



DEPARTMENT CIRCULAR NO. DC 2024-04-0011 *me*

**RULES ON THE ADMINISTRATION AND ENFORCEMENT OF THE  
OBLIGATIONS OF DESIGNATED ESTABLISHMENTS UNDER THE ENERGY  
EFFICIENCY AND CONSERVATION ACT**

**WHEREAS**, Republic Act (RA) No. 7638, otherwise known as the “*Department of Energy (DOE) Act of 1992*,” states that it is the policy of the State to ensure continuous, adequate, and economic supply of energy with the end in view of ultimately achieving self-reliance in the country’s energy requirements through the integrated and intensive exploration, production, management, and development of the country’s indigenous energy resources, and through the judicious conservation, renewal, and efficient utilization of energy to keep pace with the country’s growth and economic development;

**WHEREAS**, RA 11285, otherwise known as the “*Energy Efficiency and Conservation Act*” (EEC Act), provides the establishment of a framework for introducing and institutionalizing fundamental policies on energy efficiency and conservation (EEC), including the promotion of efficient and judicious utilization of energy, increase in the utilization of energy efficiency and renewable energy technologies, and the delineation of responsibilities among various government agencies and private entities;

**WHEREAS**, Section 5 of the EEC Act provides that the DOE shall be the lead agency in the implementation of the EEC Act with the responsibility for the planning, formulation, development, implementation, enforcement and monitoring of energy management policies and other related energy efficiency and conservation plans and programs;

**WHEREAS**, Section 23 of the EEC Act provides that the DOE shall have the authority to visit Designated Establishments (DEs) to inspect energy-consuming facilities, evaluate energy management systems and procedures, identify areas for efficiency improvement, verify energy monitoring records, reports, and other documents related to the compliance requirements of the EEC Act within office hours and in the presence of authorized representative/s of the DEs;

**WHEREAS**, under Section 5 of the Implementing Rules and Regulations of the EEC Act (EEC-IRR), the DOE shall issue the corresponding guidelines to implement this Section which may include, among others, the manner of inspections and notice requirements;

**WHEREAS**, Department Circular (DC) No. DC2023-05-0018 adopts the National EEC Program (NEECP) and Roadmap 2023-2050 where conservation and efficient utilization of energy are among the major strategies of the Government to realize energy self-sufficiency and reduce the environmental impact of energy generation and utilization as set out in the Philippine Energy Plan (PEP);

**WHEREAS**, Section 18 of DC No. DC2023-12-0036 (Reclassifying DEs in the Commercial, Industrial, and Transport Sector), DC No. DC2023-12-0037 and DC No. DC2023-12-0038 (Adjusting their Threshold, and Providing Compliance Guidelines Therefor Pursuant to the EEC Act) cover the conduct of on-site inspection of DEs; and

**WHEREAS**, the DOE conducted a public consultation attended by various stakeholders on 30 November 2023 to solicit inputs and incorporate them into this DC.

**NOW, THEREFORE**, pursuant to its authority under the EEC Act, the DOE hereby adopts and issues the following guidelines:

**Section 1. Scope.** This DC shall govern all matters relating to the inspection and enforcement power of the DOE under the EEC Act, EEC-IRR, and other relevant issuances.

**Section 2. Definition of Terms.** For purposes of this DC, the terms shall be defined as follows:

- a. **Authority to Inspect (ATI)** refers to the written authority issued by the Director of the Energy Utilization Management Bureau (EUMB) to the EEC Monitoring Team authorizing the latter to carry out on-site inspection of identified DEs at a specified date and time.
- b. **Authorized Representative** refers to a person or entity authorized by a DE to act for and on behalf of the DE.
- c. **Compliance Order** refers to the directive, as stated under Section 31 of the EEC Act in relation to Section 81(b) of the EEC-IRR, to the relevant DE following the finding of the DOE of a violation because of materially insufficient reports, false returns, or non-submission of required documents for purposes of compliance.

A Compliance Order shall specify the action/s to be undertaken, including corrective measures, by the DE within thirty (30) calendar days upon receipt of the Compliance Order. It shall require the submission by the DE of proof of its compliance.

- d. **EEC Monitoring Team** refers to the personnel from the DOE tasked to conduct Inspections as specified in this DC. Members of the team shall be recommended to and approved by the EUMB Director through a memorandum from the EEC Monitoring Team Lead.
- e. **Inspection** refers to the conduct of site inspection of a DE under Section 23 of the EEC Act in relation to Section 5 of the EEC-IRR to determine compliance with the DE's obligations under Section 66 of the EEC-IRR and other relevant issuances. Inspection shall be within office hours and conducted in the presence of an authorized representative of the DE.

