



DEPARTMENT CIRCULAR NO. DC 2024-08-0024 *af*

**PRESCRIBING THE MINIMUM ENERGY PERFORMANCE (MEP) FOR THE COMMERCIAL, INDUSTRIAL AND TRANSPORT SECTORS FOR COMPLIANCE OF DESIGNATED ESTABLISHMENTS UNDER THE ENERGY EFFICIENCY AND CONSERVATION ACT**

**WHEREAS**, Section 2 of Republic Act (RA) No. 7638 or the “Department of Energy (DOE) Act of 1992” states that it is the policy of the State to ensure a continuous, adequate, and economic supply of energy with the end view of ultimately achieving self-reliance in the country’s energy requirements;

**WHEREAS**, the Philippines, being an active and committed member of the Association of Southeast Asian Nations (ASEAN), subscribes to the ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025, which includes the key strategy of energy intensity reduction by 20% in 2020 based on 2005 level under the Energy Efficiency and Conservation (EEC) program area;

**WHEREAS**, Section 3 of RA 11285 or the “Energy Efficiency and Conservation Act (EEC Act)” provides for the establishment of a framework for introducing and institutionalizing fundamental policies on 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 4(c) of the EEC Act defines Designated Establishment (DE) as a private or public entity in the commercial, industrial, transport, power, agriculture, public works, and other sectors identified by the DOE as energy-intensive industries based on their annual energy consumption in the previous year or an equivalent annual index. The amount of consumption is indicated in the EEC Act and subject to adjustment by the DOE as it deems necessary;

**WHEREAS**, Section 14 of the EEC Act provides that the MEP for the commercial, industrial, and transport sectors shall be developed by the DOE with the assistance of the National Economic and Development Authority (NEDA), in consultation with relevant stakeholders, guided by a cost-benefit analysis, and enforced as part of the National EEC Plan (NEECP);

**WHEREAS**, DOE Department Circular (DC) No. DC2023-12-0036 or “Reclassifying DEs in the Commercial Sector, Adjusting Their Threshold, and Providing Compliance Guidelines Therefor” provides for enhanced and continuous implementation of EEC in the commercial sector including the establishment of a building energy index (BEI);

**WHEREAS**, DOE DC No. DC2023-12-0037 or “Reclassifying DEs in the Industrial Sector, Adjusting Their Threshold, and Providing Compliance Guidelines Therefor”

provides for enhanced and continuous implementation of EEC in the industrial sector including the establishment of an energy usage index (EUI);

**WHEREAS**, DOE DC No. DC2023-12-0038 or “Reclassifying DEs in the Transport Sector, Adjusting Their Threshold, and Providing Compliance Guidelines Therefor” provides for enhanced and continuous implementation of EEC in the transport sector including the establishment of the Fleet Fuel Efficiency Performance Rating (FEPR) and BEI;

**WHEREAS**, DOE DC No. DC2023-05-0018 or “Adoption of the NEECP and Roadmap 2023-2050” provides for the comprehensive framework and plan that institutionalizes EEC in the country across key sectors of the economy under the EEC Act; and

**WHEREAS**, on 23 May 2024, the DOE held a public consultation regarding the present DC to gather and incorporate feedback from stakeholders in Luzon, Visayas, and Mindanao.

**NOW, THEREFORE**, under its mandate under the EEC Act, the DOE hereby issues, adopts, and promulgates the following:

**Section 1. Title.** This DC shall be known as the “Guidelines for the MEP for Sectors.”

**Section 2. Scope and Application.** This DC shall apply to all DEs under the commercial, industrial, and transport sectors. The coverage and setting of the MEP for Sectors shall be based on the targets of the NEECP and Roadmap 2023-2050 and its subsequent updates and/or revisions.

