



Republic of the Philippines

DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. _____

PRESCRIBING THE GUIDELINES OF THE PHILIPPINE TRANSPORT VEHICLES FUEL ECONOMY LABELING PROGRAM (VFELP) FOR COMPLIANCE OF VEHICLE MANUFACTURERS, IMPORTERS, DISTRIBUTORS, DEALERS, AND REBUILDERS

WHEREAS, Section 2 of Republic Act No. 7638, as amended or otherwise known as the "Department of Energy (DOE) Act of 1992" states that it is the policy of the State to ensure a continuous, adequate, reliable, and economic supply of energy through, among others, judicious conservation, renewal, and efficient utilization of energy, to keep pace with the country's growth and economic development;

WHEREAS, Republic Act No. 11285 otherwise known as the "Energy Efficiency and Conservation (EEC) Act" declares the policy direction of the government in terms of energy efficiency, conservation, sufficiency, and sustainability in the country;

WHEREAS, Section 17 of the EEC Act directs the DOE, as the leading agency in the implementation of this Act, to develop the fuel economy performance labeling requirements and fuel efficiency testing guidelines with the assistance of the Department of Environment and Natural Resources (DENR) and the Department of Transportation (DOTr);

WHEREAS, Rule XII of the EEC Act Implementing Rules and Regulations, mandates the following:

Section 60. Energy Labeling for Transport Vehicles
Section 61. Examination, Testing and Verification

WHEREAS, Rule XVIII of the EEC-IRR enumerated the prohibited acts and enforcement methods, administrative and criminal liabilities;

WHEREAS, Section 5 of the Department Circular No. DC2020-06-0015 states that coverage for fuel economy performance and labeling requirements for transport shall be made after public consultation and coordination with the DENR and DOTr, while Department Circular No. DC2020-10-0023 provides for the policy framework for the development of the fuel economy rating, fuel economy performance for transport vehicles and related EEC policies for transport vehicles and other support infrastructures in the country;

WHEREAS, conservation and efficient utilization of energy are among the major strategies of the Government to realize energy self-sufficiency and reduce environmental impacts of energy generation and utilization as instituted in the

Philippine Energy Plan (PEP) and the National Energy Efficiency and Conservation Program (NEECP);

WHEREAS, Philippine Energy Plan includes and considers the Energy Efficiency Program for air and water transport for the medium and long-term planning of the DOE as to their compliance with the EEC Act and other issued circulars;

WHEREAS, after a series of meetings, the Inter-Agency Working Group (IWG) created under Section 4 of DC2020-10-0023 has supported the recommendation of the DOE for the institution of a transport vehicles labeling program in the country;

WHEREAS, the mandatory implementation of the VFELP will lead to, among others, the empowerment of consumers to enable them to validate information provided by vehicle manufacturers, importers, distributors, dealers, and rebuilders which will facilitate the selection of fuel efficient transport vehicles, realization of fuel savings, elimination of fuel inefficient vehicles in the market, and reduction of greenhouse gas emissions.

NOW, THEREFORE, in consideration of all the foregoing premises, the DOE hereby imposes and promulgates the following VFELP guidelines, to wit:

Section 1. Title. This Department Circular shall be known as the "VFELP Guidelines."

Section 2. Scope and Application. This Department Circular shall apply to all manufacturers, importers, distributors, dealers, and rebuilders of all transport vehicles.

Section 3. Definition of Terms. For the purposes of this Department Circular, its Annexes, and the VFELP Implementing Guidelines, the following terms and definitions shall apply:

