Republic of the Philippines
HOUSE OF REPRESENTATIVES
CONGRESS OF THE PHILIPPINES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 1220

Introduced by Honorable REYNALDO V. UMALI

EXPLANATORY NOTE

It is the declared policy of the State to encourage the efficient use of energy and other modalities of demand side management. The Department of Energy (DOE) is mandated to provide adequate, reliable and affordable energy to industries and ordinary citizens to enable them to enjoy a decent life and engage in successful businesses. To this end, it is important to ensure that energy is produced and used in a manner that will promote sustainable development in order to achieve government's goal of spurring economic activity and growth.

Thus, with the demand for energy growing at a fast-paced rate, the government must promote the judicious conservation and efficient utilization of energy resources and, at the same time, minimizing negative environmental impact. This can be done by managing domestic energy consumption.

Recent DOE energy saving forecast projection (2010-2030) shows that there is an annual energy saving potential of 3,445 kilotons of oil equivalent (KTOE) coming from the energy demand sector compromising of households, industrial, commercial, transport and agriculture sectors. This is estimated to have a monetary equivalent value of about PhP 122 million per year.

Furthermore, the benefit to the environment in terms of CO2 reduction is substantial at an estimated level of 8.9 million tons per year, which directly translates to the reduction of stress to the environment and to the planet as a whole and has a beneficial effect on the survival and quality of life of the global population.

Hence, it should be the goal of government to directly and aggressively promote energy efficiency and conservation by making it a way of life. This demand- side approach contributes to the national economy and preserves the environment as well, through reduction of harmful emissions.

In conjunction with this demand-side management, the use of renewable energy technologies and systems by individual households and industries should also be accelerated. This is another effective response to the country's energy security concerns because this will result in the rationalization of the country's demand for petroleum products and the lessening of the impact of escalating prices to the nation's economy towards energy sufficiency.

It is for these purposes that this bill on Energy Efficiency and Conservation is being proposed.

While executive orders and issuances have been issued in the past to implement this policy, the apparent lack of an overall framework has precluded the crafting of comprehensive national energy efficiency, conservation and sufficiency programs. It is high time to institutionalize such a program through legislation.

In view of the foregoing, the deliberation and early passage of this bill is urgently sought.

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Representative
2nd District, Oriental Mindoro

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AN ACT
INSTITUTIONALIZING ENERGY EFFICIENCY AND CONSERVATION, ENHANCING THE EFFICIENT USE OF ENERGY, GRANTING INCENTIVES TO ENERGY EFFICIENCY AND CONSERVATION PROJECTS, AND FOR OTHER PURPOSES

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

CHAPTER I

GENERAL PROVISIONS

SECTION 1. ***Short Title.*** – This Act shall be known as the "Energy Efficiency and Conservation Act."

SEC. 2. ***Declaration of Policy.*** – It is hereby declared the policy of the State to:

a) Institutionalize energy efficiency and conservation as a national way of life geared towards the efficient and judicious utilization of energy by formulating, developing, and implementing energy efficiency and conservation plans and programs to secure sufficiency and stability of energy supply in the country to cushion the impact of high prices of imported fuels to local markets and protect the environment in support to the economic and social development goals of the country;

b) Promote and encourage the development and utilization of efficient renewable energy technologies and systems to ensure optimal use and sustainability of the country's energy resources;

c) Reinforce related laws and other statutory provisions for a comprehensive approach to energy efficiency, conservation and sufficiency in the country;

d) Ensure market-driven approach to energy efficiency, conservation, sufficiency and sustainability in the country

SEC. 3. *Scope.* – This Act shall establish 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 definition of responsibilities of various government agencies and private entities.

SEC. 4. *Coverage.* – This Act shall cover the target sectors of households, buildings, transport, industrial and manufacturing establishments, and other energy consumers in the economy, whether private or public, by virtue of their potential impact on energy efficiency and conservation efforts.

