

Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR No. 2004-04-004

**GUIDELINES ON THE ISSUANCE OF CERTIFICATE OF
ACCREDITATION AND CERTIFICATE OF AUTHORITY TO
IMPORT UNDER THE NATURAL GAS VEHICLE PROGRAM FOR
PUBLIC TRANSPORT**

WHEREAS, Executive Order No. 66, series of 2002 entitled "Designating the Department of Energy (DOE) as the Lead Agency in Developing the Philippine Natural Gas Industry", mandates the DOE to ensure a unified and coordinated effort towards establishing a successful and robust natural gas industry;

WHEREAS, Her Excellency, President Gloria Macapagal-Arroyo launched the Natural Gas Vehicle Program for Public Transport (NGVPPT) on October 16, 2002 that aims to enhance energy supply security in the transport sector through fuel diversification using indigenous natural gas and to use natural gas as a clean alternative fuel for transport, and at the same time unveiled a portfolio of incentives to encourage private sector participation to provide the necessary support, logistics and infrastructure;

WHEREAS, Executive Order No. 164, series of 2003 entitled "Modifying the Nomenclature and the Rates of Import Duty on Various Products under Section 104 of the Tariff and Customs Code of 1978 (Presidential Decree No.1464, as amended)", reduces the rates of duty for NGV industry-related equipment, parts and components to encourage active private sector participation;

WHEREAS, Executive Order No. 290 entitled "Implementing the NGVPPT" was approved and signed on February 24, 2004 to ensure effective implementation of the program.

WHEREAS, to enable the DOE to effectively implement E.O. 290 and E.O. 164 and successfully pursue the overall execution plan of the NGVPPT, there is an imperative need to formulate the guidelines on the issuance of certificate of accreditation and certificate of authority to import under the NGVPPT;

NOW, THEREFORE, the DOE hereby issues and promulgates the following Guidelines:

RULE 1.

GUIDELINES ON THE ISSUANCE OF CERTIFICATE OF ACCREDITATION (CA)

Section 1. Requirements.

- a) Only qualified participants in the Natural Gas Vehicle Program for Public Transport (NGVPPT) may file an application for a Certificate of Accreditation (CA) from the Department of Energy (DOE).
- b) Any natural or juridical person, organized under Philippine laws that will engage in any NGV industry-related businesses including CNG refueling station operation; NGV operation; NGV and related parts/components manufacture and assembly; NGV retrofit / conversion including repair and maintenance; and related activities may, subject to nationality requirements for engaging in a specific business or undertaking under the Constitution and existing laws, qualify for participation under the NGVPPT.
- c) All qualified participants shall, as a requirement for the issuance of a CA, enter into a technical licensing agreement and/or secure a technical certification with the foreign or local original equipment manufacturer (OEM) that will supply NGVs (Completely Built Unit-CBU, Completely Knocked Down-CKD and Knocked Down-KD), NGV engines and related parts/components including conversion kits and provide technology transfer and/or technical assistance, adequate parts and support services; CNG refueling system equipment, parts and components; and related facilities and infrastructure, as a requirement for application.
- d) Qualified participants may be categorized under any of the following groupings:

Category I - Manufacture / Assembly of NGVs

- Engaged in the establishment of new assembly facilities or utilization of an existing assembly facility for the assembly/ manufacture of brand new quality NGVs and related parts/components which shall involve at least the basic assembly processes (i.e., welding, painting, trimmings and quality testing/ inspection)

Category II - Operation of NGVs

- Engaged in the operation of NGVs in accordance with relevant Philippine National Standards (PNS) and procedures including the provision of warranties to NGV owners / operators

Category III - Retrofit / Conversion of NGVs

- Engaged in the retrofit, conversion, repair and maintenance of NGVs in accordance with relevant Philippine National Standards (PNS) and procedures including the provision of warranties to NGV owners/operators

Category IV - CNG Refueling Station Operation

- Engaged in the design, construction, installation and operation of CNG refueling station/s and related infrastructures and facilities including hauling/transport of CNG in accordance with relevant PNS standards and procedures

e) As their commitment under the NGVPPT, each participant, over a period of one (1) year from the date of issuance of their CA, shall invest and/or bring in investments in any NGV industry-related businesses. The minimum investment requirements* are as follows:

Category I	(Manufacture and assembly)	US\$8.00 million
Category II	(Operation)	US\$0.40 million
Category III	(Retrofit/Conversion)	US\$0.20 million
Category IV	(Refueling station)	US\$0.50 million

*Note: *The minimum investment requirements shall be recomputed every five (5) years to validate the viability of the figures in the prevailing conditions.*

Proof of investments in the NGV industry-related businesses shall be in accordance with the commitments submitted to the DOE. Such proof may include an update report on the undertakings from the date of accreditation and accompanied by certified photocopies of documents relative to the undertakings, The DOE may automatically cancel the CA after the Committee finds the participant to be non-compliant with its commitment, subject to the imposition of the following penalties: (a) payment of duty differential on all importations; and (b) payment of other incentives provided under the program.