**Section 3. Definition of Terms.** For the purposes of this DC, the following terms shall be defined as follows:

- a. Building Energy Index (BEI) – refers to the total energy consumed annually by the building based on the total occupied or net floor area, expressed as energy per square meter per year;
- b. Energy Usage Index (EUI) – refers to the total energy consumed annually by the building on the total gross floor area, expressed as energy per square meter per year or the ratio of the total energy consumed annually by the establishment to the total production output for the corresponding period, expressed as energy per unit of product per year;
- c. Facility Energy Labeling System (FELS) – refers to the labeling system which reflect the facility’s specific energy consumption vis-à-vis its activity/production/output and other pertinent information regarding the facility’s energy performance;
- d. Fleet FEPR – refers to the total distance traveled by all vehicles in a fleet over the total energy consumed expressed as kilometer per liter, mile per gallon, kilometer per kWh, etc.;

- e. Fuel Economy Performance Rating (FEPR) – refers to the distance traveled against the fuel and/or energy consumed by a transport vehicle;
- f. Minimum Energy Performance (MEP) for Sectors – refers to a minimum level of energy performance for the commercial, industrial, and transport sectors;
- g. Philippine Statistics Authority – Philippine Standard Industrial Classification (PSA-PSIC) – refers to the list of detailed classifications of industries prevailing in the Philippines according to the kind of productive activities undertaken by establishments. PSA is the agency that spearheads the update and development of the PSIC; and
- h. Specific Energy Consumption Requirements (SECR) – refers to the energy consumption volume required per unit, such as production volume, sales amount, and such other indicators relevant to energy consumption.

**Section 4. MEP for Sectors Technical Working Group (TWG).** To facilitate the development of the MEP for Sectors, a TWG shall be created and convened as necessary to discuss technical matters on the coverage and setting of the MEP for Sectors. The MEP for Sectors TWG shall be convened by the DOE, through the Energy Utilization Management Bureau (EUMB) as its Chair.

The nomination of the members of the TWG shall be determined by the EUMB - EEC Program Management and Technology Promotion Division (EPMPD) based on the nominees' experience, expertise, and knowledge. The EUMB shall also include the NEDA and other government agencies and offices as part of the TWG. All memberships of the TWG shall be approved by the TWG Chair.

**Section 5. Composition of the MEP for Sectors TWG.** The MEP for Sectors TWG shall be composed of the following:

MEP for Sectors TWG Chair	:	Director, EUMB
MEP for Sectors TWG Vice Chair	:	Assistant Director, EUMB
Members	:	Sectoral Representative/s from the following:
		<ul style="list-style-type: none"> <li>- NEDA</li> <li>- Relevant National Government Agencies (NGAs)</li> <li>- Professional/Industry Organization</li> <li>- Research Institutes</li> <li>- Industry Practitioner</li> <li>- Academe</li> <li>- Energy Efficiency Practitioners</li> <li>- Energy Service Companies (ESCOs)</li> <li>- Others</li> </ul>

The Chair may assign the Vice Chair to lead the TWG meetings, if necessary. A TWG shall only be established if at least three (3) members accept their nomination. A required quorum of 60% shall be satisfied by the TWG at every meeting to proceed with its proposed agenda. The Chair, through the recommendation of MEP for Sectors TWG Secretariat, shall determine the required number of members per TWG per sector/subsector. The EUMB shall serve as the MEP for Sectors TWG Secretariat.

Likewise, the TWG may organize a Sub-Working Group (SWG) to address a specific agenda or objectives set by the TWG. The SWG is temporary in nature and shall be dissolved after attaining its purpose.

**Section 6. Responsibilities of the MEP for Sectors TWG.** The MEP for Sectors TWG shall be responsible for carrying out the following duties:

- a. Provide technical expertise and knowledge on the development of MEP for Sectors, as well as their subsequent updating;
- b. Conduct research and analysis to assess the energy efficiency potential within specific sectors covered under MEP for Sectors. This involves evaluating the energy consumption of various processes, equipment, and systems, and identifying opportunities for improvement;
- c. Collaborate with relevant stakeholders, such as industry representatives and organizations, NGAs, and research institutions, to gather their input and feedback on the developments and updates on the MEP for Sectors. This ensures that the developed MEP for Sectors is practical, feasible, specific, measurable, attainable, realistic, time-bound and aligned with the needs and interests of the sector/subsector;
- d. Recommend the adoption of the SECRs as the MEP for Sectors based on Section 8 of this DC;
- e. Review and evaluate proposed changes or revisions to MEP for Sectors for specific sectors/subsectors, taking into account scientific evidence, technical feasibility, economic viability, social acceptability, and market dynamics. This involves assessing the potential energy savings, cost-effectiveness, and environmental impact of the proposed changes;
- f. Conduct periodic reviews and evaluations of the effectiveness and impact of MEP for Sectors within specific sectors. This includes analyzing energy savings, market transformation, sectoral competitiveness, and any potential barriers or challenges encountered during implementation; and
- g. Collaborate with other technical working groups, relevant government agencies, and stakeholders to promote synergies and coordination in the development and implementation of MEP for Sectors across different sectors. This may involve sharing information, harmonizing standards, and fostering cross-sectoral collaboration to maximize energy efficiency benefits.

