Center - Office of the National Administrative Register.

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

**ALFONSO G. CUSI**  
Secretary



## Guidelines for BOI Registration of Energy Efficiency and Conservation Projects

	<b>EUMB – EPMPD</b>	Doc Ref No.:	<b>EUMB-EPMPD-BOI-001</b>
	<b>Quality Management System</b>	Effective Date:	xx-xxxx-xx
	<b>PROJECT BACKGROUND (ANNEX A)</b>	Revision No.:	0
		Page No.:	1 of 1

### PROJECT PROFILE/BACKGROUND

Name of Project: \_\_\_\_\_

Company Owner: \_\_\_\_\_

Brief Background:

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Target date to be executed: \_\_\_\_\_

Type of Energy Efficiency/Conservation Project (Please Check):

☐ Retrofitting

☐ New Installations/Measures

☐ Others, specify: \_\_\_\_\_

Capitalization: \_\_\_\_\_

Location : \_\_\_\_\_

Incentive/s sought \_\_\_\_\_

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EUMB - EPMPD

Quality Management System

## ANTICIPATED ENERGY SAVINGS (ANNEX B)


Doc Ref No.:	EUMB-EPMPD-BOI-002
Effective Date:	xx-xxxx-xx
Revision No.:	0
Page No.:	1 of 1

List all energy efficiency and conservation equipment/fixtures/measures to be installed/adopted:

[illegible]

\*Attachments on calculations made in arriving to these figures must be included.  
Other supporting project documents/details deemed vital by the applicant may be attached.



	<p align="center"><b>EUMB – EPMPD</b></p> <p align="center"><b>Quality Management System</b></p> <p align="center"><b>REPORT ON THE COMPLETION OF THE EE&amp;C PROJECT (ANNEX C)</b> (to be submitted within 30 days upon completion of the project)</p>	Doc Ref No.:	<b>EUMB-EPMPD-BOI-003</b>
		Effective Date:	<b>xx-xxxx-xx</b>
		Revision No.:	<b>0</b>
		Page No.:	<b>1 of 1</b>

Project Title / Description	Installations Made/Measures Adopted	Date started (Month/Day/Year)	Date Completed (Month/Day/Year)	Remarks

Insert pictures here with brief description of each picture. Minimum of four (4) pictures.  
(Note: pictures submitted becomes the exclusive property of the DOE).



**EUMB – EPMPD**  
**Quality Management System**

**SCHEDULE OF FINES AND PENALTIES**  
**(ANNEX D)**

Doc Ref No.:	<b>EUMB-EPMPD-BOI-004</b>
Effective Date:	<b>xx-xxxx-xx</b>
Revision No.:	<b>0</b>
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**SCHEDULE OF FINES AND PENALTIES**

Prior to the imposition of the following penalties and fines, measures stated in Section 12 of the Guidelines for the Endorsement of Energy Efficiency and Conservation Projects to the Board of Investments for Fiscal Incentives shall first be considered (explain, recommend, disclose, order):

<b>Violation</b>	<b>Penalties and Fines (in PhP)</b>		
	<i>10,000-20,000</i>	<i>20,000-50,000</i>	<i>50,000-100,000</i>
Failure to submit a project completion report within 30 days upon completion of the EE&C Project.	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Failure to subject themselves and their projects to Independent Verification upon the issuance of the guidelines for the same.	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Failure to provide accurate information or the provision of false or misleading information as required to be submitted under the EEC Act, the EEC-IRR, or this Circular.	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Failure to comply with issued orders of the DOE in the discharge of its enforcement powers.	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense

\*The imposition of the administrative fines and penalties stated above shall be on a "per violation" basis and without prejudice to the revocation of the BOI endorsement and/or blacklisting of the responsible entities for future application.



	<b>EUMB – EPMPD</b>  <b>Quality Management System</b>  <b>CHECKLIST OF REQUIREMENTS</b> <b>(ANNEX E)</b>	Doc Ref No.:	<b>EUMB-EPMPD-BOI-005</b>
		Effective Date:	<b>xx-xxxx-xx</b>
		Revision No.:	<b>0</b>
		Page No.:	<b>1 of 1</b>

**CHECKLIST OF REQUIREMENTS**  
**Endorsement of EE&C Projects to BOI for Incentives**

1. Cover letter stating intent to be endorsed to BOI for incentives
2. Certified True Copy of the Documents on Corporate Personality
3. Project Background (Annex A)
4. Anticipated Energy Savings (Annex B) with supporting documents
5. Report on the Completion of the Project (Annex C) (To be submitted after the completion of the project)
6. Proof of payment of a non-refundable Application Fee



**EUMB – EPMPD**  
**Quality Management System**  
  
**PROCESS FLOW**  
**(ANNEX F)**

Doc Ref No.:	<b>EUMB-EPMPD-BOI-006</b>
Effective Date:	<b>xx-xxxx-xx</b>
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**Flowchart of Endorsement of EE&C Projects to BOI for Incentives**