- f) Participants accredited under the NGVPPT shall be entitled to incentives and/or privileges provided under the program and shall continue to avail such privileges.
- g) Any falsehood or misinterpretation made in the application for accreditation, or other documents submitted to the DOE in connection with an application as a participant in the Program shall be cause for the automatic revocation / cancellation of the CA.
- h) Any CA issued by the DOE shall not be transferred, conveyed and assigned to any person, partnership, corporation or other entity without the prior approval of the DOE.
- i) All participants shall submit to the DOE a report of their respective undertakings within one (1) month from end of each quarter that shall serve as basis for monitoring the activities stated in the commitments.

Section 2. Procedures.

Issuance of CA:

- a) Every applicant for a NGVPPT CA shall submit to the DOE through the Energy Utilization Management Bureau (EUMB) three (3) copies of a duly accomplished application form signed by the applicant or duly authorized representative of the applicant, as the case may be, together with the following documents detailing the participant's commitment/s and undertaking to invest/bring in investments for the NGV industry-related businesses.

- Business name and Brand name;
- Business Proposal/Feasibility Study;
- Business Permits (DTI SEC Registration, Mayor's Permit);
- Technical Licensing Agreement/Technical Certification, and
- Such other documents as may be requested by DOE-EUMB

The DOE shall process the application within twenty (20) working days from receipt of application and all the requirements by the DOE-EUMB.

- b) Only duly accomplished application forms with all required documents shall be received and recorded by the DOE-EUMB. The processing of applications shall be done on a first-come-first-served basis.
- c) The DOE-EUMB shall evaluate all duly received and recorded applications to determine correctness and validity and shall charge a non-refundable processing fee of One Thousand Five Hundred pesos (PhP1,500.00). The evaluation of the applicant's business proposal and/or feasibility study shall be based on, but not be limited to the following criteria:
- Viability of the project;
 - Impact on the industry and economy as a whole; and
 - Impact on the NGVPPT.
- d) A committee consisting of one (1) Bureau Director from the EUMB and two (2) Directors from Legal and Financial Services of the DOE shall decide on each application based on the merits of the documents submitted to DOE and recommend the same to the Undersecretary for approval.
- e) Applicants with approved applications shall be issued a Certificate of Accreditation by the DOE and shall comply with terms and conditions specified therein (Annex 1). The Certificate of Accreditation shall be valid for one (1) year from the date of issuance and may be renewed every year.
- f) Original Certificates of Accreditation may be claimed from the Office of the Director, Energy Utilization Management Bureau, Department of Energy, Energy Center, Merritt Road, Fort Bonifacio, Taguig, Metro Manila.

RULE II.

GUIDELINES ON THE ISSUANCE OF CERTIFICATE OF AUTHORITY TO IMPORT (CAI) NATURAL GAS VEHICLES (CBU, CKD AND KD), COMPRESSED NATURAL GAS (CNG) REFUELING SYSTEMS, NGV CONVERSION/ RETROFIT SYSTEMS, RELATED INFRASTRUCTURE AND FACILITIES, PARTS AND COMPONENTS

Section 1. Requirements.

- a) Every applicant for a CAI must: (i) be duly accredited under the Natural Gas Vehicle Program for Public Transport (NGVPPT) and possess the requisite Certificate of Accreditation duly issued by the DOE; and (ii) fully comply with all the reporting requirements under its accreditation with the NGVPPT.
- b) In general, every application for CAI shall be filed prior to the opening of a letter of credit (LC) and/or ordering of items by the applicant. Items to be imported shall be loaded on

board vessel within the validity of the CAI. Except for justifiable reasons, the DOE shall not accept applications for CAI for goods and/or commodities that have already been ordered and/or for which the corresponding LCs have been opened.