- a. Applicant refers to any natural or juridical person engaged in the manufacturing, importing, distributing, rebuilding, dealing, or retailing and/or selling of transport vehicles who registers with the DOE in compliance with the requirements of this Department Circular and the VFELP Implementing Guidelines;
- b. Code of Practice on Fuel Economy Performance (COPE) refers to the particular product requirement (PPR) which is an integral part of the VFELP Implementing Guidelines;
- c. DOE Monitoring Team refers to a core group of personnel from the EUMB, and/or other DOE-authorized representatives to assist the agency in the conduct of monitoring and verification activities as specified in the VFELP Implementing Guidelines;
- d. Enforcement refers to an activity or operation including on-site inspections where DOE detects violations or possible violations for the purpose of checking the compliance with the provisions of this Department Circular;
- e. Fuel Economy Performance Rating (FEPR) refers to the distance travelled against the fuel consumed by the transport vehicles;

- f. Minimum Energy Performance for Transport Vehicles (MEPV) refers to the minimum fuel economy performance rating for transport vehicles set by the DOE as specified in the VFELP Implementing Guidelines;
- g. Monitoring refers to an activity where the DOE systematically observes, checks, and keeps a record of compliance with the requirements of this Department Circular and the VFELP Implementing Guidelines;
- h. NEECD refers to the National Energy Efficiency and Conservation Database;
- i. Particular Product Requirements (PPR) refer to a component of the VFELP Implementing Guidelines that provides the detailed technical requirements of transport vehicles, particularly requiring the attachment of appropriate fuel economy label;
- j. Road Vehicle refers to a vehicle designed to operate on a road;
- k. Transport Vehicles refer to land, air, or water vehicles conveying cargo or passengers, regardless of size or weight classification;
- l. Fuel Economy Performance Rating Label refers to the prescribed tag/sticker/marker in this Department Circular that bears the DOE logo and essential fuel economy performance information compliant with the PPR; and
- m. Verification refers to the process of validating the correctness of the FEPRs and other information on the fuel economy label, and/or the process of establishing through tests, the veracity and accuracy of claims of the applicant on fuel economy.

Section 4. Implementation Mechanism. The Energy Utilization Management Bureau (EUMB) shall be responsible for the formulation, promulgation, enforcement, review, and evaluation of the VFELP policy and for implementing monitoring activities to ensure the industry player's compliance. EUMB shall discharge the functions through the Alternative Fuels and Energy Technology Division (AFETD).

The EUMB may seek the assistance of the Field Offices (FOs) for market monitoring, and enforcement to ensure industry players' compliance to the VFELP in coordination with the local government units and other national government agencies.

The Information Technology Management Services (ITMS) shall provide support in maintaining the NEECD and the online VFELP services.

The Legal Services - General Legal Services Division (LS-GLSD) shall be responsible for the adjudication for violations of prohibited acts under the EEC Act, the EEC-IRR, this Department Circular, VFELP Implementing Guidelines, and any related issuances for non-compliant transport vehicles, in cooperation with EUMB.

Section 5. Covered Transport Vehicles. Under this Department Circular, the VFELP will initially cover road transport vehicles powered by an internal combustion engine

(ICE) and electric vehicles with reference to Section 5 of the Implementing Rules and Regulations of the Electric Vehicle Industry Development Act (EVIDA-IRR): *Provided, That* additional transport vehicles, specifically for water and air transport vehicles, shall be included within the coverage of the VFELP upon coordination and consultation with relevant government agencies and stakeholders.

Section 6. Responsibilities of Applicants. Applicants shall have the following responsibilities:

- 6.1 Ensure that their vehicles, for which an application of fuel economy label has been approved, comply with the requirements of the VFELP and its Guidelines;
- 6.2 Make available, and if required, submit reportorial documents to EUMB, as may be specified in the VFELP Implementing Guidelines;
- 6.3 Pay the application fees in accordance with Annex A. Table of Fees and be responsible for all attendant costs such as verification testing (drawing / transport of samples and other related fees);
- 6.4 Have the fuel economy label printed and placed on the vehicles: *Provided, That* for vehicles on sale, attachment of fuel economy label is on the visible side of the transport vehicle; and
- 6.5 Cooperate fully with the DOE Monitoring Team during the conduct of enforcement, monitoring, and verification activities.