SEC. 5. *Definition of Terms.* – For purposes of this Act, the following terms shall, unless the context indicates otherwise, have the following meanings:

(a) ***Certified Energy Conservation Officer (CECO)*** refers to a professional who becomes eligible for this certification after demonstrating high levels of experience, competence, proficiency and ethical fitness in the energy management profession. A CECO shall be required for Type 1 Designated Establishments. Type 1 Establishments shall designate an Energy Manager who shall be a registered engineer;

(b) ***Certified Energy Manager (CEM)*** refers to a professional who becomes eligible for this certification after demonstrating expertise in several areas ranging from standards, air quality, energy audits, lighting, procurement and even financing. It recognizes individuals who have demonstrated high levels of experience, competence, proficiency and ethical fitness in the energy management profession. A person appointed under Type 2 Designated Sector shall be responsible in the supervision and maintenance of the facilities for the proper management of energy consumption and perform other functions deemed necessary for the efficient and judicious utilization of energy. Type 2 Establishments shall employ full-time Certified Energy Manager (CEM).

(c) ***Demand Side Management*** refers to the reduction of energy consumption through effective load management resulting to the decrease of power demand and the migration of power demand from peak to off-peak periods or such measures undertaken by distribution utilities to encourage end-users to properly

manage their loads to achieve efficiency in the utilization of fixed infrastructures in the systems;

(d) ***Designated Establishment (Type 1 / Type 2 Designated Establishment)*** refers to a private or public entity in the commercial, industrial, transport, power, agriculture and public works sectors consuming energy and/or having other index equivalent to such energy for the previous year beyond the level specified by the Department of Energy (DOE). Such entities shall be categorized as Type 1 or Type 2 Designated Establishment, according to the annual energy consumption, as follows:

i. Type 1 equal to or more than 7.2 terajoules (TJ) or 172.0 tons of oil equivalent (TOE) or 2,000,000 kilowatt-hours (kWh) but not more than 28.8 TJ or 687.9 TOE or 8,000,000 kWh;

ii. Type 2 more than 28.8 TJ or 687.9 TOE or 8,000,000 kWh;

(e) ***Distribution Utility*** refers to any electric cooperative, private corporation, government-owned utility or existing local government unit (LGU) which has an exclusive franchise to operate a distribution system in accordance with Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001;"

(f) ***Energy*** refers to all types of energy available commercially including natural gas (liquid natural gas and liquid oil gas), all heating and cooling fuels (including district heating and district cooling), coal, transport fuels, and renewable energy sources;

(g) ***Energy Audit*** refers to the evaluation of energy consumption and review of current energy cost to determine appropriate intervention measures and efficiency projects in which energy can be judiciously and efficiently used to achieve savings. The three types of energy audit are walk-through audit, preliminary audit and detailed audit;

(h) ***Energy Conservation*** refers to the reduction of losses and wastage in various energy stages from energy production to energy consumption through the adoption of appropriate measures that are technologically feasible, economically sound and environmentally and socially affordable;

(i) ***Energy Conservation Report*** refers to the periodic report submitted to the DOE by Type 2 Designated Establishment and Transmission Utility with regard to the EE&C plan. The items to be reported in the Energy Conservation Report shall be specified by the DOE;

(j) ***Energy Consumption Report*** refers to the periodic report submitted to the DOE by Type 1 or Type 2 Designated Establishments and Transmission Utility containing their energy consumption, energy loss and other status of energy use. The items to be reported in the Energy Consumption Report shall be specified by the DOE;

(k) ***Energy Conservation Officer (ECO)*** refers to a person appointed by Type 1 Designated Establishments responsible in the supervision and maintenance of the facilities for the proper management of energy consumption and such other functions deemed necessary for the efficient and judicious utilization of energy prescribed under this Act;

(l) ***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;

(m) ***Energy Efficiency and Conservation Office (EECO)*** refers to the office to be established in local government units headed by the Energy Efficiency Conservation and Sufficiency Officer, who shall be responsible for overseeing the implementation of the program at the local government level;

(n) ***Energy Labeling*** refers to the program of the government which requires manufacturers to attach an energy label on their products to inform consumers on the energy performance and efficiency of the product;

(o) ***Energy Management*** refers to the process of designing and 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;

(p) ***Energy Sufficiency*** refers to a condition where the quantity of the supply of energy is enough or sufficient to meet the demand, including the required reserves;

(q) ***Minimum Energy Performance Standards*** refers to a performance standard which prescribes a minimum level of energy performance that appliances, lighting, electrical equipment and machinery must meet or exceed before they can be offered for sale or used for residential, commercial, transport and industrial purposes;

(r) ***National Energy Efficiency and Conservation Coordinating Officer*** refers to the person appointed by the Leagues of the Local Government Units from

among the local government's Energy Efficiency Conservation and Sufficiency Officers (EECSOs) who shall be responsible for integrating local energy efficiency, conservation and sufficiency programs;