- c) All applicants complying with the requirements under Section 1(a) hereof shall submit a duly accomplished application form signed by himself or a duly authorized representative, as the case may be, and duly verified together with the following documents for proper evaluation:
- Proforma Invoice;
 - Detailed list of items to be imported;
 - Certificate of compliance with relevant PNS and procedures; and
 - Liquidation Report (if applicable, to be submitted within one (1) month from end of each quarter duly signed by the company's authorized representative and duly verified).
- d) The application form must indicate the following information:
- Mode of payment; and
 - Production volume, which refers to the equivalent number of units of NGVs and/or refueling stations to be assembled and/or installed out of the parts/components being imported. This information can serve as basis by the DOE in monitoring the utilization of CAIs issued under the NGVPPT.
- e) The CAI shall be valid for a period of three (3) months from the date of issuance. Any NGVPPT participant/importer who may wish to seek an extension of the term of the CAI must first secure from the Bureau of Customs (BOC) a certification showing the actual utilization of CAIs; the back of such CAIs, should likewise indicate the balance of the importation, duly confirmed by a Customs Official processing the importation. A maximum of one extension per CAI shall be granted by DOE-EUMB which shall be valid for a period of three (3) months from the expiration date of the CAI.
- Note. This scheme may be used by the BOC in monitoring the utilization of the CAI, especially if importations are on staggered basis and processed at different ports of entry.*
- f) Amendments to the CAI covering changes in volume, value, name of bank and other amendments shall be allowed within the period of validity of the CAI. Any request for amendment must be submitted by the importer to the DOE-EUMB together with the revised proforma invoice (indicating changes in volume and value) but bearing the same invoice number; provided, that in the event of changes in the specified model to be imported, the applicant must submit a new application.
- g) All NGVPPT importers who have been issued a CAI shall submit to the DOE-EUMB a Liquidation Report within one (1) month from end of each quarter after the completion of importation which report will indicate the CAIs issued for the preceding quarter, the actual importation, the actual production / sales and the unutilized balances. The Liquidation Report must be duly signed by the company's authorized representative and duly verified.

Section 2. Procedures.

a) Issuance of CAI:

- i. Every applicant for CAI shall submit for checklisting to the DOE-EUMB three (3) copies of a duly accomplished application form together with the documents specified in Rule 2 Section I (c).

- ii. After checklisting to determine the correctness and validity of the application and completeness of documents, the DOE-EUMB shall charge a non-refundable processing fee of ***Seven Hundred Fifty Pesos (PhP750.00)*** and issue a claim stub upon payment thereof.
- iii. The processing of applications for CAI shall be done on a first-come-first-served basis and such processing shall entail a maximum of four (4) working days from the date of official filing with the DOE-EUMB.
- iv. The CAI shall be addressed and released to the NGVPPT participant/importer by the DOE-EUMB. All NGVPPT importations shall be processed by the BOC only on the basis of an original CAI. The BOC shall record all importations processed against the CAI running balance on utilization at the back of said CAI. The DOE-EUMB shall provide the BOC a list of CAIs issued on a monthly basis for their reference and information.
- v. The CAI shall bear the initial tariff classification of the goods, as indicated below:
"Tariff Heading Reference No. _____ "

The tariff classification of the goods being imported shall be based on the proforma invoice submitted with the CAI application.
- vi. The BOC shall be responsible for inspecting the goods and, thereafter determining the final tariff heading classification on the basis of its findings on whether the goods are in CKD or CBU condition.
- vii. Applicants can claim the original CAI from the DOE-EUMB upon presentation of the claim stub on the 5th working day from official filing as indicated in the said claim stub.

b) CAI Extension

- i. NGVPPT participants who wish to request for an extension of the term of their CAI shall submit to the DOE-EUMB a written request for extension, together with the following documents:
 - Original copy of the CAI (should still be valid);
 - Certification from the BOC on the utilization of the CAI, and
 - Such other documents requested by the DOE-EUMB.
- ii. After checklisting to determine the correctness and validity of the application and completeness of documents, the DOE-EUMB shall charge a nonrefundable processing fee of ***Five Hundred Pesos (PhP500.00)*** and issue a claim stub upon payment thereof.
- iii. The processing of requests shall be done on a first-come-first-served basis. The processing request for extension shall entail a maximum period of three (3) working days from the date of filing with the DOE.
- iv. The extension period shall be stamped on the original CAI.

**RULE III.
AMENDMENTS**

Any amendments and / or modifications to any provision of this Department Circular shall be made by the DOE in consultation with the Natural Gas Vehicle Industry taking into account the attainment of Program objectives, economic conditions and local NGV industry capabilities.

**RULE IV.
SEPARABILITY CLAUSE**

The provisions of this Department Circular are separable and in the event any of such provisions is declared unconstitutional, the other provisions-not affected thereby shall remain in full force and effect.

**RULE V.
EFFECTIVITY**

This Department Circular shall take effect immediately upon publication in at least two (2) national newspapers of general circulation and submission of three (3) certified copies thereof to the University of the Philippines Law Center

Fort Bonifacio, Taguig, Metro Manila, April 2, 2004.

