CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Second Regular Session

SENATE

S. No. 1531

PREPARED AND SUBMITTED JOINTLY BY THE COMMITTEES ON ENERGY; WAYS AND MEANS; PUBLIC SERVICES AND FINANCE, WITH SENATORS LEGARDA, BINAY, TRILLANES IV AND GATCHALIAN, AS AUTHORS THEREOF

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 of 2018".

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 on local markets, and to protect the environment in support of the economic and social development goals of the country;

(b) Promote and encourage the development and utilization of efficient renewable energy technologies, systems, and other energy efficient practices 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; and

(d) Ensure a 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. *Definition of Terms.* – For the purposes of this Act, the following terms shall have the following meanings unless indicated otherwise:

(a) *Certified Energy Conservation Officer (CECO)* refers to a professional who obtains a certification as a CECO after demonstrating high levels of experience, competence, proficiency, and ethical fitness in the energy management profession, and who shall be responsible for the supervision and maintenance of the facilities of Type 1 Designated Establishments for the proper management of energy consumption and such other functions deemed

necessary for the efficient and judicious utilization of energy under this Act;

(b) *Certified Energy Managers (CEM)* refers to a licensed engineer who obtains a certification as a CEM after demonstrating high levels of experience, competence, proficiency, and ethical fitness in the energy management profession, and who shall be chosen by Type 2 Designated Establishments to plan, lead, manage, coordinate, monitor, and evaluate the implementation of sustainable energy management within their organizations;

(c) *Designated Establishment* refers to a private or public entity in the commercial, industrial, transport, power, agriculture, public works, and other sectors identified by the Department of Energy (DOE) as energy intensive industries based on their annual energy consumption in the previous year or another annual index equivalent to such energy, the amount of which is indicated in this Act and subject to adjustment by the DOE as it deems necessary;

(d) *Distribution Utility* refers to any electric cooperative, private corporation, government-owned utility, or existing local government unit which has an exclusive franchise to operate a distribution system including those whose franchise covers economic zones;

(e) *Department of Energy (DOE)* refers to the agency created through Republic Act No. 7638 or the "Department of Energy Act of 1992" and whose functions were expanded by Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001";

(f) *Energy* refers to all types of energy available commercially including, but not limited to, 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. It can refer to a walk-through audit, a preliminary audit, or a detailed audit;

(h) *Energy Auditor* refers to individuals or entities certified by DOE who have proven credibility and competence to conduct an Energy Audit: *Provided,* That the guidelines in the certification of Energy Auditors shall be developed by DOE upon consultation with stakeholders;

(i) *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, environmentally-friendly, and socially affordable;

(j) *Energy Consumption and Conservation Report* refers to the periodic report submitted to the DOE by Type 1 and Type 2 Designated Establishments, and the Transmission Utility with regard to the National Energy Efficiency & Conservation Plan containing their among others, energy consumption, energy loss, and status of

energy use: *Provided,* That the comprehensive contents of the report shall be specified by DOE;

(k) *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;

(l) *Energy Efficiency and Conservation Office (EECO)* refers to the office to be established in local government units mandated to oversee and monitor the implementation of each local government unit's Local Energy Efficiency and Conservation Plan;

(m) *Energy Efficiency and Conservation Officer (EEC Officer)* refers to the head of the EECO responsible for overseeing the implementation of the Local Energy Efficiency and Conservation Plan at the local government level;

(n) *Energy Efficient Projects* refers to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used

in any building, facility, or vehicle including the manufacturing and provision of services related thereof: *Provided,* That these projects must be cost-effective and will lead to lower energy or utility costs during operation and maintenance;

(o) *Energy End-Users* refers to all individuals and entities which consume energy to include, but shall not be limited to, households, industrial and commercial customers, power plants, distribution utilities, and transmission utilities;

(p) *Energy Labeling* refers to the Philippine Energy Standards and Labeling Program (PESLP) which requires manufacturers to attach an energy label on their products to inform consumers about the energy performance and efficiency of the product;

(q) *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;

(r) *Energy Service Company (ESCO)* refers to a juridical entity that offers multi-technology services and goods towards developing and designing energy efficiency projects, delivering and guaranteeing energy savings, and ensuring cost-effective and optimal performance. The services include, but are not limited to, energy supply and management, energy financing, technical engineering expertise and consultancy, equipment supply, installation, operation, maintenance, and upgrade, and monitoring and verification of performance and savings. The goods include, but are not limited to, lighting, motors and drives, heating, ventilation, and air conditioning systems, building envelope improvements, and waste heat recovery, cooling, heating, or other usable forms of energy control systems;

