



Republic of the Philippines

DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2020-10-0023 *N*

PRESCRIBING POLICY FRAMEWORK FOR THE DEVELOPMENT OF THE FUEL ECONOMY RATING, FUEL ECONOMY PERFORMANCE, AND RELATED ENERGY EFFICIENCY AND CONSERVATION POLICIES FOR THE TRANSPORT SECTOR AND OTHER SUPPORT INFRASTRUCTURES

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, Sections 4 and 5 of the DOE Act of 1992 as amended, mandates for the formulation of policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan, and the provision for a mechanism for the integration, rationalization and coordination of the various energy programs of the Government with a preferential bias for environment-friendly, indigenous, and low-cost sources of energy;

WHEREAS, Section 3 of the Republic Act No. 11285 or the "Energy Efficiency and Conservation Act" (EEC Act) provides for the establishment of a framework for introducing and institutionalizing fundamental policies on energy efficiency and conservation, including the promotion of efficient and judicious utilization of energy, increase in the utilization of energy efficiency and renewable energy technologies, and the delineation of responsibilities among various government agencies and private entities;

WHEREAS, Section 14 of the EEC Act states that the Minimum Energy Performance (MEP) for the commercial, industrial, and transport sectors shall be developed by the DOE, in consultation with relevant stakeholders, and guided by a cost-benefit analysis which shall be completed by the DOE with the assistance of the National Economic Development Authority (NEDA); Further, Section 5 of the Philippine Energy Labeling Program (PELP) Guidelines provides that fuel economy performance labeling requirements for transport shall be made after public consultation and coordination with DENR and DOTr;

WHEREAS, Section 17 of the EEC Act directs the DOE with the assistance of the Department of Environment and Natural Resources (DENR) and the Department of Transportation (DOTr) for the development of fuel economy performance labelling requirements and fuel efficiency testing guidelines can validate the information

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provided by vehicle manufacturers, importers, and dealers which will allow the consumers to make an informed decision in choosing the vehicles for their use;

WHEREAS, Section 58 of Department Circular No. DC2019-11-0014 of the "Implementing Rules and Regulations of the EEC Act" (EEC-IRR) states that the DOE shall prescribe energy efficiency rating and energy labeling systems for products and equipment and transport vehicles, which shall be implemented for all applicable industry stakeholders. Any energy-consuming product, device or equipment and transport vehicle covered in the EEC-IRR and the guidelines to be issued by the DOE, which does not comply with the efficiency rating and energy labeling system shall not be sold within the Philippines;

WHEREAS, Section 60 of the Department Circular No. DC2019-11-0014 or the Implementing Rules and Regulation of the EEC Act (EEC-IRR) states that the fuel economy rating shall be with due consultation with the industry stakeholders;

WHEREAS, conservation and efficient utilization of energy are among the major strategies of the Government to realize energy self-sufficiency and reduce environmental impacts of energy generation and utilization as instituted in the Philippine Energy Plan (PEP) and the National Energy Efficiency and Conservation Program (NEECP); and

WHEREAS, the development of the framework will lead to, among others, the empowerment of consumers in choosing fuel efficient transport vehicles, realization of energy savings, reduction of fuel consumption, phase out of fuel inefficient transport vehicles, and the reduction of greenhouse gas emissions.

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

Section 1. Title. This Department Circular shall be known as the "Policy Framework for the Development of the Fuel Economy Rating, Fuel Economy Performance, and Related Energy Efficiency and Conservation Policies for the Transport Sector and Other Support Infrastructures."

Section 2. Scope. This Department Circular shall provide the framework for the development of fuel economy rating, fuel economy performance for transport vehicles and related energy efficiency and conservation policies applicable to all manufacturers, importers, distributors and dealers of vehicles in the Philippines. Further, the development and operation of Electric Vehicle and Electric Vehicle Charging Infrastructures shall be structured to facilitate the safe operation and growth while ensuring equitable non-discriminatory and open access for all.