Inspection activities include the inspection of energy-consuming facilities, evaluation of energy management systems and procedures, identification of

areas for efficiency improvement, verification of energy monitoring records and reports and other documents related to the compliance requirements under the EEC Act and the evaluation, assessment and verification of the DE's compliance with its regulatory obligations.

Inspections are classified as follows: 1) routine – conducted annually, or more frequently, as may be determined by the DOE; 2) complaint-related – conducted in response to a complaint submitted to the DOE in accordance with the EEC Act, EEC-IRR, and other relevant issuances; and/or 3) special instruction – conducted upon the written instruction of an appropriate authority.

- f. **Office Hours** refers to the time of the conduct of onsite inspection in accordance with the Civil Service Commission (CSC) Memorandum Circular (MC) No. 21, Series of 1991 or the "Policy on Government Working Hours for Government Officials and Employees" and aligned with the business hours of the DE.
- g. **Show Cause Order** refers to the order stated under Section 31 of the EEC Act in relation to Section 81(a) of the EEC-IRR, requiring a DE to submit an explanation with supporting reports, returns, and other documents to rebut any alleged non-compliance or commission of a prohibited act.
- h. **Notice of Inspection** refers to a document informing the DE of the conduct of the Inspection, which shall indicate the schedule of Inspection and the name/s of the EEC Monitoring Team.
- i. **Inspection Report** refers to a document generated by the EEC Monitoring Team after the Inspection of the DE and reporting observations during, and the results of the Inspection.

**Section 3. Inspection Process.** The following shall be observed for Inspections conducted by the EEC Monitoring Team under this DC:

- a. **Identification of DEs.** The list of DEs for Inspection shall be prepared by the EUMB - EEC Program Management and Technology Promotion Division (EPMPD) through a preliminary assessment of DEs in specific locations. The preliminary assessment of the EUMB – EPMPD may be guided by the submissions in the DE Online System or other reports received as compliance with the EEC Act, EEC-IRR, and other relevant issuances.
- b. **Approval of Inspection.** The EUMB Director shall approve the DEs for Inspection from the list submitted by EUMB-EPMPD and shall issue the ATI to the EEC Monitoring Team. The ATI shall contain the names of the EEC Monitoring Team conducting the Inspection, the name and location of the DE, and the schedule of the Inspection, among others.
- c. **Issuance of Notice of Inspection.** From the list of DEs for Inspection prepared by the EUMB-EPMPD, the EUMB Director shall issue the Notice of Inspection of a DE. The Notice of Inspection shall contain the necessary documents and information to be prepared by the DE for the conduct of Inspection by the EEC

Monitoring Team. The Notice of Inspection shall inform the DE of the schedule of the Inspection five (5) working days prior to its conduct.

- d. **Conduct of Inspection.** The EEC Monitoring Team shall conduct the Inspection within office hours and in the presence of the DE's authorized representative/s. The EEC Monitoring Team shall complete the Inspection on the date/s indicated in the Notice of Inspection.

The EEC Monitoring Team shall proceed with the scheduled Inspection of a DE covered by a Notice of Inspection notwithstanding the following:

- DE's outright refusal to allow access to the DE's premises; and
- DE's refusal to allow access to the records, whether indicated in the Notice of Inspection or requested during the conduct of the Inspection.

The EEC Monitoring Team shall provide in the Inspection Report the details of the Inspection and any relevant information shared by the DE during the Inspection. The EEC Monitoring Team shall indicate that the Inspection proceeded based on available or preliminary data on the DE and the results of any interview of any Authorized Representative of the DE.

Inspections shall be completed within a reasonable period, which will cover the following activities:

1. Opening/Introductions
2. Presentation of the DE Obligations and Requirements under the EEC Act
3. Validation of Annual Energy Efficiency and Conservation Report (AEECR) and Annual Energy Utilization Report (AEUR)
4. Validation of Energy Audit Report
5. Assessment of Energy Management System Implementation (or other similar framework)
6. Validation of Significant Energy Uses (SEUs) in the facility/building
7. Closing

- e. **Conclusion of Inspection.** Following the conclusion of the Inspection, the EEC Monitoring Team shall inform the DE that the results will be sent to the DE within twenty (20) working days. The written result may provide the DE's compliance or a Show Cause Order to address any finding of non-compliance.

The process for the conduct of Inspections shall follow the procedures stated in *Annex A*. The EUMB may issue advisories or implementing guidelines for the effective and efficient implementation of this DC: *Provided, That* the guidelines shall only be issued after public consultation.