(s) *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;

(t) *Government Energy Efficiency Projects* refers to energy efficiency projects carried out by all government departments, government-owned and -controlled corporations (GOCCs), state colleges and universities, hospitals, and other instrumentalities of the government which have been evaluated and endorsed by the DOE for approval of the Inter-Agency Energy Efficiency and Conservation Committee created under this Act;

(u) *Government Energy Management Program (GEMP)* refers to the government-wide program to reduce the government's monthly consumption of electricity and petroleum products through, among others, electricity efficiency and conservation, and efficiency and conservation in fuel use of government vehicles;

(v) *Local Energy Efficiency and Conservation Plan (LEECP)* refers to a collaborative and multi-stakeholder comprehensive framework, governance structure, and programs for local energy efficiency and conservation with defined targets, feasible strategies, and regular monitoring and evaluation: *Provided*, That

it shall be aligned with this Act and the National Energy Efficiency and Conservation Plan;

(w) *Local Government Units (LGUs)* refers to the government units created through Republic Act No. 7160;

(x) *Minimum Energy Performance (MEP)* refers to a performance standard which prescribes a minimum level of energy performance for the commercial, industrial, and transport sectors, and energy-consuming products including, but not limited to, appliances, lighting, electrical equipment, machinery, and transport vehicles that must be met or exceeded before they can be offered for sale or used for residential, commercial, transport, and industrial purposes;

(y) *National Energy Efficiency and Conservation Coordinating Officer (NEECCO)* refers to the person appointed by the league of LGUs from among all the EEC Officers of different local governments who shall be responsible for integrating all the Local Energy Efficiency and Conservation Plans;

(z) *National Energy Efficiency and Conservation Database (NEECD)* refers to a centralized, comprehensive, and unified database on national energy consumption, the application and use of energy efficient and renewable energy technologies, and other critical and relevant information to be used for evaluation, analysis, and dissemination of data and information related to energy efficiency and conservation;

(aa) *National Energy Efficiency and Conservation Plan (NEECP)* refers to the national comprehensive framework, governance structure, and programs for energy efficiency and conservation with defined national targets, feasible strategies, and regular monitoring and evaluation: *Provided*, That it is aligned with this Act and is a result of a collaborative and multi-stakeholder consultative process: *Provided, further,* That it shall be regularly reviewed and revised as determined by the DOE;

(bb) *Philippine Qualifications Framework (PQF)* refers to a national policy describing the levels of

educational qualifications and sets of standards for qualification outcomes. It is a quality assured national system for the development, recognition, and award of qualifications based on the standards of knowledge, skills, and values acquired in different ways and methods by learners and workers. It is an assessment-based qualification recognition which is competency-based and labor market driven;

(cc) *Transport Vehicle* refers to transport vehicles, be it land, air, or sea regardless of size or weight classification;

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

(ee) *Transmission Utility* refers to any private corporation or government-owned utility, which has an exclusive franchise to operate the system of wires for the

conveyance of electricity through a high voltage backbone line.

CHAPTER 2

ROLES AND RESPONSIBILITIES

SEC. 5. *Implementing Agency.* – The DOE shall be the lead government agency in the implementation of the provisions of this Act. It shall be responsible for the planning, formulation, development, implementation, enforcement, and monitoring of energy management policies and other related energy efficiency and conservation plans and programs. In addition to its existing mandate, the DOE shall also have the following powers and functions:

(a) Spearhead the creation and update the development of the NEECP in coordination with pertinent government agencies, LGUs, and private corporations and organizations;

(b) Develop a system of monitoring the implementation of the NEECP, including the targets that are established therein;

(c) Develop and maintain the NEECD, in coordination with and assisted by the Philippine Statistical Authority (PSA), to ensure efficient evaluation, analysis, and dissemination of data and information for enforcement, planning, and policy-making purposes;

(d) Lead the efforts to ensure compliance with the GEMP in accordance with the strategic direction provided by the Inter-Agency Energy Efficiency and Conservation Committee;

(e) Develop, impose, and review the MEP enforced on machinery and equipment, appliances, technologies, vehicles, and other energy-consuming equipment and electric devices, among others, in consultation with the Department of Trade and Industry (DTI) – Bureau of Philippine Standards (BPS), and pursuant to Chapter 5, Section 13 of this Act;

(f) Require manufacturers, importers, and dealers to comply with the MEP, and to display on the packaging and on their products the energy label showing the energy requirement and consumption efficiency of such products;

(g) Periodically review and reclassify designated establishments as defined under this Act and pursuant to its implementing rules and regulations (IRR);