Section 7. Responsibilities of Manufacturers, Importers, Distributors, Dealers, and Rebuilders. The following are the responsibilities of manufacturers, importers, distributors, dealers and rebuilders:

- 7.1 Ensure that the transport vehicles covered by the VFELP and for sale in stores have the fuel economy labels attached to them on the location prescribed in this Department Circular and are visible to the buyers;
- 7.2 The fuel economy labels must be exhibited or mentioned in the promotion of their vehicle products such as but not limited to publications and advertisements; and
- 7.3 Cooperate fully with the DOE Monitoring Team during the conduct of enforcement, monitoring, and verification activities.

Section 8. Technical Working Groups (TWGs). To facilitate the development of PPRs, TWGs shall be created as interim bodies of technical personnel which shall be participated by the Inter-Agency Working Group (IWG) created under DOE DC2020-10-0023. TWGs shall be convened as necessary to discuss technical matters that pertain to PPRs and issues on Special Cases such as:

- 8.1 New technology not yet covered in the current VFELP
- 8.2 Expansion and updates on the VFELP

The membership and composition of the TWG is determined according to specific technical issues such as products, test methods, technical requirements, coverage, etc.

AFETD shall be the convener of the TWG for the development and formulation of the PPRs, development of technical requirements, conformity assessment procedures, and recognition of testing laboratories.

Consistent with Section 5 of this Department Circular, the output of the TWG on the VFELP Implementing Guidelines and the PPRs shall be for approval of the EUMB: *Provided, That* any expansion of covered transport vehicle will be endorsed by EUMB for approval of the DOE Secretary.

Section 9. Implementing Guidelines. The DOE, through EUMB, shall issue the VFELP Implementing Guidelines on a per transport vehicle basis, which will include, among others, administrative, application procedures, general, technical, and PPR as well as the procedure for the monitoring, verification, and enforcement of the VFELP: *Provided, That* VFELP Implementing Guidelines shall only be issued after public consultation: *Provided further, That* the effectivity and timelines of any issued VFELP Implementing Guidelines will be mutually agreed upon by the DOE and the industry stakeholders.

Section 10. Code of Practice on Energy Labeling of Transport Vehicle. Pursuant to Section 15 of the EEC Act, the Code of Practice on Energy Labeling of Products (COPE) provides for the calculation method for the FEPR and shall accompany each VFELP Implementing Guidelines issued pursuant to Section 9 of this Department Circular.

Section 11. Compliance Requirements. For effective implementation, all applicants of VFELP-covered transport vehicles shall ensure that the fuel economy labels, prescribed by the DOE, are displayed accordingly, and shall provide information that shall assist consumers to make informed decisions on such products.

All applicants shall also submit annually to DOE, reckoning on the date of approval of the fuel economy labels, information on the inventory of sales and technical files of compliant models for estimating the fuel savings related to the implementation of these requirements. The DOE may issue template forms through the VFELP Implementing Guidelines to facilitate compliance.

Section 12. Enforcement, Monitoring, and Verification. The enforcement, monitoring, and verification of compliance by applicants with the VFELP requirements in the various regions of the country shall be conducted at least once a year.

Section 13. Prohibited Acts. Pursuant to the EEC Act and the EEC-IRR, any person or entity found in violation of any of the following shall be subject to the appropriate criminal, civil and/or administrative sanctions as follows:

- 13.1 Failure to comply with fuel economy label;

- 13.2 Removing, defacing or altering any fuel economy label before the product is sold to the first retail purchaser or leased to the first lessee;
- 13.3 Failing to provide accurate information or the provision of false or misleading information as required to be submitted under the EEC Act, the EEC-IRR, this Department Circular, and other issuances of the DOE;
- 13.4 Selling, leasing, or importing transport vehicles that do not comply with FEPR and/or MEPV;
- 13.5 Willfully refusing to submit to an on-site inspection;
- 13.6 Failing or willfully refusing to submit any of the reports required therein;
- 13.7 Failing to comply with issued orders of the DOE in the discharge of its enforcement powers;
- 13.8 Failure to register VFELP-covered transport vehicles; and
- 13.9 Violating any provisions of the EEC Act, EEC-IRR, codes, and guidelines.

