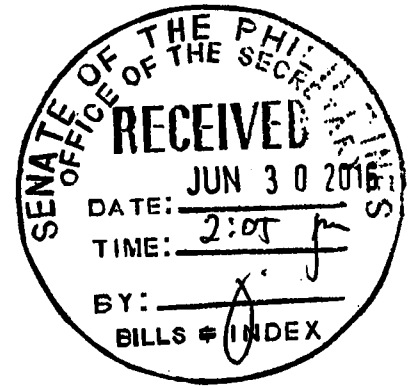


SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S. B. No. 30

Introduced by SENATOR LOREN LEGARDA

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

Explanatory Note

The government is mandated to provide adequate, reliable, and affordable energy to industries that enable them to deliver continuous employment and low cost of goods and services, and to enable the citizens to achieve a decent lifestyle. Energy should not be only produced and used in a manner that will promote sustainable development, but at the same time, contribute to the country's overall economic competitiveness and minimize negative impacts to the environment. While the government has advocated several energy efficiency and conservation measures through various Department Orders and Circulars, these policies have not been institutionalized through legislation.

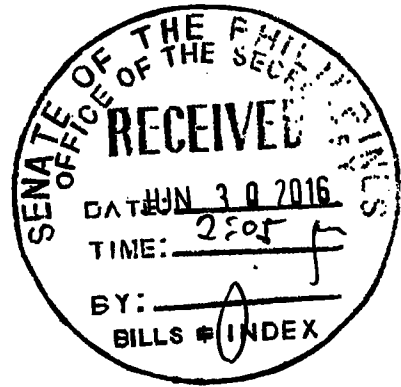
This bill is proposed to address the gap by setting an overall policy framework in promoting energy efficiency and conservation through various means, including fiscal and non-fiscal incentives, and empowerment of both National and Local Government entities in effectively implementing the same. Among the features of this bill are accreditation of energy service companies and energy manager or professionals, formulation of an energy consumption database, setting energy performance standards and labeling requirements, and enforcing compliance thereof.

In view of the foregoing, early passage of this bill is requested.

LOREN LEGARDA

Senator

SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
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SENATE

S. B. No. 30

Introduced by SENATOR LOREN LEGARDA

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

1 **SECTION 1. Short Title.** -This Act shall be known as the "Energy Efficiency
2 and Conservation Act."
3

4 **SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the State to:
5

6 a) Institutionalize energy efficiency and conservation as a national way
7 of life geared towards the efficient and judicious utilization of energy by
8 formulating, developing, and implementing energy efficiency and
9 conservation plans and programs to secure sufficiency and stability of
10 energy supply in the country to cushion the impact of high prices of
11 imported fuels to local markets and protect the environment in support to
12 the economic and social development goals of the country;
13

14 b) Promote and encourage the development and utilization of efficient
15 renewable energy technologies and systems to ensure optimal use and
16 sustainability of the country's energy resources;
17

18 c) Reinforce related laws and other statutory provisions for a
19 comprehensive approach to energy efficiency, conservation, and sufficiency
20 in the country; and
21

22 d) Ensure market-driven approach to energy efficiency, conservation,
23 sufficiency, and sustainability in the country.
24

25 **SEC. 3. Scope.** - This Act shall establish a framework for introducing and
26 institutionalizing fundamental policies on energy efficiency and conservation,
27 including the promotion of efficient and judicious utilization of energy, increase
28 in the utilization of energy efficiency and renewable energy technologies, and

1 the definition of responsibilities of various government agencies and private en-
2 tities.

3
4 **SEC. 5. Definition of Terms.** – For purposes of this Act, the following terms
5 shall, unless the context indicates otherwise, have the following meanings:
6

7 **A. Certified Energy Conservation Officer (CECO)** refers to a professional who
8 becomes eligible for this certification after demonstrating high levels of expe-
9 rience, competence, proficiency, and ethical fitness in the energy manage-
10 ment profession. A CECO shall be required for Type 1 Designated Estab-
11 lishments. Type 1 Establishments shall designate an Energy Manager who
12 shall be a registered engineer;
13

14 **B. Demand Side Management** refers to the reduction of energy consumption
15 through effective load management resulting in the decrease of power de-
16 mand and the migration of power demand from peak to off-peak periods or
17 such measures undertaken by distribution utilities to encourage end-users
18 to properly manage their loads to achieve efficiency in the utilization of fixed
19 infrastructures in the systems;
20

21 **C. Designated Establishment (Type 1/Type 2 Designated Establishment)**
22 refers to a private or public entity in the commercial, industrial, transport,
23 power, agriculture and public works sectors consuming energy and/or hav-
24 ing other index equivalent to such energy for the previous year beyond the
25 level specified by the Department of Energy (DOE). Such entities shall be
26 categorized as Type 1 or Type 2 Designated Establishment, according to the
27 annual energy consumption, as follows:
28

29 a. Type 1 equal to or more than 7.2 terajoules (TJ) or 172.0 tons of oil
30 equivalent (TOE) or 2,000,000 kilowatt-hours (kWh) but not more
31 than 28.8 TJ or 687.9 TOE or 8,000,000 kWh;
32

33 b. Type 2 more than 28.8 TJ or 687.9 TOE or 8,000,000 kWh;
34

35 **D. Energy** refers to all types of energy available commercially including but not
36 limited to natural gas (liquid natural gas and liquid oil gas), all heating and
37 cooling fuels (including district heating and district cooling), coal, transport
38 fuels, and renewable energy sources;
39