(h) Enforce and ensure compliance with prescribed ratings standards for energy performance in buildings and industries, in coordination with pertinent government agencies;

(i) Support LGUs on matters related to energy efficiency planning and promotion, the preparation of their respective LEECPs, and its implementation through various local energy efficiency programs: *Provided,* That DOE shall provide LGUs with templates for reporting updates on the implementation;

(j) Coordinate with the NEECCO for the integrated LEECP to ensure its consistency and alignment with the NEECP;

(k) Consult with energy end-users to develop the appropriate mechanism to effectively implement this Act: *Provided,* That such mechanism shall, as much as

practicable, redound to the direct benefit of the energy end-user;

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

(m) Develop and undertake a national awareness and advocacy campaign on energy efficiency and conservation in partnership with business, academe, nongovernment organizations, and other sectors;

(n) Provide annual reports to Congress, indicating, among others, the status of implementation of this Act at the national and local levels as well as cost effectiveness outcomes, and energy and environmental impacts resulting from the implementation of this Act;

(o) Impose and collect reasonable fees for accreditation and certification for services provided in this Act; and

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

SEC. 6. *Role of other Government Agencies.* – All government agencies including GOCCs shall ensure the efficient use of energy in their respective offices, facilities, transportation units, and in the discharge of their functions. In addition, the following agencies shall exercise the responsibilities and functions as enumerated hereunder:

(a) Board of Investments (BOI) – The BOI shall include Energy Efficient Projects as defined in this Act in the annual investment priorities plan entitled to incentives provided under Executive Order No. 226 or the "Omnibus Investment Code of the Philippines" and any other applicable laws;

(b) Climate Change Commission (CCC) – The CCC shall collaborate with the DOE and other government agencies in establishing targets, determining strategies, and monitoring and recording all greenhouse gas emission reductions resulting from energy efficiency and conservation projects: *Provided,* That such targets and strategies are aligned with the NEECP;

(c) Commission on Audit (COA) – The COA shall recognize Government Energy Efficiency Projects as defined under this Act consistent with government accounting and auditing rules;

(d) Commission on Higher Education (CHED) – The CHED shall integrate into existing engineering curricula appropriate courses related to energy management. It shall also promote energy efficiency measures in higher education institutions including state colleges and universities;

(e) Department of Budget and Management (DBM) – The DBM shall give due preference to funding Government Energy Efficiency Projects as defined under this Act;

(f) Department of Education (DepEd) – The DepEd shall promote energy efficiency and conservation practices through its K-12 career advocacy program;

(g) Department of Finance (DOF) – The DOF, in coordination with the DOE and other concerned agencies,

shall draw up appropriate mechanisms to implement the fiscal incentives under this Act;

(h) Department of Environment and Natural Resources (DENR) – The DENR, in coordination with the DOE and Department of the Interior and Local Government (DILG), shall establish guidelines for the accurate characterization of wastes arising from energy-consuming devices, equipment, fixtures, and other relevant items, including the end-of-life of vehicles and its component parts: *Provided,* That such guidelines will include appropriate containment features and management of hazardous wastes, consistent with Republic Act No. 6969 or the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990";

(i) Department of the Interior and Local Government (DILG) – The DILG shall, in coordination with the DOE, be responsible in ensuring compliance of all LGUs in implementing the provisions of this Act;

(j) Department of Public Works and Highways (DPWH) – The DPWH shall, in coordination with the

DOE, be responsible for ensuring the implementation of the Guidelines on Energy Conserving Design of Buildings and Utility Systems as an integral part of the Roadway Lighting Guidelines, and such other related guidelines as may be issued by the DOE, and in accordance with Republic Act No. 6541 or the "National Building Code of the Philippines" and other related laws;

(k) Department of Science and Technology (DOST) – The DOST shall, in coordination with the DOE, be responsible for carrying out strategic research and development programs aimed at facilitating the development of new and alternative energy efficient technologies and the promotion thereof;

(l) Department of Trade and Industry (DTI) – The DTI, through the BPS, shall, in consultation with the DOE, require manufacturers, importers, and dealers to comply with the MEP, and to display the energy label and/or the energy efficiency label showing the energy requirement and consumption efficiency of such products on the packaging and on the products themselves;

(m) Department of Transportation (DOTr) – The DOTr shall, in coordination with the DOE and the DENR, be responsible for ensuring compliance of vehicle owners, manufacturers, and importers with the MEP for transport vehicles consistent with the specifications for all types of fuels prescribed under Republic Act No. 8749 or the "Clean Air Act of 1999", and to display the energy consumption label in coordination with the vehicle manufacturers, transport industry associations, public transport groups, and nongovernment organizations. The DOTr shall also assist the DOE in the enforcement of and compliance with measures under this Act and its IRR relative to the energy consumption of the transport sector.