Section 14. Administrative Procedures. The DOE may initiate, *motu proprio* or upon filing of complaint, an administrative proceeding against any person or entity who commits any of the prohibited acts under Section 30 of the EEC Act and Section 76 of the EEC-IRR, or other related issuances.

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

Section 15. Criminal Liability. The responsible officers and employees of any establishments or organization who willfully commits any of the prohibited acts under Section 30 of the EEC 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 (PHP 100,000.00) to One hundred million pesos (PHP 100,000,000.00) or twice the amount of costs avoided for non-compliance, whichever is higher, or both, upon the discretion of the court.

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

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

Section 16. Penalties. Upon the determination that any person or entity has committed any of the prohibited acts under Section 13 hereof, the DOE may issue an

order against the said person or entity through the imposition of administrative fines and penalties in accordance with Annex B. Schedule of Fines and Penalties.

Section 17. Publication. The DOE shall publish a biannual updated list of compliant transport vehicles in the DOE website and newspapers of wide-circulation indicating the vehicle brand name and model.

An annual report on the status of the VFELP implementation shall be published which shall include, among others, compliance rate by applicants with fuel economy labeling requirements as well as improvement in the fuel efficiency of transport vehicles sold to consumers in the Philippines.

Section 18. Information, Education, and Communication (IEC) Activities. Pursuant to Section 85 of the EEC-IRR, the DOE shall develop and undertake a national awareness and advocacy program covering energy efficiency and conservation and pursue partnerships with relevant stakeholders for the appreciation of this Department Circular.

Section 19. Amendment Clause. The DOE may revise, supplement, and issue related guidelines, circulars, and other subsidiary issuance as it deems necessary for the effective implementation of the various provision of this Department Circular.

Section 20. Repealing Clause. The provisions of other circulars, orders, issuances, rules, and regulations, which are inconsistent with the provisions of this Department Circular are hereby repealed, amended, modified, or superseded accordingly.

Section 21. Separability Clause. If for any reason, any section or provision of this Department Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 22. Effectivity. This Department Circular shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation. Copies of this Department Circular shall be filed with the University of the Philippines Law Center - Office of the National Administrative Register.

Issued at Energy Center, Bonifacio Global City, Taguig City.

RAPHAEL P. M. LOTILLA
Secretary

**Annex A
Table of Fees**

Name of Activity	Fee (in PhP)
Application for Company Registration	3000.00
Application for Vehicle Registration	2400.00 per vehicle model
Request for Fuel Economy Label Issuance	1400.00 per issuance
Request for Certificate of Exemption	1400.00

ANNEX B
Schedule of Penalties and Fines

The following penalties and fines as stated in Section 16 of the VFELP Guidelines shall apply:

Violation	Penalties and Fines (in PhP)		
	10,000-200,000	200,000-500,000	500,000-1,000,000
Selling of non-registered transport vehicle			1 st Offense
Removal, defacing, altering, absence of correct fuel economy label before the product is sold to the first retailer purchases or leased to the first lessee	1 st Offense	2 nd Offense	3 rd Offense
Failing to provide accurate information or the provision of false or misleading fuel economy information as required			1 st Offense
Selling, leasing or importing transport vehicle that do not comply with FEPR and/or MEPV			1 st Offense
Willfully refusing to submit to an on-site inspection	1 st Offense		2 nd Offense
Failing or willfully refusing to submit required reports		1 st Offense	3 rd Offense
Failing to comply with issued orders of the DOE in the discharge of its enforcement powers			1 st Offense
Failure to register VFELP-covered transport vehicles		1 st Offense	2 nd Offense

Violating any provisions of the EEC Act, EEC-IRR, codes and guidelines	1 st Offense	2 ⁿ ^d Offense	3 rd Offense
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*The imposition of the administrative fines and penalties stated above shall be on a "per vehicle model" basis.

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