40 **E. Energy Audit** refers to the evaluation of energy consumption and review of
41 current energy cost to determine appropriate intervention measures and ef-
42 ficiency projects in which energy can be judiciously and efficiently used to
43 achieve savings. The three types of energy audit are walk-through audit,
44 preliminary audit, and detailed audit;
45

46 **F. Energy Conservation** refers to the reduction of losses and wastage in vari-
47 ous energy stages from energy production to energy consumption through
48 the adoption of appropriate measures that are technologically feasible, eco-
49 nomically sound, and environmentally and socially affordable;
50

51 **G. Energy Conservation Report** refers to the periodic report submitted to the
52 DOE by Type 2 Designated Establishment and Transmission Utility with re-
53 gard to the Energy Efficiency & Conservation Plan. The items to be reported
54 in the Energy Conservation Report shall be specified by the DOE;
55

- 1 H. **Energy Consumption Report** refers to the periodic report submitted to the
2 DOE by Type 1 or Type 2 Designated Establishments and Transmission
3 Utility containing their energy consumption, energy loss, and other status of
4 energy use. The items to be reported in the Energy Consumption Report
5 shall be specified by the DOE;
6
- 7 I. **Energy Conservation Officer(ECO)** refers to a person appointed by Type 1
8 Designated Establishments responsible in the supervision and maintenance
9 of the facilities for the proper management of energy consumption and such
10 other functions deemed necessary for the efficient and judicious utilization
11 of energy prescribed under this Act;
12
- 13 J. **Energy Efficiency** refers to the way of managing and restraining the growth
14 in energy consumption resulting in the delivery of more services for the
15 same energy input or the same services for less energy input;
16
- 17 K. **Energy Efficiency and Conservation Office (EECO)** refers to the office to
18 be established in local government units headed by the Energy Efficiency
19 Conservation and Sufficiency Officer, who shall be responsible for oversee-
20 ing the implementation of the program at the local government level;
21
- 22 L. **Energy Labeling** refers to the government's Philippine Energy Standards
23 and Labeling Program (PESLP) which requires manufacturers to attach an
24 energy label on their products to inform consumers on the energy perfor-
25 mance and efficiency of the product;
26
- 27 M. **Energy Management** refers to the process of designing and implementing
28 an optimal program of purchasing, generating, and consuming various
29 types of energy based on the end-user's overall short-term and long-term
30 management program, with due consideration of factors including costs,
31 availability, economics, and environmental impact;
32
- 33 N. **Energy Sufficiency** refers to a condition where the quantity of the supply of
34 energy is enough or sufficient to meet the demand, including the required
35 reserves;
36
- 37 O. **Minimum Energy Performance Standards (MEPS)** refers to a performance
38 standard which prescribes a minimum level of energy performance that ap-
39 pliances, lighting, electrical equipment, and machinery must meet or exceed
40 before they can be imported and/or offered for sale or used for residential,
41 commercial, transport, and industrial purposes;
42
- 43 P. **National Energy Efficiency and Conservation Coordinating Officer** refers
44 to the person appointed by the Leagues of the Local Government Units from
45 among the local government's Energy Efficiency Conservation and Sufficien-
46 cy Officers (EECSOs) who shall be responsible for integrating local energy ef-
47 ficiency, conservation, and sufficiency programs;
48
- 49 Q. **Road Transport Vehicle** refers to transport vehicle, regardless of size or
50 weight classification;
51
- 52 R. **Specific Energy Consumption (SEC)** refers to the energy consumption vol-
53 ume required per unit, such as production volume, sales amount, transpor-
54 tation ton-kilometer, transportation kilometer, floor space, and such other
55 indicators relevant to energy consumption;
56

1 **S. Transmission Utility** refers to any private corporation or government-
2 owned utility, which has an exclusive franchise to operate the system of
3 wires extending from power generating units to the delivery points through
4 the grid. A transmission utility shall have the obligation to provide trans-
5 mission services to any end-user within its franchise area; and
6

7 **T. Waste Heat Recovery** refers to the extraction of heat from fluids (i.e., gases or liq-
8 uids) produced in a thermodynamic or separation process that would otherwise be
9 vented to the atmosphere, reinjected to the ground or disposed of through other
10 means, for generation of electricity, cooling, heating or other usable forms of ener-
11 gy;
12

13 **SEC. 6. Implementing Agency.** – The Department of Energy shall be the lead
14 agency to implement the provisions of this Act.
15

16 **SEC. 7. Role of Energy Users.** – All energy end-user entities shall exert efforts
17 to use every available energy resource efficiently and promote the development
18 and utilization of renewable energy technologies and systems across sectors
19 from the household level to industries in compliance with the declared policies
20 of this Act. Towards this end, the DOE shall, in consultation with relevant end-
21 users, develop the appropriate mechanism to effectively implement the same.
22

23 **CHAPTER 2** 24 **ROLE OF AGENCIES** 25

26 **SEC. 8. Responsibilities of the DOE.** – The DOE shall be the lead government
27 agency responsible in the planning, formulation, development, implementation,
28 enforcement and monitoring of energy management policies, and other related
29 energy efficiency and conservation plans and programs. In addition to its exist-
30 ing mandate, the DOE shall have the following powers and functions:
31

32 (a) Develop, in coordination with pertinent agencies and organizations, a
33 National Energy Efficiency and Conservation Plan (NEECP);
34

35 (b) Develop a system of monitoring the implementation of the NEECP, in-
36 cluding the targets that are established;
37