(n) Governance Commission for GOCCs (GCG) – The GCG shall incorporate energy efficiency as a factor in evaluating the performance of GOCCs;

(o) Government Financial Institutions (GFIs) – The GFIs shall set aside lending funds for energy efficient projects at concessional rates of interest to attract private sector investments. The GFIs, in collaboration with the

IC, shall ensure the availability of compatible guarantee or insurance products that would mitigate credit risks associated with energy efficiency investments in small and medium-sized enterprises and performance risks related to energy efficiency solutions developed by ESCOs, engineering companies, and other technology providers;

(p) Insurance Commission (IC) – The IC in collaboration with the GFIs shall ensure the availability of compatible guarantee products that would mitigate the credit risks associated with energy efficiency investments in small and medium-sized enterprises and performance risks related to the energy efficiency solutions developed by ESCOs, engineering companies, and other technology providers;

(q) National Competitiveness Council (NCC) – The NCC shall serve as the focal point for private sector involvement in the implementation of this Act in recognition of the potential of energy efficiency as a tool for improving the competitiveness of businesses in the country;

(r) Philippine Statistics Authority (PSA) – The PSA shall, in coordination with the DOE, institutionalize the household energy consumption survey, the survey of energy consumption of establishments, and other surveys relating to energy supply, demand, efficiency, and conservation, and assist the DOE in the establishment of the NEECD as provided under this Act; and

(s) Technical Education Skills Development Authority (TESDA) – The TESDA shall, in collaboration with the DOE, CHED, DOST, and other training and service institutions, shall develop Training Regulations for the Certifications of Energy Managers and Energy Efficiency and Conservation Officers. It shall also ensure the promotion of energy efficiency practices and renewable technologies through its Technical Vocational Education and Training Programs. TESDA shall implement skills training, assessment, and certification programs for mechanics, technicians, installers, and operators of energy efficient, as well as renewable energy systems.

SEC. 7. *Role of LGUs.* – The LGUs through their respective EECOs and Planning and Development Offices/Units, with the assistance of the DOE and in coordination with the DILG, shall develop and implement their respective LEECP and incorporate these in their local development plans.

Furthermore, the LGUs shall assist the DOE in monitoring compliance with the obligations of designated establishments under this Act for input in the NEECD.

SEC. 8. *Role of Energy End-Users.* – All energy end-users shall use every available energy resource efficiently and promote the development and utilization of new and alternative energy efficient technologies and systems, including renewable energy technologies, in compliance with the declared policies of this Act.

CHAPTER 3

INTER-AGENCY ENERGY EFFICIENCY AND CONSERVATION COMMITTEE

SEC. 9. *Inter-Agency Energy Efficiency and Conservation Committee.* – An Inter-Agency Energy

Efficiency and Conservation Committee is hereby created to approve Government Energy Efficiency Projects as defined under this Act and to provide strategic direction in the implementation of the GEMP.

The Committee shall be composed of the following members:

(a) Secretary of the DOE;

(b) Secretary of the DBM;

(c) Secretary of the DOF;

(d) Secretary of the DTI;

(e) Secretary of the DOTr;

(f) Secretary of the DPWH;

(g) Director General of the National Economic and Development Authority (NEDA); and

(h) Two (2) representatives from the private sector who shall be recommended by the Secretary of the DOE and chosen by the other members of the Committee: *Provided,* That the said representatives are actively involved in promoting energy efficiency and conservation:

Provided, further, That the said representatives shall serve for a term of three (3) years.

The Secretary of the DOE shall serve as the Chairperson of the Committee and the Energy Efficiency and Conservation Public Sector Management Division of DOE's Utilization Management Bureau (EUMB), as defined in this Act, shall serve as the Committee's Secretariat.

SEC. 10. *Powers and Duties.* – The Committee shall have the following powers and duties:

(a) To prepare an annual assessment of opportunities for energy cost reduction in state-owned and leased buildings and facilities designated by the Committee: *Provided,* That each assessment shall be completed each year: *Provided, further,* That the assessment shall be available to the public: *Provided, finally,* That the assessment shall include:

(1) Data for the preceding five (5) years on energy consumption and costs including anticipated energy consumption and cost projected for the next three (3)

years for each building and facility designated by the Committee;

(2) Energy conservation measures deployed in buildings and facilities designated by the Committee during the preceding year;

(3) Evaluation studies of the cost reductions and other benefits realized through the deployment of energy conservation measures; and

(4) Energy conservation opportunities based on audits, technical analyses, or other methods of determining such opportunities and associated energy saving operations and maintenance procedures and capital projects for each building or facility designated by the Committee.