**Section 4. EEC Monitoring Team.** To carry out the conduct of Inspections of the DEs, the EEC Monitoring Team shall be composed of representatives from the following DOE units:

**Team Lead** : EUMB-EPMPD

**Members** : Legal Services

Financial Services

Luzon Field Office (LFO)

Visayas Field Office (VFO)

Mindanao Field Office (MFO)

**Section 5. Responsibilities of the EEC Monitoring Team.** The following shall be the responsibilities of the EEC Monitoring Team under this DC:

- a. observe the Inspection Procedures under Section 3 of this DC and its implementing guidelines;
- b. evaluate the DEs energy management systems and procedures, and identify key areas for efficiency improvement, as applicable;
- c. verify energy monitoring records/reports, DE program and plans to improve energy performance versus baseline, and other documents related to the DE's compliance with its obligations under the EEC Act, EEC-IRR, and other relevant issuances;
- d. submit the Inspection Report to the EUMB Director within seven (7) calendar days from the conclusion of the Inspection of a DE with an endorsement for the issuance of a written compliance or Show Cause Order to the DE;
- e. recommend to the EUMB Director the endorsement of administrative proceedings against a DE for non-compliance with the Show Cause Order; and
- f. prepare feedback on the conducted inspections.

**Section 6. Administrative Proceedings.** Administrative proceedings arising from the Inspection may be initiated by the transmittal of the EUMB Director to the DOE-LS of the ATI, and Inspection Report, and all supporting documents of a DE for non-compliance with the Show Cause Order within seven (7) calendar days from the expiration of the period indicated in the Show Cause Order.

The DOE may initiate, *motu proprio*, an administrative proceeding against any person or entity who commits any of the prohibited acts under the EEC Act, EEC-IRR, this DC, and any of its subsequent issuances pursuant to the prevailing rules of procedure for administrative cases before the DOE for violations of the EEC Act.

**Section 7. Prohibited Acts.** Any person or entity who violates the following shall be subject to the penalties under Section 8 of this DC. For purposes of this DC, the following shall be deemed as Prohibited Acts:

- a. Failure to submit annual energy consumption reports to the DOE;
- b. Forge, alter, counterfeit, or falsely make any submission for the purpose of compliance;
- c. Failure to comply with the obligations under Section 66 of the EEC-IRR; and
- d. Failure to submit to an on-site inspection.

**Section 8. Fines and Penalties.** Pursuant to Section 30 of the EEC Act and without prejudice to fines and penalties, including criminal liability, under applicable laws, the following shall be the penalties for violations of the prohibited acts enumerated under Section 7 of this DC as follows:


Violation	Penalties and Fines (in PhP)		
	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Failing or willfully refusing to submit any reports required by the DOE	10,000.00	100,000.00 to 500,000.00	1,000,000.00 with endorsement to Local Government Units (LGUs) for Administrative Sanctions
Forge, alter, counterfeit, or falsely make any submission for the purpose of compliance	100,000.00 to 500,000.00	1,000,000.00 with endorsement to LGUs for Administrative Sanctions	
Willfully refusing to submit to an on-site inspection	10,000.00	100,000.00 to 500,000.00	1,000,000.00 with endorsement to LGUs for Administrative Sanctions
Failing or willfully refusing to appoint or designate a CECCO or CEM	10,000.00	100,000.00 to 500,000.00	1,000,000.00 with endorsement to LGUs for Administrative Sanctions
Failing to comply with issued orders of the DOE in the discharge of its enforcement powers	10,000.00	100,000.00 to 500,000.00	1,000,000.00 with endorsement to LGUs for Administrative Sanctions

**Section 9. Repealing Clause.** The provisions of other orders, issuances, rules, and regulations, which are inconsistent with the provisions of this DC, are hereby repealed, amended, modified, or superseded accordingly.


**Section 10. Separability Clause.** If any section or provision of this DC is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

**Section 11. Effectivity.** This DC shall take effect immediately upon its publication in two (2) newspapers of general circulation. A copy of this DC shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on MAY 07 2024 at the DOE, Energy Center, Rizal Drive cor. 34<sup>th</sup> Street, Bonifacio Global City, Taguig City.