(s) ***Road Transport Vehicle*** refers to a brand new or used transport vehicle regardless of size or weight classification;

(t) ***Specific Energy Consumption (SEC)*** refers to the energy consumption volume required per unit, such as production volume, sales amount, transportation ton-kilometer, transportation kilometer, floor space and such other indicators relevant to energy consumption;

(u) ***Transmission Utility*** refers to any private corporation or government-owned utility, which has an exclusive franchise to operate the system of wires extending from power generating units to the delivery points through the grid. A transmission utility shall have the obligation to provide transmission services to any end-user within its franchise area; and

(v) ***Waste Heat Recovery*** refers to the extraction of heat from fluids (i.e., gases or liquids) produced in a thermodynamic or separation process that would otherwise be vented to the atmosphere, reinjected to the ground or disposed of through other means, for generation of electricity, cooling, heating or other usable forms of energy;

SEC. 6. ***Implementing Agency.*** – The Department of Energy shall be the lead agency to implement the provisions of this Act.

SEC. 7. ***Role of Energy Users.*** – All energy end-user entities shall exert efforts to use every available energy resource efficiently and promote the development and utilization of renewable energy technologies and systems across sectors from the household level to industries in compliance with the declared policies of this Act. Towards this end, the DOE shall, in collaboration with the energy end-user entities, develop the appropriate mechanism to effectively implement the same.

CHAPTER 2

ROLE OF AGENCIES

SEC. 8. ***Responsibilities of the DOE.*** **–** The DOE shall be the lead government agency responsible in the planning, formulation, development, implementation, enforcement and monitoring of energy management policies and

other related energy efficiency and conservation plans and programs. In addition to its existing mandate, the DOE shall have the following powers and functions:

(a) Consult and coordinate with other government agencies, local government units and the private sector or create an inter-agency committee, as may be deemed necessary, to effective implement energy-saving policies of the government;

(b) Initiate and maintain collaborative efforts with the business sector, particularly the commercial, industrial, transport and power sectors, to broaden and enhance their efficient and judicious utilization of energy;

(c) Develop and review energy performance standards pursuant to Chapter 5, Section 14, on Minimum Energy Performance Standards (MEPS) of machinery and equipment, appliances, vehicles and other fuel-using combustion equipment and electric devices, among others, in consultation with the Department of Trade and Industry – Bureau of Philippine Standards (DTI-BPS);

(d) Require manufacturers, importers and dealers to comply with the MEPS and to display the Energy Label showing the energy requirement and consumption efficiency of such products on the packaging and on the products themselves;

(e) Ensure compliance with applicable existing benchmarks for energy performance in buildings and industries, in consultation with the appropriate agencies and organizations;

(f) Develop and maintain a centralized, comprehensive and unified database on energy consumption, energy efficient technologies, renewable energy technologies, and other critical and relevant information to ensure efficient evaluation, analysis and dissemination of data and information for planning and policy-making;

(g) Periodically review and reclassify designated establishments pursuant to Sections 19, 21 and 23 of this Act; and

(h) Perform such other powers and functions as may be necessary to attain the objectives of this Act.

SEC. 9. ***Role of Other Government Agencies.*** – In general, all other government agencies shall promote the judicious and efficient use of energy through their different mandates. In addition, the following agencies shall have the following respective roles and functions in the promotion of energy efficiency and conservation.

(a) *Climate Change Commission (CCC).* – The CCC shall collaborate with the DOE and other government agencies in establishing targets, monitoring and recording all greenhouse gas emission reduction resulting from energy efficiency and conservation projects.

(b) *Commission on Higher Education (CHED) and State Universities and Colleges (SUCs).* – The CHED and SUCs shall integrate into the existing engineering curricula appropriate courses related to energy management.

(c) *Board of Investments (BOI).* – The BOI shall include energy efficiency and conservation projects among the country's investment priorities entitled to incentives.

(d) *Department of Budget and Management (BDM) and Commission on Audit (COA).* – The DBM and COA shall develop a mechanism to enable government agencies to procure energy savings performance contracts and other forms of off-balance sheet project finance for energy efficiency projects.

(e) *Department of Education (DEPED).* – The DEPED shall promote energy efficiency and conservation practices through its K-12 career advocacy program.