(b) To review all proposed capital projects and energy cost operating budgets of agencies designated by the Committee and recommend energy conservation measures which would reduce operating costs in buildings or facilities;

(c) To provide any officer or entity of government, technical and consultative assistance concerning energy cost management or conservation;

(d) To annually recommend specific operations and maintenance procedure modifications and capital projects for state-owned and leased buildings and facilities designed to reduce energy consumption and costs;

(e) To conduct surveys, audits, technical analysis, and other research or investigations related to Government Energy Efficiency Projects and the GEMP as may be necessary to support the preparation of the NEECP and the objectives of this Act;

(f) To issue a report describing the status of Government Energy Efficiency Projects and the GEMP, listing obstacles to building energy efficiency improvement together with related recommendations for statutory change, and identifying opportunities for public sector energy cost reductions not addressed by this Act or the programs developed pursuant hereto; and

(g) To develop, after study of existing or emerging energy conservation technologies, guidelines as may be necessary or desirable to aid the work of the Committee in furtherance of the objectives of this Act.

CHAPTER 4

CERTIFICATION FOR PROFESSIONAL COMPETENCY AND ACCREDITATION FOR PROFESSIONAL SERVICES

SEC. 11. *Certified Energy Conservation Officer (CECO) and Certified Energy Manager (CEM).* – A system for the certification and assessment of energy conservation officers and energy managers shall be established towards raising the professional standards of those engaged in energy management.

The CECO certification system shall be developed by DOE and TESDA. It shall be based on an approved scope of practice, a set of competency standards with a clear assessment and certification process, and a certification for the determined competency undertaken by the prescribed governance structure and quality assurance systems and aligned with the PQF and applicable international

standards. Towards this end, TESDA shall conduct training, assessment, and certification of workers for PQF qualification levels 1 to 5, and shall register Technical Vocational Education and Training programs including that of non-profit organizations and other private training institutions. TESDA, in coordination with the DOE, shall develop guidelines for this purpose.

The CEM certification and assessment system for registered engineers shall be established by CHED. Towards this end, CHED shall offer professional certificate programs for energy managers and, in coordination with the DOE and TESDA, shall develop undergraduate, graduate, and professional certificate programs on energy management to ensure availability of competencies and skills required to promote and achieve the country's sustainable energy goals. CHED, in coordination with the DOE, shall develop guidelines for this purpose.

SEC. 12. *Accreditation of Energy Service Company (ESCO).* – The DOE shall strengthen the existing ESCO

accreditation system to develop this service sector and to provide the market with a source of technically and financially capable entities that can assist in the delivery of energy efficiency-related projects.

ESCOs applying for accreditation must demonstrate their technical and managerial competence to design and implement energy efficiency projects, including but not limited to:

(a) Energy Audits;

(b) Design Engineering;

(c) Providing or arranging project financing;

(d) Construction Management;

(e) Operations and Maintenance of Energy Efficiency Technologies; and

(f) Verifying Energy Savings.

CHAPTER 5

ENERGY PERFORMANCE STANDARDS AND LABELING REQUIREMENTS

SEC. 13. *Minimum Energy Performance (MEP).* – The MEP for the commercial, industrial, and transport

sectors shall be developed by the DOE, in consultation with relevant stakeholders, and guided by a cost-benefit analysis which shall be completed by the DOE with the assistance of the NEDA within one (1) year from the effectivity of this Act: *Provided,* That the adoption and enforcement of the MEP shall form part of the NEECP.

The MEP for energy-consuming products through a particular product requirement under the PESLP shall also be developed by the DOE in consultation with relevant stakeholders involved in the manufacturing, sale, and use of the products covered. The DOE shall also develop the energy performance testing guidelines for all energy-consuming products to ensure compliance with the MEP.

All manufacturers, importers, distributors, and retailers of energy-consuming products shall comply with the MEP, subject their energy-consuming products to energy performance testing, and submit their respective product information to the DOE.

No manufacturer, importer, distributor, and retailer shall sell, lease, or import any energy-consuming product, unless the product complies with the MEP and the product or its package is labeled in accordance with this Act.