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

- 3.1 "Energy" refers to all types of energy available commercially including natural gas (liquid gas and liquid oil gas), all heating and cooling fuels

(including district heating and district cooling), coal, transport fuels, and renewable energy sources;

- 3.2 "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;
- 3.3 "Energy Labelling" refers to the Philippine Energy and Labelling Program (PELP) which requires manufacturers to attach an energy label on their products to inform consumers about the energy performance and efficiency of the product;
- 3.4 "Minimum Energy Performance (MEP)" refers to the performance standard which prescribes a minimum level of energy performance for the commercial, industrial, transport sectors, and energy-consuming products including appliances, lighting, electrical equipment, machinery, and transport vehicles that must be met or exceeded before they can be offered for sale or used for residential, commercial, transport, and industrial purposes;
- 3.5 "Specific Energy Consumption" refers to the energy consumption volume required per unit, such as production volume, sales amount, transportation kilometer, transportation tonne-kilometer, floor space, and such other indicators relevant to energy consumption; and
- 3.6 "Transport Vehicles" refer to land, air, or sea vehicles conveying cargo or passengers, regardless of size or weight classification.

Section 4. Inter-Agency Working Group (IWG). An IWG is hereby created to be composed of representatives from the DOE, DENR, DOTR and NEDA. The said agencies will perform functions as stated in the EEC law, its IRR and this Department Circular as enumerated hereunder:

- 4.1 The DOE as the implementing agency shall be responsible for the planning, formulation, development, implementation, enforcement, and monitoring of energy management policies and other related energy efficiency and conservation plans and programs.
- 4.2 The DENR in coordination with the DOE and DILG, will establish guidelines for the accurate characterization of wastes arising from energy-consuming devices, equipment, fixtures, and other relevant items, including the end-of-life vehicles and its component parts.
- 4.3 The DOTR shall be responsible for ensuring compliance of vehicle owners, manufacturers, and importers with the MEP for transport vehicles consistent with the specifications for all types of fuels prescribed under Republic Act No. 8749, otherwise known as the "Philippine Clean Air Act of 1999". and to display the energy consumption label in coordination with the vehicle manufactures, transport industry

associations, public transport groups, and non-government organizations. The DOTr shall also assist the DOE in the enforcement of and compliance with measures under EEC Act and its IRR relative to the energy consumption of the transport sector.

- 4.4 The NEDA shall recognize the role of energy efficiency and conservation in national development.
- 4.5 DOE-Energy Utilization and Management Bureau (EUMB) shall serve as the IWG Secretariat. The EUMB is tasked to review existing policies, study analysis of academic institutions, for the drafting of policies in consultation with the relevant stakeholders on Transport Sectors, consistent with the Philippine Energy Plan and the National Energy Efficiency and Conservation Program (NEECP).

Section 5. IWG Responsibilities. The IWG shall have the following responsibilities:

- 5.1 Support the Technical Working Group (TWG) created under Section 10 of the PELP Guidelines for the development and the issuance of policies for fuel economy rating, fuel economy performance for transport vehicles, including but not limited to internal combustion engine vehicles, electric vehicles, and next generation vehicles;
- 5.2 Invite other concerned government agencies and private organizations, groups or individuals as members and/or resource persons in order to develop the policies for fuel economy rating, fuel economy performance for transport vehicles, support infrastructures, among others;
- 5.3 Meet on a regular basis for the continued development of policies;
- 5.4 Study new funding schemes or grant from public, private, bilateral or multilateral institutions, develop donor interest and efforts in providing technical, logistical support or capacity building to improve governance of the DOE's policy initiatives on fuel economy rating, fuel economy performance for transport vehicles, support infrastructures and related policies;
- 5.5 Submit regular reports to the DOE Secretary on the progress of the policy developments; and
- 5.6 Perform such other tasks necessary for the effective accomplishment of the principles of this Department Circular.

Section 6. Enforcement, Monitoring and Verification. The enforcement, monitoring and verification of compliance by applicants and retailers with the PELP requirements in the various regions of the country shall be conducted at least once a year.

Section 7. Prohibited Acts. Pursuant to the EEC Act and the EEC-IRR, any person or entity found in violation of any of the following shall be subject to the appropriate criminal, civil and/or administrative sanctions as follows:

- 7.1 Failure to comply with energy labels;
- 7.2 Removing, defacing or altering any energy label on the ECPs before the product is sold to the first retail purchaser or leased to the first lessee;
- 7.3 Failure to provide accurate information or the provision of false or misleading information as required to be submitted under the EEC Act and the EEC-IRR;
- 7.4 Selling, leasing or importing transport vehicles that do not comply with PELP and MEP;
- 7.5 Willfully refusing to submit to an on-site inspection;
- 7.6 Failure or willfully refusing to submit any of the reports required therein; and
- 7.7 Failure to comply with issued orders of the DOE in the discharge of its enforcement powers;

Section 8. Administrative Procedures. The DOE may initiate, *motu proprio* or upon filing of complaint, an administrative proceeding against any person or entity who commits any of the prohibited acts under Section 30 of the Act, and Section 76 of the EEC-IRR, or other related issuances.