(f) *Department of Finance (DOF).* – The DOF and concerned agencies shall draw-up appropriate mechanisms for the grant of subsidies and/or tax credit equivalent to one hundred percent (100%) of the customs and duties and national internal revenue taxes on the purchase and installation of EEC machinery and equipment, whether for individual or industrial use.

(g) *Department of Interior and Local Government (DILG).* – The DILG shall, in coordination with the DOE, be responsible in ensuring compliance of all LGUs in implementing energy efficiency and conservation through the adoption of appropriate Energy Management System.

(h) *Department of Public Works and Highways (DPWH).* – The DPWH shall, in coordination with the DOE, be responsible in ensuring the implementation of Guidelines on Energy Efficiency and Conserving Design in Buildings as an integral part of the National Building Code, Roadway Lighting Guidelines and such other guidelines as may be issued by the DOE.

(i) *Department of Trade and Industry (DTI).* – The DTI, through the Bureau of Philippine Standards ((BPS) shall, in consultation with the DOE, require manufacturers, importers and dealers to comply with the MEPS and to display the Energy Label showing the energy requirement and consumption efficiency of such products on the packaging and on the products themselves.

(j) *Department of Science and Technology (DOST).* – The DOST shall be responsible in carrying-out strategic research and development programs aimed at facilitating the development of energy efficient technologies and the promotion thereof.

(k) *Department of Transportation and Communication (DOTC.* – The DOTC shall, in coordination with the DOE and the Department of Environment and Natural Resources (DENR), be responsible in ensuring compliance of vehicle owners, manufacturers and importers with the MEPS for road transport vehicles consistent with the specifications for all types of fuels prescribed under Section 26 of Republic Act No. 8749, otherwise known as the "Clean Air Act of 1999," and to display the energy consumption label in coordination with the vehicle manufacturers, road transport industry associations, public transport group and non-government organizations. It shall also be responsible in ensuring the enforcement of and compliance with energy management system in the sea and air transport sectors.

(l) *Government Financial Institutions (GFIs).* – The GFIs shall set aside lending funds for Energy Efficiency and Conservation Projects at concessional rates of interest to attract private sector investments. In collaboration with the *Insurance Commission (IC),* they shall ensure the availability of compatible guarantee products that would mitigate the credit risks associated with energy efficiency investments in small and medium enterprises and performance risks related to the energy efficiency solutions developed by energy service companies, engineering companies and other technology providers.

(m) *Philippine Statistics Authority (PSA).* – The PSA shall, in coordination with the DOE, institutionalize household energy consumption survey (HECS) and survey of energy consumption of establishments (SECE) to establish an energy consumption database.

(n) *Technical Education Skills Development Authority (TESDA).* – The TESDA shall, in collaboration with the CHED, DOST and other similar training and service institutions, develop a program/system for the certification of energy managers and conservation officers. It shall also ensure the promotion of energy efficiency practices through its Technical Vocational Education and Training (TVET) Programs. TESDA shall implement skills training, assessment and certification programs for mechanics, technicians, installers and operators of renewable energy systems.

CHAPTER 3

ROLE OF LOCAL GOVERNMENT UNITS

SEC. 10. Role of Local Government Units and Leagues of Local Government Units and Elective Officials. – In support of the government's energy efficiency and conservation program, local government units shall integrate a local energy efficiency program, to be headed by Municipal/City Planning and Development Officer, into their local development plans based on the guidelines to be provided in the implementing rules and regulations (IRR) of this Act. The Energy Efficiency and Conservation (EE&C) plan shall include the reporting of an Annual Energy Consumption by SMEs as part of the requirements for business permit renewal.

The LGU shall monitor and report on the status of energy efficiency programs and projects to the DILG and the DOE.

CHAPTER 4

CERTIFICATION FOR PROFESSIONAL COMPETENCY AND ACCREDITATION FOR PROFESSIONAL SERVICES

SEC. 11. ***Certified Energy Manager (CEM) and Certified Energy Conservation Officer (CECO).*** – There shall be an approved learning curriculum for the achievement of the required competencies and skills, and a competency-based system for the assessment and certification of energy managers and energy conservation officers to be developed through the collaboration of the DOE, CHED and TESDA.