SEC. 14. *Energy Labeling for Products and Equipment.* – The DOE shall prescribe energy labels for all energy-consuming products, devices, and equipment. Manufacturers, importers, suppliers, distributors, and retailers engaged in selling these products, devices, and equipment shall ensure that these energy labels are displayed accordingly, and shall provide information that will assist consumers to make informed decisions on these products: *Provided,* That they shall ensure the integrity of the information submitted and made available to the public: *Provided, further,* That the DOE shall define the nature and scope of the information to be provided.

The DOE shall also develop and enforce a Mandatory Energy Efficiency Rating and Labeling System (MEERLS) for identified energy-consuming products, such

as, but not limited to, room air conditioners, refrigeration units, and television sets, to promote energy efficient appliances and raise public awareness on energy saving. The energy efficiency label, at the minimum, shall reflect the energy efficiency rating of the product, the monthly energy consumption based on a specified hour of daily usage, the brand name and product model, and the year the energy rating was issued: *Provided,* That the calculation method of the energy efficiency rating shall be made available to the public and shall be updated as often as necessary to ensure the integrity of the labeling system: *Provided, further,* That the calculation of the energy efficiency rating shall be contained in the Code of Practice on Energy Labeling of Products to be developed by the DOE.

SEC. 15. *Energy Product, Device, and Equipment Examination, Testing, and Verification.* – The DOE shall regularly select energy-consuming products and their models for examination, testing, and verification. As such, the DOE may require any manufacturer, importer,

supplier, distributor, or retailer of energy-consuming products, devices, and equipment to make available, at such place as the DOE may specify, such number of products as the DOE considers to be reasonably necessary for examination and testing under this Section.

The DOE is authorized to dismantle and examine the energy-consuming product, device, or equipment referred herein, to determine the product's energy efficiency. Such products, upon completion of testing, shall be returned by the DOE to the concerned manufacturer, importer, supplier, distributor, or retailer, unless the DOE has reasonable grounds to believe that any provision of this Act was violated and the product will serve as evidence of the violation.

The DOE, subject to procurement laws and regulations, may procure the services of or enter into an agreement or other arrangement with a qualified supplier or entity to carry out the examination and testing of energy-consuming products. The DOE, in the engagement of a qualified supplier or entity to carry out the

examination and testing of energy-consuming products, shall follow the process and procedures laid down in Republic Act No. 9184 or the "Government Procurement Reform Act" and its revised IRR except when the engagement involves a contractual arrangement under a Public Private Partnership covered by Republic Act No. 6957 or "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and For Other Purposes", as amended by Republic Act No. 7718, or through a Joint Venture Agreement with private entities under a profit sharing scheme under the 2013 NEDA Joint Venture Guidelines as may be amended in the future.

SEC. 16. *Fuel Economy Performance for Transport Vehicles.* – To ensure fuel efficiency for transport, vehicle manufacturers, importers, and dealers shall comply with fuel economy performance labeling requirements set by the DOE with the assistance of the DENR and DOTr. The vehicle manufacturers, importers, and dealers shall provide technical information on the fuel economy rating

of the engine that will allow the consumers to make an informed decision in choosing the vehicles for their use.

The DOE shall develop and conduct fuel efficiency testing guidelines for the conduct of fuel efficiency tests to validate the information provided by vehicle manufacturers, importers, and dealers.

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, the 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: *Provided,* That state-owned buildings and facilities shall comply with the

GEMP and such other guidelines issued by the Committee; 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: *Provided,* That state-owned and leased buildings and facilities shall comply with the GEMP and such other guidelines issued by the Committee.

CHAPTER 6

DESIGNATED ESTABLISHMENTS

SEC. 18. *Designated Establishments.* – Designated Establishments shall initially be classified as follows:

(a) Type 1 Designated Establishments are those with an annual energy consumption of 500,000 kilowatt-hours (kWh) to 4,000,000 kWh for the previous year; and

(b) Type 2 Designated Establishments are those with an annual energy consumption of more than 4,000,000 kWh for the previous year.

The thresholds for determining Type 1 or Type 2 Designated Establishments shall be periodically reviewed and adjusted, if deemed necessary, by the DOE.

SEC. 19. *Obligations of Designated Establishments.* – The designated establishments shall have the following obligations:

(a) Integrate an Energy Management System Policy into the business operation based on ISO 50001 or any similar framework;

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

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

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

(e) Improve average Securities and Exchange Commission (SEC) in accordance with the annual

reduction targets to be established by the DOE in the NEECP;

(f) Submit an Annual Energy Consumption and Conservation Report to the DOE by the 15th of April of every year;

(g) Conduct an Energy Audit once every three (3) years, by engaging either a certified Energy Auditor or an accredited ESCO and submit an Energy Audit Report to the DOE upon completion of the Energy Audit;

(h) Employ a CECO for Type 1 Designated Establishments, and a CEM for Type 2 Designated Establishments: *Provided,* That the CECO and the CEM may be chosen from within the organization or hired through external recruitment; and

(i) Duly notify the DOE on the appointment or separation from the service of their respective CECOs or CEMs within ten (10) working days from the effectivity of these personnel action.