38 (c) Initiate and maintain collaborative efforts with the business sector,
39 particularly the commercial, industrial, transport and power sectors, to en-
40 sure compliance with this Act and broaden and enhance their efficient and
41 judicious utilization of energy;
42

43 (d) Develop, impose, and review the MEPS enforced on machinery and
44 equipment, appliances, technologies, vehicles and other fuel-using combus-
45 tion equipment and electric devices, among others, in consultation with the
46 Department of Trade and Industry – Bureau of Philippine Standards (DTI-
47 BPS) and pursuant to Chapter 5, Section 14;
48

49 (e) Require manufacturers, importers and dealers to comply with the
50 MEPS and to display on the packaging and on the products themselves, the
51 Energy Label showing the energy requirement and consumption efficiency of
52 such products;
53

54 (f) Enforce and ensure compliance with prescribed standards for energy
55 performance in buildings and industries, in coordination with pertinent
56 agencies and government units;

1 (g) Develop and maintain a centralized, comprehensive, and unified Na-
2 tional Energy Efficiency and Conservation Database (NEECD) on energy
3 consumption, on the application and use of energy efficient and renewable
4 energy technologies, and other critical and relevant information to ensure
5 efficient evaluation, analysis, and dissemination of data and information for
6 enforcement, planning and policy-making purposes;
7

8 (h) Periodically review and reclassify designated establishments pursuant
9 to Sections 19, 21, and 23 of this Act;
10

11 (i) Consult and coordinate with other government agencies, local gov-
12 ernment units, and the private sector or create an inter-agency committee,
13 as may be necessary, to effectively implement the provisions of this Act;
14

15 (j) Support LGUs on matters related to energy efficiency planning and
16 promotion, and implementation of various energy efficiency programs at the
17 local level;
18

19 (k) Develop and undertake a national awareness and advocacy campaign
20 on energy efficiency and conservation in partnership with business, aca-
21 deme, non-government organizations, and other sectors;
22

23 (l) Guide and support LGUs in the preparation of their Local Energy Effi-
24 ciency and Conservation Plans (LEECP) and provide them with templates for
25 reporting the implementation of their LEECP;
26

27 (m) Provide annual reports to the Congress, indicating, among others,
28 status of implementation at the national and local levels, cost effectiveness
29 outcomes, energy, and environmental impacts resulting from the implemen-
30 tation of this Act;
31

32 (n) Impose reasonable accreditation and certification fees for services
33 provided in this Act and to use these for funding of services mandated un-
34 der this Act, subject to government accounting and auditing regulation;
35

36 (o) Perform such other powers and functions as may be necessary to at-
37 tain the objectives of this Act.
38

39 **SEC. 9. Role of Other Government Agencies.** – In general, all government
40 agencies shall ensure the efficient use of energy in their respective offices, facil-
41 ities, transportation units, and in the discharge of their functions.
42

43 In addition, the following agencies shall exercise the responsibilities and func-
44 tions as enumerated hereunder:
45

46 (a) Climate Change Commission (CCC). – The CCC shall collaborate with
47 the DOE and other government agencies in establishing targets, monitoring
48 and recording all greenhouse gas emission reductions resulting from energy
49 efficiency and conservation projects.
50

51 (b) Commission on Higher Education (CHED) and State Universities and
52 Colleges (SUCs). – The CHED and SUCs shall integrate into the existing en-
53 gineering curricula appropriate courses related to energy management. It
54 shall also promote energy efficiency measures in higher education institu-
55 tions, including state colleges and universities.
56

1 (c) Board of Investments (BOI). – The BOI shall include energy efficiency
2 and conservation projects among the country's investment priorities entitled
3 to incentives.
4

5 (d) Department of Budget and Management (DBM) and Commission on
6 Audit (COA). – The DBM and COA shall develop a mechanism to enable gov-
7 ernment agencies to procure energy savings performance contracts and oth-
8 er forms of off-balance sheet project finance for energy efficiency projects,
9 subject to existing legislations and policies.
10

11 (e) Department of Education (DepEd). – The DepEd shall promote energy
12 efficiency and conservation practices through its K-12 career advocacy pro-
13 gram.
14

15 (f) Department of Finance (DOF). – The DOF, in coordination with con-
16 cerned agencies, shall draw-up appropriate mechanisms for the grant of
17 subsidies and/or tax credit equivalent to one hundred percent (100%) of the
18 customs and duties, and national internal revenue taxes on the purchase
19 and installation of Energy Efficiency and Conservation (EEC) machinery and
20 equipment, whether for individual or industrial use.
21

22 (g) Department of Interior and Local Government (DILG). – The DILG
23 shall, in coordination with the DOE, be responsible in ensuring LGUs com-
24 pliance with the provisions of this Act with respect to the mandatory imple-
25 mentation of energy efficiency and conservation measures.
26
27

28 (h) Department of Public Works and Highways (DPWH). – The DPWH
29 shall, in coordination with the DOE, be responsible for ensuring the imple-
30 mentation of Guidelines on Energy Efficiency and Conserving Design in
31 Buildings as an integral part of the National Building Code, Roadway Light-
32 ing Guidelines, and such other guidelines as may be issued by the DOE.
33

34 (i) Department of Trade and Industry (DTI). – The DTI, through the Bu-
35 reau of Philippine Standards (BPS) shall, in consultation with the DOE, re-
36 quire manufacturers, importers, and dealers to comply with the MEPS and
37 to display the Energy Label or the Energy Efficiency Label showing the ener-
38 gy requirement and consumption efficiency of such products on the packag-
39 ing and on the products themselves.
40