The certification system shall be based on an approved scope of practice and a set of competency standards with clear assessment process and tools, and certification for the determined competency, and undertaken by the prescribed governance structure and quality-assurance system, and aligned with the Philippine Qualifications Framework (PQF) and applicable international standards. [TESDA]

Similarly, TESDA shall register TVET programs and conduct trainings, assessment and certification of workers for qualification levels 1 to 5 of the PQF, [TESDA] and competent non-profit organizations and other private training

institutions duly accredited by the DOE. The CHED shall offer professional certificate programs for energy managers and energy conservation officers.

SEC. 12. ***Accreditation of Energy Service Company (ESCO) and other Energy Efficiency Service Provider (EESP).*** - The DOE shall develop and implement an Energy Service Company (ESCO) Accreditation System as an important component for market development measures and for the following purposes:

(a) Development of professional and qualified ESCOs and energy engineers;

(b) Enhancement of the capabilities of ESCOs, particularly in their energy auditing services;

(c) Enhancement of support services procurement and selection procedures;

(d) Enhancement of support to public sector incentive schemes in the promotion of energy efficiency; and

(e) Reduction of energy wastage and elimination of false claims on energy efficiency among industry players.

The development of this sector shall expand the general service sector and stimulate economic development through the enhancement of cost competitiveness while at the same time strengthening Philippine energy security. The accreditation process of this energy service sector is a natural segment of the knowledge economy, providing sustainable environmental and energy-saving benefits and ensuring that ESCOs include services for all energy applications, including heating ventilation air conditioning (HVAC), lighting and motors.

CHAPTER 5

ENERGY PERFORMANCE STANDARDS AND LABELING REQUIREMENTS

SEC. 13. ***Minimum Energy Performance Standards (MEPS).*** – To ensure appropriate and effective implementation of energy efficiency and conservation, all manufacturers, importers, distributors and retailers of energy-consuming products, including electrical appliances, lighting products, transport vehicles, machinery and other equipment, shall subject their energy-consuming products to energy performance testing.

MEPS shall be developed in consultation with all of the stakeholders involved in the manufacturing, sale and use of the products to which they apply. Prior to the adoption of the MEPS, cost/benefit analysis shall be performed to

determine the cost and benefit associated with the improvements in energy efficiency.

SEC. 14. ***High Energy-Consuming Equipment and Devices.*** – To ensure appropriate and effective implementation of energy efficiency and conservation in high-energy consuming equipment and devices, manufacturers, importers, suppliers, distributors and retailers engaged in selling the designated products shall provide information such as energy performance and other information that shall contribute to the general consumers' awareness, knowledge and actions. Such information shall be specified in the implementing rules and regulations.

SEC. 15. ***Energy Labeling for Products and Equipment.*** – To ensure appropriate and effective implementation of energy efficiency and conservation, the following shall be implemented:

a) All energy-consuming products, devices and equipment shall have Energy Label displayed;

b) Manufacturers, importers and suppliers shall provide information that contributes to the general consumers' awareness, knowledge and actions towards energy efficiency and conservation; and

c) Manufacturers, importers and suppliers shall submit product samples to the DOE for verification testing.

SEC. 16. ***Fuel Economy Performance for Motor Vehicles.*** – To ensure fuel efficiency for transport, vehicle manufacturers, importers and dealers shall comply with fuel economy performance labeling requirements set by the DOE. The vehicle manufacturers, importers and dealers shall provide technical information on fuel economy rating of the engine that will allow the consumer to make an informed decision in choosing the vehicles for their use.

SEC. 17. ***Energy Performance for Buildings.*** – To ensure appropriate and effective implementation of energy efficiency and conservation for new and existing buildings for commercial and institutional use such as, but not limited to, hospitals, educational facilities, exhibition centers, government offices and military facilities, LGUs shall implement the following measures in accordance with building permit issuances:

a) New building construction shall comply with the minimum requirements as specified in the Guidelines on Energy Conserving Design on Buildings issued by the DOE, in consultation with the DPWH; and

b) Retrofit of buildings shall also comply with the minimum requirements as specified in the Guidelines on Energy Conserving Design on Buildings issued by the DOE, in consultation with the DPWH.