SEC. 20. *Responsibilities of the CECO and the CEM.* – The CECO and the CEM, in their respective designated establishments, shall:

(a) Manage the energy consumption of facilities, equipment, and devices;

(b) Administer the following:

(1) Implementation and improvement of energy efficiency measures,

(2) Conduct of regular energy audit,

(3) Energy monitoring and control, and

(4) Preparation of periodic energy consumption and energy conservation program reports; and

(c) Fulfill other responsibilities as indicated in this Act.

SEC. 21. *Other Establishments.* – Establishments with an annual energy consumption of at least 100,000 kWh but less than 500,000 kWh in the previous year shall be required to submit an annual energy consumption report to the DOE and integrate an Energy Management System policy into their business operations based on ISO 50001

or any similar framework or such other standard identified by the DOE: *Provided,* That the thresholds indicated herein shall be periodically reviewed and adjusted, if deemed necessary, by the DOE. These establishments may, on a voluntary basis, submit themselves to external energy audit or quality control assessment to assist them in their energy planning and management.

SEC. 22. *Visitorial Powers and On-Site Inspections.* – 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 records and reports and other documents related to the compliance requirements of this Act within office hours and in the presence of an authorized representative of the designated establishment.

CHAPTER 7

DEMAND SIDE MANAGEMENT

SEC. 23. *Demand Side Management (DSM).* – The DOE with the assistance of the Energy Regulatory Commission and the Philippine Economic Zone Authority, shall pursue a DSM program for the electric power industry for 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 a 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.

CHAPTER 8

INCENTIVES

SEC. 24. *Fiscal Incentives.* – Upon certification by the DOE, Energy Efficient Projects as defined in this Act shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 266 or the "Omnibus Investment Code of the Philippines" and any other applicable laws.

SEC. 25. *Non-Fiscal Incentives.* – Establishments that will implement or are implementing energy-efficient projects shall be entitled to the following:

(a) Provision of awards and recognition for energy efficiency and conservation best practices innovation, 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. 26. *Financial Assistance.* – GFIs 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. 27. *Waste Management Collection Recycling and Disposal Guidelines.* – The DENR, in coordination with the DOE and the DILG, will establish guidelines for the accurate characterization of wastes arising from energy-consuming devices, equipment, fixtures, and other relevant items, including end-of-life vehicles and their component parts. Such guidelines will include appropriate containment features and management measures for hazardous wastes, consistent with Republic Act No. 6969 or the "Toxic Substance and Hazardous and Nuclear Wastes Control Act".

A Waste Management Collection, Recycling and Disposal Strategy (WMCRDS) will also be developed by DOE, DENR, and DILG for wastes covered by this Act to ensure that these are managed and disposed properly and to ensure that impacts to the environment are prevented: *Provided,* That the WMCRDS shall include waste recovery and recycling of components of devices, equipment, fixtures, and other relevant items: *Provided, further,* That the WMCRDS shall be submitted to the National Solid Waste Management Commission in accordance with Republic Act No. 9003 or the "Ecological Solid Waste Management Act of 2000" for coordination with pertinent government agencies and units for implementation.

SEC. 28. *Strengthening of the Energy Utilization Management Bureau.* – The Energy Utilization Management Bureau (EUMB) under the DOE is hereby re-organized as follows:

(a) Alternative Fuels and Energy Technology Division whose functions shall include:

(1) Formulating policies, plans, and programs related to alternative fuels and new and advanced energy technologies' development towards socially and environmentally responsive and effective utilization of energy resources; and

(2) Developing and managing the Alternative Fuels and Energy Technology Program.

(b) Energy Efficiency and Conservation Program Management and Technology Promotion Division whose functions shall include:

(1) Evaluating energy efficiency and conservation technologies;

(2) Promoting the increased utilization of energy efficient products;

(3) Preparing all reports for submission to other government agencies as required by law; and

(4) Developing a comprehensive information, education, and communication strategy for public awareness on energy efficient programs and products.