41 (j) Department of Science and Technology (DOST). – The DOST shall be
42 responsible for carrying-out strategic research and development programs
43 aimed at facilitating the development of energy efficient technologies and the
44 promotion thereof.
45

46 (k) Department of Transportation and Communication (DOTC). – The
47 DOTC shall, in coordination with the DOE and the Department of Environ-
48 ment and Natural Resources (DENR), be responsible for ensuring compli-
49 ance of vehicle owners, manufacturers, and importers with the MEPS for
50 road transport vehicles consistent with the specifications for all types of
51 fuels prescribed under Section 26 of Republic Act No. 8749, otherwise
52 known as the "Clean Air Act of 1999," and to display the energy consump-
53 tion label in coordination with the vehicle manufacturers, road transport in-
54 dustry associations, public transport group, and non-government organiza-
55 tions. It shall also be responsible for ensuring the enforcement of and com-

1 pliance with energy management system in the sea and air transport sec-
2 tors.

3 (l) Government Financial Institutions (GFIs). – The GFIs shall set aside
4 lending funds for Energy Efficiency and Conservation Projects at conces-
5 sional rates of interest to attract private sector investments. In collaboration
6 with the Insurance Commission (IC), they shall ensure the availability of
7 compatible guarantee products that would mitigate credit risks associated
8 with energy efficiency investments in small and medium enterprises and
9 performance risks related to the energy efficiency solutions developed by en-
10 ergy service companies, engineering companies, and other technology pro-
11 viders.

12
13 (m) Philippine Statistics Authority (PSA). – The PSA shall, in coordina-
14 tion with the DOE, institutionalize household energy consumption survey
15 (HECS) and survey of energy consumption of establishments (SECE) to es-
16 tablish an energy consumption database.

17
18 Technical Education Skills Development Authority (TESDA). – The TESDA
19 shall, in collaboration with the CHED, DOST, and other training and service
20 institutions, develop a program/system for the certification of energy managers
21 and conservation officers. It shall also ensure the promotion of energy efficiency
22 practices through its Technical Vocational Education and Training (TVET) Pro-
23 grams. TESDA shall implement skills training, assessment and certification
24 programs for mechanics, technicians, installers, and operators of renewable
25 energy systems.

26 27 **CHAPTER 3** 28 **ROLE OF LOCAL GOVERNMENT UNITS**

29
30 **SEC. 10. Role of Local Government Units and Leagues of Local Govern-**
31 **ment Units and Elective Officials.** – In support of the government's energy
32 efficiency and conservation program, local government units shall develop and
33 implement their respective LEECP and incorporate these in their local devel-
34 opment plans, based on guidelines as may be provided in the implementing
35 rules and regulations (IRR) of this Act.

36
37 The LGUs shall monitor the energy consumption by business establishments
38 and enterprises as part of the requirements for business permit renewal. Re-
39 ports submitted by LGUs shall be incorporated in the NEECD as provided in
40 this Act.

41
42 The LGUs shall monitor and submit annual reports on the status of the imple-
43 mentation of their respective LEECP and programs, as well as the annual ener-
44 gy consumption by businesses and enterprises to the DOE.

45 46 **CHAPTER 4** 47 **CERTIFICATION FOR PROFESSIONAL COMPETENCY AND** 48 **ACCREDITATION FOR PROFESSIONAL SERVICES**

49
50 **SEC. 11. Certified Energy Manager (CEM) and Certified Energy Conserva-**
51 **tion Officer (CECO).** – A system for the certification and assessment of energy
52 managers and energy conservation officers shall be established toward raising
53 the professional standards of those engaged in energy management. Only
54 those who have demonstrated high levels of experience, competence, proficien-
55 cy, and ethical fitness in the energy management profession, based on a certifi-
56 cation system to be developed by DOE and TESDA, for this purpose, shall qual-

1 ify for certification. The certification system shall be based on an approved
2 scope of practice and a set of competency standards with clear assessment and
3 certification process and tools, as well as quality assurance systems, to be ad-
4 ministered by the TESDA.

5
6 The certification and assessment system shall be aligned with the Philippine
7 Qualifications Framework (PQF) and applicable international standards.

8
9 CHED, in coordination with DOE and TESDA, will also develop undergraduate,
10 graduate, and professional certificate programs on energy management to en-
11 sure the availability of competencies and skills required to promote and achieve
12 the country's sustainable energy goals.

13
14 Similarly, TESDA shall develop TVET programs and conduct training, assess-
15 ment and certification of workers for qualification levels 1 to 5 of the PQF.
16 TESDA may accredit competent non-profit organizations and other private
17 training institutions to conduct training, assessment, and certification of work-
18 ers. Accreditation guidelines for this purpose will be developed by TESDA in
19 coordination with the DOE.

20
21 The CHED shall offer professional certificate programs for energy managers
22 and energy conservation officers. Guidelines for this purposed will be devel-
23 oped by CHED in coordination with the DOE.

24
25 **SEC. 12. Accreditation of Energy Service Company (ESCO)** - The DOE shall
26 develop an ESCO Accreditation System to provide the market with a source of
27 technically and financially capable entities that can assist in the delivery of en-
28 ergy efficiency related projects.