CHAPTER 6

TYPE 1 AND TYPE 2 DESIGNATED ESTABLISHMENTS

SEC. 18. Type 1 Designated Establishments. – Establishments with an annual energy consumption equal to or more than 7.2 terajoules (TJ) or 172.0 tons of oil equivalent (TOE) or 2,000,000 kilowatt-hours (kWh) but not more than 28.8 TJ or 687.9 TOE or 8,000,000 kWh are hereby categorized as Type 1 Designated Establishment and shall include the following sectors:

a) Building Sector
   1) Commercial Building
   2) Hotel
   3) Hospital Building
   4) Educational Institutions
   5) Office Buildings
   6) Government Buildings

b) Retail
   1) Food and Beverage Services
   2) Retail Companies

c) Industrial/ Manufacturing (Medium size industrial/manufacturing plant)
   1) Cement
   2) Mining
   3) Food and Beverage
   4) Electronic/Semi-Conductor
   5) Steel and Metal Fabrication
   6) Chemical
   7) Vehicle
   8) Appliance
   9) Glass
   10) Plastic

11) Others

d) Transport Sector (Fleet)
   1) Railway
   2) Road Transport
   3) Sea Freight and Passenger Vessel
   4) Air Transport Cargo and Passenger Vessel

e) Power Sector
   1) Power Generation
   2) Transmission and Distribution Utilities

f) Agriculture
   1) Primary Agriculture
   2) Irrigation
   3) Agricultural Processing

g) Public Works
   1) Water
   2) Waste Water
   3) Solid Waste Treatment
   4) Road Energy Performance
   5) Road Operators
   6) Other urban and municipal services

SEC. 19. Obligations of Type 1 Designated Establishments. – Type 1 Designated Establishment shall have the following obligations:

a) Employ one (1) Certified Energy Conservation Officer (CECO) and shall, within ten (10) working days, duly notify the DOE on the appointment or separation from the service of the said CECO. The CECO shall manage the energy consumption of facilities, equipment and devices, the implementation and improvement of energy efficiency measures, the conduct of regular energy audit, energy monitoring and control, and the preparation of periodic energy consumption and energy conservation program reports of the establishment;

b) Keep records on monthly energy consumption data and other energy-related data;

c) Set up annual targets, plans and methods of measurements and verification for the implementation of energy efficiency and conservation projects;

d) Submit a Semi-Annual Energy Consumption Report (SAECR) and Annual Energy Conservation Report (AECR) to the DOE, within thirty (30) days after the reference period;

e) Conduct a periodic Energy Audit once every three (3) years by engaging either an in-house energy auditor or an accredited private energy service company or energy provider and submit an Energy Audit Report (EAR) to the DOE upon completion of the energy audit;

f) Improve average Specific Energy Consumption (SEC) in accordance with the annual reduction targets to be established by the DOE in the Implementing Rules and Regulations of this Act; and

g) Set up programs to develop and design measures that promote energy efficiency, conservation and sufficiency that may include, but not limited to, installation of renewable energy technologies.

SEC. 20. ***Type 2 Designated Establishment.*** – Energy intensive establishments with an annual energy consumption of more than 28.8 terajoules (TJ) or 687.9 tons of oil equivalent (TOE) or 8,000,000 kilowatt-hours (kWh) are hereby categorized as Type 2 Designated Establishment and shall include the following sectors:

a) Building Sector
   1) Commercial Building
   2) Hotel
   3) Hospital Building
   4) Educational Institutions
   5) Office Buildings
   6) Government Buildings

b) Retail
   1) Food and Beverage Services
   2) Retail Companies

c) Industrial/ Manufacturing (Medium size industrial/manufacturing plant)
   1) Cement
   2) Mining
   3) Food and Beverage
   4) Electronic/Semi-Conductor
   5) Steel and Metal Fabrication
   6) Chemical

7) Vehicle
8) Appliance
9) Glass
10) Plastic
11) Others

d) Transport Sector (Fleet)
1) Railway
2) Road Transport
3) Sea Freight and Passenger Vessel
4) Air Transport Cargo and Passenger Vessel

e) Power Sector
1) Power Generation
2) Transmission and Distribution Utilities

f) Agriculture
1) Primary Agriculture
2) Irrigation
3) Agricultural Processing

g) Public Works
1) Water
2) Waste Water
3) Solid Waste Treatment
4) Road Energy Performance
5) Road Operators
6) Other urban and municipal services