(c) Energy Efficiency and Conservation Public Sector Management Division whose functions shall include:

(1) Coordinating with the LGUs and the NEECCO to ensure consistency with the NEECP;

(2) Providing technical assistance to LGUs and other government agencies;

(3) Enhancing, expanding, and developing the GEMP; and

(4) Providing technical support to the Committee and acting as its Secretariat.

(d) Energy Efficiency and Conservation Performance Regulation and Enforcement Division whose functions shall include:

(1) Spearheading the creation of the NEECD in accordance with the provisions of this Act;

(2) Formulating, developing, and updating MEP, Energy Labeling, and other programs indicated in this Act;

(3) Enforcing the programs under this Act and its IRR, such as, but not limited to, the MEP and energy labeling.

The Appliance Testing and Laboratory Division of the Energy Research and Testing Laboratory Services, the Legal Services under the General Legal Services Division, the Financial Services under the Accounting Division, and each Field Office under their respective Energy Resources Development and Utilization Divisions of the DOE shall hereby receive additional plantilla positions to provide support services to the EUMB in the discharge of its functions under this Act.

The Secretary of DOE shall submit the revised organizational structure and staffing compliment of the re-organized EUMB which shall be effective upon the approval of the DBM.

The budgetary requirements necessary for the re-organized EUMB and the supporting offices shall be taken from the current appropriations of the DOE. Thereafter,

the funding for the same shall be included in the annual General Appropriations Act.

SEC. 29. *Prohibited Acts.* – The following acts are prohibited:

(a) Failing to comply with energy labeling;

(b) Removing, defacing, or altering any energy label on the energy-consuming product before the said product is sold to the first retail purchaser or leased to the first lessee;

(c) Failing to provide accurate information, or the provision of false or misleading energy information as required to be submitted under this Act;

(d) Selling, leasing, or importing energy-consuming products that do not comply with the MEP as stated in this Act;

(e) Failing and/or willfully refusing to appoint or designate a CECO or CEM;

(f) Willfully refusing to submit to an on-site inspection as indicated in Setion 22 of this Act;

(g) Failing and/or willfully refusing to submit any of the reports required under this Act;

(h) Failing to comply with issued orders of the DOE in the discharge of its enforcement powers under this Act; and

(i) Violating any provision of IRR, codes, and guidelines issued in accordance with this Act.

SEC. 30. *Explanation, Recommendation, Disclosure and Order.* – Upon determination that a reasonable ground exists 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 fines and/or penalties for such violations:

(a) Require an explanation supported by reports, returns, and other documents to rebut the alleged commission of the prohibited act;

(b) In cases where an explanation has been issued but the DOE finds a violation because of materially insufficient reports, false returns, and non-submission of

required documents, provide a recommendation to the said establishment;

(c) Disclose the name of the establishment after it has received a recommendation and failed to comply with such recommendation; and

(d) Issue an order in cases where the said establishment failed to follow or comply with the recommendation issued by the DOE: *Provided,* That failure on the part of the establishment to comply with the order shall be a valid ground for the imposition of fines and/or penalties in accordance with Section 31 of this Act.

SEC. 31. *Fines and Penalties.* – The DOE is empowered to impose fines and penalties for any violation of the provisions of this Act, its IRR and other issuances relative to this Act. The fines and penalties shall range from a minimum of Ten thousand pesos (P10,000.00) to a maximum of One million pesos (P1,000,000.00): *Provided,* That this is without prejudice to the penalties provided for under existing regulations prescribed by any other concerned government agency: *Provided, further,* That

this is without prejudice to criminal liability as stated in this Act.

SEC. 32. *Criminal Liability.* – The responsible officer/s and/or employee/s of any establishment or organization who willfully commits any of the prohibited acts under Section 29 of this Act shall, upon conviction, suffer the penalty of imprisonment of one (1) year to five (5) years, or a fine ranging from a minimum of One hundred thousand pesos (P100,000.00) to One hundred million pesos (P100,000,000.00) or twice the amount of costs avoided for noncompliance, whichever is higher, or both, upon the discretion of the court.

Any person, who willfully aids or abets the commission of the 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 cases of association, partnership or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, director, or officer responsible for the violation.

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

SEC. 34. *Codes and Guidelines.* – The DOE, in accordance with the provisions of this Act, shall develop all Codes and Guidelines mentioned herein within six (6) months from the promulgation of this Act's IRR.

SEC. 35. *Congressional Oversight.* – Upon the effectivity of this Act, the Joint Congressional Power Commission created under Section 62 of Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001" shall be renamed to Joint Congressional Energy Commission and shall exercise oversight powers over the implementation of this Act.

SEC. 36. *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. 37. *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. 38. *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,