29
30 ESCOs applying for accreditation must demonstrate their technical and mana-
31 gerial competence to design and implement energy efficiency projects, includ-
32 ing:

- 33 (a) Energy Audits;
34 (b) Design Engineering;
35 (c) Providing or arranging project financing;
36 (d) Construction Management;
37 (e) Operations and Maintenance of Energy Efficiency Technologies;
38 (f) Verifying Energy Savings.

39
40 The development of this service sector shall help stimulate economic develop-
41 ment through the enhancement of cost competitiveness while at the same time
42 promoting Philippine energy security. The services of ESCOs will cover multiple
43 technologies, including lighting, motors and drives, heating, ventilation and air
44 conditioning systems, building envelope improvements, and control systems.

45
46 **CHAPTER 5**
47 **ENERGY PERFORMANCE STANDARDS AND**
48 **LABELING REQUIREMENTS**
49

50 **SEC. 13. Minimum Energy Performance Standards (MEPS).** - To ensure ap-
51 propriate and effective implementation of energy efficiency and conservation, all
52 manufacturers, importers, distributors, and retailers of energy-consuming
53 products, including electrical appliances, lighting products, transport vehicles,
54 machinery, and other equipment shall subject their energy-consuming prod-
55 ucts to energy performance testing to be conducted by the DOE.

1 The manufacturers, importers, distributors, and retailers of these products are
2 required to submit the product information to the DOE.

3
4 MEPS shall be developed by the DOE, in consultation with relevant stakehold-
5 ers involved in the manufacturing, sale, and use of the products covered by
6 these standards. MEPS will be developed and guided by cost/benefit analysis
7 that will determine the impacts associated with improvements in energy effi-
8 ciency. The cost-benefit analysis will be completed by the DOE within one year
9 upon the adoption of this Act.

10
11 The adoption and enforcement of the MEPS shall form part of the NEECP. Up-
12 on its enforcement, no dealer shall, sell, lease, or import any energy-consuming
13 product unless the product complies with the MEPS and the product or its
14 package is labelled in accordance with this Act.

15
16 **SEC. 14. Energy Information on Equipment and Devices and Product Test-**
17 **ing.** – To ensure appropriate and effective implementation of energy efficiency
18 and conservation, manufacturers, importers, suppliers, distributors, and re-
19 tailers engaged in selling these products shall provide information such as en-
20 ergy performance and other information that will assist consumers to make in-
21 formed decisions on these products. The nature and scope of these infor-
22 mation shall be specified in the implementing rules and regulations of this Act.

23
24 The manufacturers, importers, suppliers, distributors, and retailers shall en-
25 sure the integrity of the information submitted and made available to the pub-
26 lic as part of the energy labelling requirement under this Act. Failure to pro-
27 vide accurate information, or the provision of false or misleading information
28 shall be deemed a violation of this Act.

29
30 The DOE shall regularly select energy consuming products and their models for
31 examination, testing, and verification under this under this Act. As such, the
32 DOE may require any manufacturer of energy-consuming products, or dealers
33 who imports such products, to make available, at such place as the DOE may
34 specify, such number of those products as the DOE considers to be reasonably
35 necessary for examination and testing under this section.

36
37 The DOE is authorized to dismantle and examine the energy-using product re-
38 ferred herein, to determine the product's energy efficiency. Such products, up-
39 on completion of testing, shall be returned by the DOE to the source, unless
40 there is reason to seize the products tested, if the DOE believes on reasonable
41 grounds that any provision of this Act is violated or the product will serve as
42 evidence in respect of the violation.

43
44 For this purpose, the DOE shall develop and make available to manufacturers,
45 importers, suppliers, and the general public the calculation method of energy
46 efficiency rating covering the appliances covered by this requirement. This
47 method shall be contained in the Code of Practice on Energy labelling of Prod-
48 ucts and will be updated as often as necessary by the DOE to ensure the integ-
49 rity of the labelling system as provided herein.

50
51 The DOE, subject to procurement laws and regulations, may procure the ser-
52 vices of or enter into an agreement or other arrangement with a qualified sup-
53 plier or entity to carry out the examination and testing of energy-using prod-
54 ucts, subject to the Code provided in this section.

1 **SEC. 15. Energy Labeling for Products and Equipment.** – To ensure appro-
2 piate and effective implementation of this Act, manufacturers, dealers, import-
3 ers, and suppliers shall ensure that Energy Labels are displayed on all energy-
4 consuming products, devices, and equipment. The specifications of the energy
5 labels shall be prescribed by the DOE.
6

7 The DOE shall also develop and enforce a Mandatory Energy Efficiency Rating
8 and Labeling System (MEERLS) for products it will designate to assist consum-
9 ers in choosing energy efficient appliances and raise public awareness on ener-
10 gy saving. These Energy Efficiency Labels, at the minimum, shall reflect the
11 energy efficiency rating of the product, the monthly energy consumption based
12 on a specified hour of daily usage, the brand name and product model, and the
13 year the energy rating was issued.
14

15 The initial phase of implementation of the MEERLS shall cover, at the mini-
16 mum, room air conditioners, refrigerating appliances, and television applianc-
17 es.
18

19 No person or entity shall, before an energy-consuming product is sold to the
20 first retail purchaser or leased to the first lessee, remove, deface, or alter any
21 energy label put on the product or its package in accordance with the regula-
22 tions. Failure to comply with this provision shall be considered a violation of
23 this Act.
24