SEC. 21. ***Obligations of Type 2 Designated Establishments.*** – Type 2 Designated Establishments shall have the following obligations:

a) Employ one (1) Certified Energy Manager (CEM) and shall, within ten (10) working days, notify the DOE on the appointment or separation from the service of the said CEM. The CEM shall manage the energy consumption of facilities, equipment and devices, the implementation and improvement of energy efficiency measures, the conduct of regular energy audit, energy monitoring and control, and the preparation of periodic energy consumption and energy conservation program reports of the establishment;

b) Keep records on monthly energy consumption data and other energy-related data;

c) Set up annual targets, plans and methods of measurements and verification for the implementation of energy efficiency and conservation projects;

d) Submit a Semi-Annual Energy Consumption Report (SAECR) and an Annual Energy Conservation Report (AECR) to the DOE within thirty (30) days after the reference period;

e) Conduct periodic Energy Audit once every three (3) years through either an in-house energy auditor or by engaging an accredited energy service company or energy provider, and submit an Energy Audit Report to the DOE upon completion of the energy audit;

f) Improve average Specific Energy Consumption (SEC) in accordance with the annual reduction targets to be established by the DOE in the Implementing Rules and Regulations of this Act; and

g) Set up programs to design and develop measures that promote energy efficiency, conservation and sufficiency that may include, but not limited to, installation of renewable energy technologies.

SEC. 22. *Other Establishments*. – Establishments with an annual energy consumption equal to or more than 3.6 terajoules (TJ) or 86.0 tons of oil equivalent (TOE) or 1,000,000 kilowatt-hour (kWh) but less than 7.2. TJ or 172 TOE or 2,000,000 kilowatt-hour (kWh) shall be required to submit an annual energy consumption report to the DOE. These establishments may, on a voluntary basis, submit themselves to external audit or quality control assessment to assist them in their energy planning and management.

CHAPTER 7

INCENTIVES FOR ENERGY EFFICIENCY AND CONSERVATION PROJECTS

SEC. 23. *Fiscal Incentives*. – Investors, developers, energy service companies and users of energy-efficient technologies and practices from procurement to manufacturing to supply, as duly certified by the DOE, shall be entitled to the following incentives:

a) *Tax and Duty Exemption on Imported Capital Equipment.* - Within the first ten (10) years upon the issuance of a certification by the DOE, the importation of technologically energy-efficient machinery, equipment, vehicles, spare parts and materials shall be exempt to the extent of one hundred percent (100%) of the customs duties and national internal revenue tax payable thereon: *Provided,* That the machinery, equipment, vehicles and spare parts are directly and actually

needed and used exclusively by the users of energy-efficient technologies and practices.

b) *Tax Credit on Domestic Capital Equipment.* – A tax credit on the machinery, equipment and spare parts purchased from a domestic manufacturer equivalent to one hundred percent (100%) of the value of the national internal revenue taxes and customs duties that would have been waived had such machinery, equipment, vehicles, and spare parts been imported: *Provided,* That (1) the said machinery, equipment, vehicles and spare parts are directly and actually needed and used exclusively by the users of energy-efficient technologies and practices.

c) *Income Tax Holiday* – Exemption from income taxes levied by the National Government for a period of six (6) years from commercial operation for pioneering efficient technology, and for a period of four (4) years for non-pioneering efficient technology.

d) The Department of Finance and concerned agencies shall draw-up appropriate mechanisms for the grant of subsidies, establishment of guarantee funds and/or tax credit equivalent to one hundred percent (100%) of the customs duties and national internal revenues on the purchase and installation of energy-efficient machinery, equipment and spare parts, whether for individual or industrial use.

SEC. 24. *Non-Fiscal Incentives.* – Establishments that will implement or are implementing energy-efficient projects shall be entitled to the following non-fiscal incentives:

a) Provision of awards and recognition for energy efficiency and conservation best practices and successful energy-efficient projects and products; and

b) Provision of technical assistance from government agencies in the development and promotion of energy-efficient technologies.

SEC. 25. *Financial Assistance.* – Government Financial Institutions (GFIs), such as the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), and other financial institutions shall, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, provide concessional financial packages for the development, utilization, and commercialization of renewable energy and energy efficiency projects as duly recommended and endorsed by the DOE.

CHAPTER 8

MISCELLANEOUS PROVISIONS

SEC. 26. ***Visitorial Powers.*** – For the effective enforcement of this Act, the DOE shall have the authority to visit Designated Establishments to inspect energy-consuming facilities, evaluate energy management systems and procedures, identify areas for efficiency improvement, and verify energy monitoring reports and other documents related to the compliance requirements of this Act.