(sgd)
VICENTE S. PEREZ JR.
Secretary

**GENERAL TERMS AND CONDITIONS
FOR THE
NGVPPT ACCREDITATION**

1. Applicants for NGVPPT accreditation shall fully observe and abide by the provisions of the Natural Gas Vehicle Program for Public Transport (NGVPPT) and its implementing guidelines as well as the commitments and representations made in the application for registration. Applicants shall further take adequate measures to ensure that its obligations therein are faithfully discharged.
2. Participants of the NGVPPT shall fully comply with the directives and instructions issued by the DOE from time to time in pursuance of its authority under E.O. 66 and E.O. 164.
3. The CA is non-transferable and participants to the Program shall not transfer ownership and/or control of the enterprise without the written approval of the DOE.
4. Participants to the Program shall notify the DOE of their withdrawal from the Program within fifteen 15 days. A participant's withdrawal shall automatically cancel its CA.
5. The participant shall allow duly authorized representatives of the DOE to inspect its assembly facilities, manufacturing facilities, refueling stations and other NGV industry related operation/facilities and examine pertinent books of account, records and documents in order to ascertain compliance with the provision of the NGVPPT guidelines, the Supplemental Guidelines to the Program, its commitments and representations, as well as the general and specific terms and conditions of its registration.
6. The participant shall not make any changes or deviate from the business plan submitted in connection with its application for registration as a participant in Program without prior written DOE approval.
7. The participant's facilities, products and services related to the Program shall be subjected to safety tests in accordance with the duly approved standards and or whenever the DOE so requires.
8. The participant shall be responsible for all expenses that may be incurred in the testing and certification of its facilities, products and services for purposes of meeting the safety and products standard of the natural gas vehicle industry. The DOE, at its sole option, may require that appropriate tests be conducted in acceptable laboratories, located in the country and/or abroad.
9. The participant shall notify the DOE of any adjustments or increase in the retail prices of its products and services two (2) weeks before implementation.
10. The participant shall ensure that the consumers are well informed of the retail prices of its products and services, It shall endeavor to make its authorized dealers observe sound business practices and refrain from any illegal trading activities.
11. The participant shall exert efforts to be properly represented in all meetings that shall be called in connection with the implementation of the NGVPPT Guidelines.

12. The participant shall submit the following reports to the DOE-EUMB in accordance with the following schedule:
- a. *Quarterly reports which must be submitted one (1) month after the end of each calendar quarter.*
 - i. Accomplishment Report;
 - ii. Monthly Production and Sales Report (if applicable);
 - iii. Quarterly schedule of manufacturing cost per model (if applicable);
 - iv. Quarterly export earnings (if applicable).

 - b. *Annual reports which must be submitted one (1) month after the end of each calendar year.*
 - i. Accomplishment Report;
 - ii. Annual Production and Sales Report (if applicable);
 - iii. Annual schedule of manufacturing cost per model (if applicable);
 - iv. Annual export earnings (if applicable);
 - v. Itemized prices.

 - c. *Latest Audited Financial Statements and Income Tax Return one (1) month after submission to BIR*

 - d. *Itemized Prices upon the introduction of a new model or change in FOB prices.*

Note. These reports must be submitted using the prescribed forms

APPLICATION FOR NGVPPT ACCREDITATION

C h e c k l i s t i n g G u i d e

- I. Check completeness of documents (3 sets)
 - Filled up application form
 - Business name and brand name
 - Business proposal/feasibility study
 - Business permits (DTI, SEC registration, Mayor's Permit, others)
 - Technical Licensing Agreement/Technical Certification

- II. Check correctness of application
 - Validate the authenticity of permits and other documents
 - Evaluate the business proposal / feasibility study
 - Validate the authenticity of the technical licensing agreement with the supplier
 - Check if application is duly signed by authorized representative and notarized

APPLICATION FOR AUTHORITY TO IMPORT

C h e c k l i s t i n g G u i d e

- I. Check completeness of documents (3 sets)
 - Proforma Invoice
 - Detailed list of parts to be imported
 - Certificate of compliance with relevant Philippine National Standards and procedures
 - Liquidation Report (to be submitted within one (1) month from the end of each quarter)
- II. Check correctness of application
 - Check if models are registered
 - Invoice and application form must indicate model name and model code
 - Model code / model name indicated in the invoice and application form must reconcile with DOE approved registered models
 - Check description items - those indicated in the invoice should match those indicated in the application
 - Check if invoice and application indicate "for assembly" or as "replacement parts"
 - Check bank information and name of equipment/parts suppliers
 - Check correctness of Tariff Heading
 - Refer to model registration details. If Tariff Heading in the application does not reconcile with the Tariff Heading in the model registration, the application will not be accepted and the firm will be advised to file first a request for modification of model registration.

Example:

<u>Tariff Heading</u>	<u>Description</u>
7613.0000	Aluminum containers for compressed or liquefied gas
8407.3490	Other
8414.9090	Parts
8702.9090	Other

- Check if application is duly signed by authorized representative and notarized.