25 **SEC. 16. Fuel Economy Performance for Motor Vehicles.** – To ensure fuel
26 efficiency for transport, vehicle manufacturers, importers and dealers shall
27 comply with fuel economy performance labeling requirements set by the DOE.
28 The vehicle manufacturers, importers and dealers shall provide technical in-
29 formation on fuel economy rating of the engine that will allow the consumer to
30 make an informed decision in choosing the vehicles for their use.
31

32 The DOE shall conduct fuel efficiency tests to validate the information provided
33 by vehicle manufacturers, importers and dealers. Failure to provide accurate
34 information, or the provision of false or misleading information shall be deemed
35 a violation of this Act.
36

37 **SEC. 17. Energy Performance for Buildings.** – To ensure appropriate and ef-
38 fective implementation of energy efficiency and conservation for new and exist-
39 ing buildings for commercial and institutional use such as, but not limited to,
40 hospitals, educational facilities, exhibition centers, government offices, and
41 military facilities, the LGUs shall implement the following measures in accord-
42 ance with building permit issuances:
43

44 a) New building construction shall comply with the minimum require-
45 ments as specified in the Guidelines on Energy Conserving Design on Build-
46 ings issued by the DOE, in consultation with the DPWH; and
47

48 b) Retrofit of buildings shall also comply with the minimum require-
49 ments as specified in the Guidelines on Energy Conserving Design on Build-
50 ings issued by the DOE, in consultation with the DPWH.
51

52 **CHAPTER 6**

53 **DESIGNATED CONSUMERS**

54

55 **SEC. 18. Designated Consumers.** – Energy intensive industries and other
56 large consumers, as defined herein, are hereby assigned as Designated Con-

1 sumers, for which specific obligations on energy efficiency are imposed. These
2 designated consumers are as follows:

3
4 (a) Industries or establishments with an annual energy consumption equal to or
5 more than 7.2 terajoules (TJ) or 172.0 liters of tons of oil equivalent (TOE) or 2,000,000
6 kilowatt-hours (kWh) but not more than 28.8 TJ or 687.9 TOE or 8,000,000 kWh are
7 hereby categorized as Type 1 Designated Establishments.

8 (b) Industries or establishments with an annual energy consumption to or more
9 than 28.8 terajoules (TJ) or 687.9 tons of oil equivalent (TOE) or 8,000,000 kilowatt-
10 hours (kWh) are hereby categorized as Type 2 Designated Establishments.

11
12 The following energy intensive industrial sectors and establishments
13 have been identified as Designated Consumers:

14
15 a) Building Sector

- 16 1) Commercial Building
- 17 2) Hotel
- 18 3) Hospital Building
- 19 4) Educational Institutions
- 20 5) Office Buildings
- 21 6) Government Buildings

22
23 b) Retail

- 24 1) Food and Beverage Services
- 25 2) Retail Companies

26
27 c) Industrial/Manufacturing (Medium size industrial/manufacturing
28 plant), including those producing:

- 29 1) Cement
- 30 2) Mining
- 31 3) Food and Beverage
- 32 4) Electronic/Semi-Conductor
- 33 5) Steel and Metal Fabrication
- 34 6) Chemical
- 35 7) Vehicle
- 36 8) Appliance
- 37 9) Glass
- 38 10) Plastic

39
40 d) Transport Sector (Fleet)

- 41 1) Railway
- 42 2) Road Transport
- 43 3) Sea Freight and Passenger Vessel
- 44 4) Air Transport Cargo and Passenger Vessel

45
46 e) Power Sector

- 47 1) Power Generation
- 48 2) Transmission and Distribution Utilities

49
50 f) Agriculture

- 51 1) Primary Agriculture
- 52 2) Irrigation
- 53 3) Agricultural Processing

54
55 g) Public Works

- 56 1) Water
- 57 2) Waste Water

- 1 3) Solid Waste Treatment
- 2 4) Road Energy Performance
- 3 5) Road Operators
- 4 6) Other urban and municipal services
- 5

6 **SEC. 19. Obligations of Designated Establishments.** – The Designated Es-
7 tablishments shall have the following obligations:

8
9 a) Type 1 Designated Establishments shall employ a Certified Energy Ef-
10 ficiency and Conservation Officer (CECO), while Type 2 Designated Estab-
11 lishments shall employ a Certified Energy Manager (CEM). The DOE shall
12 duly notify the DOE on their appointment or separation from the service
13 within 10 working days from the effectivity of these personnel action. These
14 personnel shall manage the energy consumption of facilities, equipment and
15 devices, the implementation and improvement of energy efficiency
16 measures, the conduct of regular energy audit, energy monitoring and con-
17 trol, and the preparation of periodic energy consumption and energy con-
18 servation program reports of the establishment.

19
20 b) Keep records on monthly energy consumption data and other energy-
21 related data;

22
23 c) Set up annual targets, plans and methods of measurements and veri-
24 fication for the implementation of energy efficiency and conservation pro-
25 jects;

26
27 d) Submit a Semi-Annual Energy Consumption Report (SAECR) and An-
28 nual Energy Conservation Report (AECR) to the DOE, within thirty (30) days
29 after the reference period;

30
31 e) Conduct a periodic Energy Audit, once every three (3) years, by engag-
32 ing either an in-house energy auditor or an accredited ESCO and submit an
33 Energy Audit Report (AER) to the DOE upon completion of the energy audit;

34
35 f) Improve average Specific Energy Consumption (SEC) in accordance
36 with the annual reduction targets to be established by the DOE in the Im-
37 plementing Rules and Regulations of this Act; and

38
39 g) Set up programs to develop and design measures that promote energy
40 efficiency, conservation and sufficiency that may include, but not limited to,
41 installation of renewable energy technologies.