  
RAPHAEL P.M. LOTILLA  
Secretary



	<b>ENERGY EFFICIENCY AND CONSERVATION PROGRAM MANAGEMENT AND TECHNOLOGY PROMOTION DIVISION</b>		
	<b>QUALITY MANAGEMENT SYSTEM FORMS MANUAL</b>	Doc. ID	EPMPD-QF-01
		Effectivity date:	07 May 2024
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## ON-SITE INSPECTION PROCESS

The DOE shall observe the following procedures in the conduct of inspections:


1. Notification to the DE
  - i. DEs will be notified through a formal letter (Notice of Inspection<sup>1</sup>) that an inspection will be conducted by the DOE. The Notice of Inspection will be sent through email using [doe.epmpd@gmail.com](mailto:doe.epmpd@gmail.com) five (5) calendar days prior to the date of on-site inspection.
  - ii. The Notice of Inspection shall be signed by the DOE – EUMB Director and include the following details:
    - a. Date and time of the On-site Inspection;
    - b. Names of the representatives from the EEC Monitoring Team;
    - c. List of documents that the DE is required to present to the EEC Monitoring Team; and
    - d. Duration of the On-Site Inspection.
2. Conduct of On-Site Inspection
  - i. At least two (2) members of the EEC Monitoring Team<sup>2</sup> will be present during the On-Site Inspection. Members of the EEC Monitoring Team are expected to be in the DOE Field Uniform and must present the following items to the DE representative at the beginning of the on-site inspection:
    - a. Authority to Inspect<sup>3</sup> (ATI) duly signed by the EUMB Director;
    - b. Copy of the notification letter; and
    - c. DOE ID.
  - ii. In the event of a refusal by the DE, the EEC Monitoring Team will document the details/reasons for the refusal in the On-Site Inspection Report.
  - iii. DEs are required to prepare and present the following documents encoded in the DE Online Submission Portal to the EEC Monitoring Team during the On-Site Inspection:

<sup>1</sup> Notice of On-Site Inspection refers to a document informing the DE prior to the conduct of the actual On-Site Inspection including the date thereof and name/s of the EEC Monitoring Team signed by the EUMB Director.


<sup>2</sup> EEC Monitoring Team refers to personnel from the DOE tasked to conduct On-Site Inspection as specified in this DC. Members of the team shall be recommended to and approved by the EUMB Director through a memorandum from the EEC Monitoring Team Lead.

<sup>3</sup> Authority to Inspect (ATI) refers to the written authority, issued by the Energy Utilization Management Bureau (EUMB) Director to the EEC Monitoring Team authorizing them to carry out On-Site Inspection of identified DEs at a specified date and time.



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- a. Electricity and Fuel Billing Statement or any related documents that can substantiate their electricity and fuel consumption;
  - b. Energy Management System Manual/ Policy/ Framework or any other similar document/s that are being implemented by the DE;
  - c. Energy Audit Report; and
  - d. Documents related to the reported energy efficiency projects, measures, and initiatives of the DE.
- iv. Should the DE fail to present the required document/s during the On-Site Inspection, the EEC Monitoring Team will record the absence of the document/s in the On-Site Inspection Report.
- v. The EEC Monitoring Team shall conduct the On-Site Inspection within office hours and in the presence of the DE's authorized representatives. Inspections are to be completed within a reasonable period, covering the following activities:
- a. Opening/Introductions
  - b. Presentation of the DE Obligations and Requirements under the EEC Act
  - c. Validation of the Annual Energy Efficiency and Conservation Report (AEECR) and Annual Energy Utilization Report (AEUR)
  - d. Validation of Energy Audit Report
  - e. Assessment of Energy Management System Implementation (or other similar framework)
  - f. Validation of Significant Energy Uses (SEUs) in the facility/building
  - g. Closing
3. Results
- i. An On-Site Inspection Report will be prepared by the EEC Monitoring Team upon returning to the DOE Central Office. The EEC Monitoring Team shall also prepare a report for the DE, which shall include details on the DE's compliance, a recommendation for the issuance of a Show Cause Order to address any non-compliance, and/or information on the alleged commission of prohibited act/s under this DC. Recommendations for improved compliance with the DE's obligations may also be included in the Show Cause Order.
  - ii. The DEs shall receive the report of the On-Site Inspection twenty (20) working days following the team's return to the DOE Central Office.

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4. End of Activity

- i. The EEC Monitoring Team shall evaluate the DE's response to the Show Cause Order within twenty (20) calendar days from its receipt. A written confirmation will be sent to the DE if its responses satisfactorily address the issues raised in the Show Cause Order, or the EEC Monitoring Team may recommend that the EUMB Director initiate administrative proceedings.
- ii. The EUMB Director shall transmit to the DOE-LS the ATI, and On-Site Inspection Report, and all supporting documents of a DE for non-compliance with the Show Cause Order within seven (7) calendar days following the expiration of the period indicated in the Show Cause Order.