SEC. 27. ***Reports and On-site Inspections.*** – For the effective enforcement of this Act, the DOE shall, to the extent possible, exercise visitorial powers for designated establishments to inspect energy-consuming facilities, verify energy monitoring records and other documents related to the compliance requirements of this Act.

SEC. 28. ***Strengthening of the Energy Utilization Management Bureau.*** – For the effective implementation of the provisions of this Act, the Energy Utilization Management Bureau (EUMB) under the DOE is hereby strengthened. The Secretary of the DOE shall, in consultation with the Department of Budget and Management, determine the revised organizational structure and staffing complement, including the creation of appropriate plantilla positions and the number of staff necessary to complement or augment the existing plantilla of the DOE-EUMB in accordance with the existing civil service rules and regulations.

CHAPTER 9

FINAL PROVISIONS

SEC. 29. ***Prohibited Acts.*** – The following acts shall not be allowed:

1. Failure to comply with the Energy Label showing the energy requirement and consumption efficiency of products on their packaging, and on the products themselves;
2. Failure and/or willful refusal to submit annual reportorial compliance reports to the DOE/LGU;
3. Failure and/or willful refusal to appoint/designate a Certified Energy Conservation Officer/Certified Energy Manager;
4. Failure to comply with the Order under Section 30 of this Act;
5. Willful refusal to submit an on-site inspection; and

6. Failure to submit energy audit report.

SEC. 30. ***Recommendation, Disclosure and Order.*** – Upon determination that an establishment has committed any of the prohibited acts under Section 29 of this Act, the DOE may consider the following measures prior to the imposition of the appropriate sanctions/penalties for such violations:

a) Provide citations in cases where the DOE finds materially insufficient reports, false returns, and non-submission of notifications or reports;

b) Disclose the name of the establishment in cases where the establishment that has received a citation under the preceding paragraph, failed to remedy such citation by the DOE; and

c) Issue an Order to the establishment to take measures in cases where the said establishment failed to follow or comply with the citation or recommendations issued by the DOE. Failure on the part of the establishment to comply with such order shall be a valid ground for imposition of penalties in accordance with Section 31 of this Act.

SEC. 31. ***Penalty Clause.*** – The responsible officers and employees of any establishment or organization, who willfully commit any of the prohibited acts enumerated under Section 29 of this Act shall, upon conviction, be imposed with the penalties provided herein. Any person, who willfully aids or abets the commission of the said prohibited acts or who causes the commission of any such act by another shall be liable in the same manner as the principal.

In case of association, partnership or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, directors or officers responsible for the violation.

The commission of any of the prohibited acts provided under Section 29 of this Act, upon conviction thereof, shall suffer the penalty of imprisonment of from 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 damages caused or costs avoided for non-compliance, whichever is higher, or both, upon the discretion of the court.

The DOE is further empowered to impose administrative fines and penalties for any violation of the provisions of this Act, its implementing rules and regulations and other issuances relative to this Act. This is without prejudice to the

penalties provided for under existing environmental regulations prescribed by the DTI-BPS or any other concerned government agency.

SEC. 32. ***Appropriations.*** – Such sums as may be necessary for the implementation of this Act shall be taken from the current fiscal year appropriation of the Department of Energy. Thereafter, the amount needed for the implementation of this Act shall be included in the annual general appropriation.

SEC. 33. ***Implementing Rules and Regulations.*** – The DOE shall, in consultation with concerned government agencies and/or entities, local government units, industrial and commercial sectors, and other relevant stakeholders, promulgate the Implementing Rules and Regulations (IRR) within six (6) months from the effectivity of this Act.

SEC. 34. ***Congressional Oversight.*** – Upon the effectivity of this Act, the Joint Congressional Commission on EEC is hereby constituted to exercise oversight powers over the implementation of this Act. The oversight commission shall be composed of fourteen (14) members, with the chairmen of the Committee on Energy of the Senate and the House of Representatives and six (6) additional members from each House, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The minority shall be entitled to pro rata representation but shall have at least one (1) representative in the oversight commission.

SEC. 35. ***Separability Clause.*** – If for any reason, any section or provision of this Act is declared to be unconstitutional or invalid, such part not affected thereby shall remain in full force and effect.

SEC. 36. ***Repealing Clause.*** – All laws, Presidential decrees, executive orders, issuances rules and regulations, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 37. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation upon its approval.

Approved,