42
43 **SEC. 20. Other Establishments.** – Establishments with an annual energy
44 consumption equal to or more than 3.6 terajoules (TJ) or 86.0 tons of oil equiv-
45 alent (TOE) or 1,000,000 kilowatt-hour (kWh) but less than 7.2. TJ or 172 TOE
46 or 2,000,000 kilowatt-hour (kWh) shall be required to submit an annual energy
47 consumption report to the DOE. These establishments may, on a voluntary ba-
48 sis, submit themselves to external audit or quality control assessment to assist
49 them in their energy planning and management.

50
51 **CHAPTER 7**
52 **INCENTIVES FOR ENERGY EFFICIENCY AND**
53 **CONSERVATION PROJECTS**
54

55 **SEC. 21. Fiscal Incentives.** – Users of energy-efficient technologies as duly cer-
56 tified by the DOE, shall be entitled to the following incentives:

1 a) Tax and Duty Exemption on Replacement Imported Capital Equip-
2 ment. - Within the first ten (10) years upon the issuance of a certification by
3 the DOE, the importation of technologically energy-efficient machinery,
4 equipment, vehicles, spare parts, and materials shall be exempt to the ex-
5 tent of one hundred percent (100%) of the customs duties and national in-
6 ternal revenue tax payable thereon: Provided, That the machinery, equip-
7 ment, vehicles, and spare parts are directly and actually needed to be more
8 energy efficient than the equipment that these will replace in the establish-
9 ments as duly certified by the DOE;

10
11 b) Tax Credit on Domestic Capital Equipment. - A tax credit on the ma-
12 chinery, equipment, and spare parts purchased from a domestic manufac-
13 turer equivalent to one hundred percent (100%) of the value of the national
14 internal revenue taxes and customs duties that would have been waived had
15 such machinery, equipment, vehicles, and spare parts been imported: Pro-
16 vided, That the said machinery, equipment, vehicles, and spare parts are di-
17 rectly and actually needed, and certified by the DOE to be more energy effi-
18 cient than the equipment that these will replace in the establishments duly
19 certified by the DOE;

20
21 c) Tax Credit on purchase/installation of energy efficient appliance and
22 machinery. - The DOF and concerned agencies shall draw-up appropriate
23 guidelines for the grant of tax credit equivalent to one hundred percent
24 (100%) of the value of the purchase and/or installation of DOE-certified en-
25 ergy-efficient machinery and appliances, equipment, and spare parts, for
26 individual or industrial use.

27
28 **SEC. 22. Non-Fiscal Incentives.** - Establishments that will implement or are
29 implementing energy-efficient projects shall be entitled to the following non-
30 fiscal incentives:

31
32 a) Provision of awards and recognition for energy efficiency and conser-
33 vation best practices and successful energy-efficient projects and products;
34 and

35
36 b) Provision of technical assistance from government agencies in the de-
37 velopment and promotion of energy-efficient technologies.

38
39 **SEC. 23. Financial Assistance.** - Government Financial Institutions (GFIs),
40 such as the Land Bank of the Philippines (LBP), and other financial institutions
41 shall, in accordance with and to the extent allowed by the enabling provisions
42 of their respective charters or applicable laws, provide concessional financial
43 packages for the development, utilization, and commercialization of renewable
44 energy and energy efficiency projects as duly recommended and endorsed by
45 the DOE.

46
47 **CHAPTER 8**
48 **MISCELLANEOUS PROVISIONS**
49

50 **SEC. 24. Waste Management Collection Recycling and Disposal Guide-**
51 **lines.** The Department of Environment and Natural Resources, in coordination
52 with the DOE and the Department of Interior and Local Government, will es-
53 tablish guidelines for the accurate characterization of wastes arising from ener-
54 gy-consuming devices, equipment, fixtures, and other relevant items, including
55 end-of-life vehicles and its component parts. Such guidelines will include ap-
56 propriate containment features and management measures for hazardous

1 wastes, consistent with Republic Act No. 6969 or the Toxic Substance and
2 Hazardous and Nuclear Wastes Control Act. Devices and equipment that
3 cause mercury pollution that could migrate to groundwater and contaminate
4 the air will not be permitted to be disposed in landfills.

5
6 Waste Management Collection, Recycling, and Disposal Strategy will also be
7 developed by the agencies provided herein for wastes covered by this Act to en-
8 sure that these are managed and disposed properly to ensure that impacts to
9 the environment are prevented. Recovery and recycling of components of these
10 devices, equipment, fixtures, and other relevant items will form part of the
11 strategies.

12
13 The Waste Management Collection Recycling and Disposal Strategy that will be
14 developed for this purpose will be submitted to the National Solid Waste Man-
15 agement Commission in accordance with Republic Act No. 9003 or the "Ecolog-
16 ical Solid Waste Management of 2000" for coordination with pertinent govern-
17 ment agencies and units and implementation.

18
19 The agencies concerned will develop the guidelines and strategies within six (6)
20 months from the adoption of this Act.

21
22 **SEC. 25. Visitorial Powers and On-Site Inspections.** – For the effective en-
23 forcement of this Act, the DOE shall have the authority to visit Designated Es-
24 tablishments to inspect energy-consuming facilities, evaluate energy manage-
25 ment systems and procedures, identify areas for efficiency improvement, and
26 verify energy monitoring records and reports and other documents related to
27 the compliance requirements of this Act.