**Section 7. Setting and Updating of MEP for Sectors.** The DOE Secretary shall set and/or update the MEP for Sectors upon the recommendation of the DE specific MEP for Sectors TWG.

The MEP for Sectors shall be reviewed at least every three (3) years or sooner whenever warranted. The adjustment to the MEP for Sectors shall always be directed toward an increase in energy efficiency or improvement in energy performance.

**Section 8. Development of SECRs.** The development of the SECRs shall be on a per DE Sector and/or Sub-sector basis. The SECRs shall observe any of or a combination of the following strategies:

- a. DOE-initiated development of SECRs through the conduct of sectoral and sub-sectoral studies;
- b. Sector-initiated development of MEP for Sectors based on existing practices, measures, and standards that can be directly adopted into an SECR. This may cover regional standards agreed upon by its member states/countries; and
- c. Technical Assistance provided by competent and reputable local or foreign/international bodies or organizations.

The DOE, through EUMB, shall determine the SECR, which will include, among others, the calculation method for the BEI, Fleet FEPR, and EUI: *Provided That*, the SECRs shall only be issued after the conduct of public consultation or focus group discussion, whichever applies to the concerned sector.

**Section 9. Development of FELs.** The DOE, through EUMB, shall issue the Implementing Guidelines (IG) on the process of issuance and implementation of FELs across covered entities from the commercial, industrial, and transport sectors.

**Section 10. Monitoring, Verification, Enforcement, and Post-Evaluation Activities.** The monitoring, verification, enforcement, and post-evaluation under this DC shall be conducted as part of the activities under Section 18 of DC No. DC2023-12-0036, Section 17 of DC No. DC2023-12-0037, and Section 20 of DC No. DC2023-12-0038.

**Section 11. Prohibited Acts.** The following acts are prohibited under this DC:

- a. Failure to comply with the MEP for Sectors and/or FELs;
- b. Forging, altering, counterfeiting, or falsely making any submission for compliance; and/or
- c. Failure to submit to monitoring, verification, enforcement, and post-evaluation activities.

**Section 12. Fines and Penalties.** Pursuant to Section 32 of the EEC Act in relation to Section 83 of the EEC-IRR, the fines, and penalties for violations of the prohibited acts are as follows:

Violation	Penalties and Fines (in PhP)		
	100,000.00	500,000.00	1,000,000.00
Failure to Comply with MEP for Sectors	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense with endorsement to Local Government Units for Administrative Sanctions
Forging, altering, counterfeiting, or falsely making any submission for compliance		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense with endorsement to Local Government Units for Administrative Sanctions
Failure to submit to monitoring, verification, enforcement, and post-evaluation	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense with endorsement to Local Government Units for Administrative Sanctions

**Section 13. Information Dissemination and Subsequent Guidance.** The EUMB shall conduct nationwide activities to provide comprehensive orientation and workshops to stakeholders regarding their compliance with the EEC Act, the EEC-IRR, and all subsequent issuances.

Moreover, EUMB may issue Implementing Guidelines (IGs) and Advisories, as deemed necessary, for streamlined and efficient implementation of this DC: *Provided That*, an IG may only be issued after public consultation and shall take effect after fifteen (15) days from its publication.

**Section 14. Repealing Clause.** The provisions of other circulars and other orders, issuances, rules, and regulations, that are inconsistent with the provisions of this DC, are hereby repealed, amended, modified, or superseded accordingly.

**Section 15. Separability Clause.** If for any reason, any section or provision of this DC is declared unconstitutional or contrary to statutes or relevant IRR, the other parts, or provisions hereof that are not affected thereby shall continue to be in full force and effect.

**Section 16. Effectivity.** This DC shall take effect fifteen days (15) after its publication in at least two (2) newspapers of general circulation or the Official Gazette. A copy of this DC shall be filed with the University of the Philippines Law Center - Office of the National Administrative Register.

Issued on AUG 16 2024 at the DOE, Energy Center, Rizal Drive corner 34<sup>th</sup> Street, Bonifacio Global City, Taguig City.

  
**RAPHAEL P.M. LOTILLA**  
 Secretary