The administrative proceedings will be conducted to determine culpability of offenders and the applicable penalties in accordance with the provisions of the EEC Act, its IRR and this Department Circular.

Section 9. Explanation, Recommendation, Disclosure and Order. The DOE may consider the following measures prior to the imposition of fines, penalties and administrative liabilities as provided below:

- 9.1 Require an explanation supported by reports, returns and other documents to rebut the alleged commission of the prohibited act;
- 9.2 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;
- 9.3 Disclose the name of the person or entity after it has received a recommendation and comply with such recommendation; and

- 9.4 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 Schedule of Penalties and Fines (Annex A).

Section 10. Fines and Penalties. The DOE is empowered to impose fines and penalties for any violation of the prohibited acts enumerated under Section 7 hereof and after exhausting the measures provided for under Section 9 of this Department Circular.

- 10.1 Failure to comply with energy labels;
- 10.2 Removing, defacing or altering any energy label on the ECPs before the product is sold to the first retail purchaser or leased to the first lessee;
- 10.3 Failure to provide accurate information or the provision of false or misleading information as required to be submitted under the EEC Act and the EEC-IRR;
- 10.4 Selling, leasing or importing transport vehicles that do not comply with PELP and MEP;
- 10.5 Willfully refusing to submit to an on-site inspection;
- 10.6 Failure or willfully refusing to submit any of the reports required therein; and
- 10.7 Failure to comply with issued orders of the DOE in the discharge of its enforcement powers;

The imposition of the administrative fines and penalties shall be on a "per violation" or "per offense" basis and without prejudice to blacklisting of the responsible entities.

Section 11. Criminal Liability. The responsible officers and employees of any establishment or organization who willfully commits any of the prohibited acts under Section 30 of EEC Act shall upon conviction, suffer the penalty of one (1) year to five (5) years or a fine ranging from a minimum of One hundred thousand pesos (P100,000.00) to One hundred million pesos (P100,000,000.00) or twice the amount of costs avoided for noncompliance, whichever is higher, or both, upon the discretion of the court.

Any person who willfully aids or abets the commission of the prohibited acts, under Section 30 of the EEC Act or who causes the commission of such acts by another, shall be liable in the same manner as the principal.

In cases of association, partnership or corporation, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, director, officer responsible for the violation.

Section 12. 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 partnership with relevant stakeholders for the appreciation of this Department Circular.

Section 13. 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 14. 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 15. Effectivity. This Department Circular shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation. A copy 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



Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING PLS. CITE:

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**EUMB – AFETD
Quality Management System**

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

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Page No.:	1 of 1

SCHEDULE OF FINES AND PENALTIES

Prior to the imposition of the following penalties and fines, measures stated in Section 14 of the PELP Department Circular shall first be considered (explain, recommend, disclose, order):

Violation	Penalties and Fines (in PhP)		
	10,000-200,000	200,000-500,000	500,000-1,000,000
Failure to comply with energy labels	1st Offense	2nd Offense	3rd Offense
Removing, defacing or altering any energy label on the ECPs before the product is sold to the first retail purchaser or leased to the first lessee	1st Offense	2nd Offense	3rd Offense
Failure to provide accurate information or the provision of false or misleading information as required to be submitted under the EEC Act and the EECIRR	1st Offense	2nd Offense	3rd Offense
Selling, leasing or importing transport vehicles that do not comply with PELP and MEP	1st Offense	2nd Offense	3rd Offense
Willfully refusing to submit to an on-site inspection	1st Offense	2nd Offense	3rd Offense
Failure or willfully refusing to submit any of the reports required therein	1st Offense	2nd Offense	3rd Offense
Failure to comply with issued orders of the DOE in the discharge of its enforcement powers	1st Offense	2nd Offense	3rd Offense