28
29 **SEC. 26. Strengthening of the Energy Utilization Management Bureau.** –
30 The staffing complement of the Energy Utilization Management Bureau (EUMB)
31 under the DOE shall be augmented through the creation of additional plantilla
32 positions necessary to implement the provisions of this Act. The DOE shall, in
33 consultation with the Department of Budget and Management (DBM), deter-
34 mine the revised organizational structure and staffing complement of the
35 EUMB.

36
37 **CHAPTER 9**
38 **FINAL PROVISIONS**
39

40 **SEC. 27. Prohibited Acts.** – The following acts shall not be allowed:

41
42 1. Failure to comply with the Energy Label showing the energy require-
43 ment and consumption efficiency of products on their packaging, and on the
44 products themselves;

45
46 2. Failure to provide accurate information, or the provision of false or
47 misleading energy information/fuel consumption information;

48
49 3. Selling, leasing or importation of energy-consuming product unless the
50 product complies with the MEPS as duly enforced under this Act;

51
52 4. Failure by LGUs to develop LEECP and monitor the energy consump-
53 tion by business establishments and enterprises;

1 5. To remove, deface, or alter any energy label on the energy-consuming
2 product before the said product is sold to the first retail purchaser or leased
3 to the first lessee;

4
5 6. Failure and/or willful refusal to submit annual reportorial compliance
6 reports to the DOE/LGU;

7
8 7. Failure and/or willful refusal to appoint/designate a CEO or CEM;

9
10 8. Failure to comply with the Order under Section 27 of this Act;

11
12 9. Violation of the waste management, recycling, and disposal guidelines
13 that will be issued under the Act;

14
15 10. Willful refusal to submit to an on-site inspection; and

16
17 11. Failure to submit energy audit report.

18
19 **SEC. 28. Recommendation, Disclosure and Order.** – Upon determination
20 that an establishment has committed any of the prohibited acts under Section
21 26 of this Act, the DOE may consider the following measures prior to the im-
22 position of the appropriate sanctions/penalties for such violations:

23
24 a) Provide citations in cases where the DOE finds materially insufficient
25 reports, false returns, and non-submission of notifications or reports;

26
27 b) Disclose the name of the establishment in cases where the establish-
28 ment that has received a citation under the preceding paragraph, failed to
29 remedy such citation; and

30
31 c) Issue an Order to the establishment to take measures in cases where
32 the said establishment failed to follow or comply with the citation or recom-
33 mendations issued by the DOE. Failure on the part of the establishment to
34 comply with such order shall be a valid ground for imposition of penalties in
35 accordance with Section 28 of this Act.

36
37 **SEC. 29. Penalty Clause.** – The responsible officers and employees of any es-
38 tablishment or organization, who willfully commit any of the prohibited acts
39 enumerated under Section 27 of this Act shall, upon conviction, be imposed
40 with the penalties provided herein.

41
42 Any person, who willfully aids or abets the commission of the said prohibited
43 acts or who causes the commission of any such act by another shall be liable
44 in the same manner as the principal.

45
46 In case of association, partnership, or corporations, the penalty shall be im-
47 posed on the partner, president, chief operating officer, chief executive officer,
48 directors, or officers responsible for the violation.

49
50 The commission of any of the prohibited acts provided under Section 26 of this
51 Act, upon conviction thereof, shall suffer the penalty of imprisonment of from
52 one (1) year to five (5) years, or a fine ranging from a minimum of One hundred
53 thousand pesos (P100,000.00) to One hundred million pesos
54 (P100,000,000.00) or twice the amount of damages caused or costs avoided for
55 non-compliance, whichever is higher, or both, upon the discretion of the court.

1 The DOE is further empowered to impose administrative fines and penalties for
2 any violation of the provisions of this Act, its implementing rules and regula-
3 tions, and other issuances relative to this Act. This is without prejudice to the
4 penalties provided for under existing environmental regulations prescribed by
5 the DTI-BPS or any other concerned government agency.
6

7 **SEC. 30. Appropriations.** – Such sums as may be necessary for the implemen-
8 tation of this Act shall be taken from the current fiscal year appropriation of
9 the DOE. Thereafter, the amount needed for the implementation of this Act
10 shall be included in the annual General Appropriations Act.
11

12 **SEC. 31. Implementing Rules and Regulations.** – The DOE shall, in consul-
13 tation with concerned government agencies and/or entities, local government
14 units, industrial and commercial sectors, and other relevant stakeholders,
15 promulgate the Implementing Rules and Regulations (IRR) within six (6)
16 months from the effectivity of this Act.
17

18 **SEC. 32. Congressional Oversight.** – Upon the effectivity of this Act, the Joint
19 Congressional Power Commission created under Section 62 of Republic Act No.
20 9136, otherwise known as the "Electric Power Industry Reform Act of 2001"
21 shall exercise oversight powers over the implementation of this Act.
22

23 **SEC. 33. Separability Clause.** – If for any reason, any section or provision of
24 this Act is declared to be unconstitutional or invalid, such part not affected
25 thereby shall remain in full force and effect.
26

27 **SEC. 34. Repealing Clause.** – All laws, Presidential decrees, executive orders,
28 issuances rules and regulations, inconsistent with the provisions of this Act are
29 hereby repealed or modified accordingly.
30

31 **SEC. 35. Effectivity.** – This Act shall take effect fifteen (15) days after its pub-
32 lication in at least two (2) newspapers of general circulation upon its approval.
33

34 Approved,