



Republic of the Philippines  
DEPARTMENT OF ENERGY

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DEPARTMENT CIRCULAR NO. DC2005-07-006

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**DIRECTING THE ENHANCED IMPLEMENTATION OF THE NATURAL GAS  
VEHICLE PROGRAM FOR PUBLIC TRANSPORT (NGVPPT) AND THE  
DEVELOPMENT OF COMPRESSED NATURAL GAS (CNG) SUPPLY AND  
INFRASTRUCTURE**

**WHEREAS**, Executive Order No. 290 (EO 290), issued on February 24, 2004, provides the framework for implementation of the Natural Gas Vehicle Program for Public Transport (NGVPPT);

**WHEREAS**, Section 2 of EO 290 identifies the key components of the NGVPPT including, among others: (a) the natural gas supplied as Compressed Natural Gas (CNG) to the transport sector through the use of indigenous gas resource including, among others, the Malampaya gas produced pursuant to Service Contract 38; (b) the development of necessary infrastructure for CNG refueling stations; and (c) the adoption of existing NGV technology in other areas of the world for refueling systems and transport vehicles;

**WHEREAS**, pursuant to Section 6 of EO 290, a Pilot Project was established and now consists of 400 CNG buses for public transport to ply the Batangas-Metro Manila route using indigenous natural gas from the Malampaya Onshore Gas Plant (MOGP);

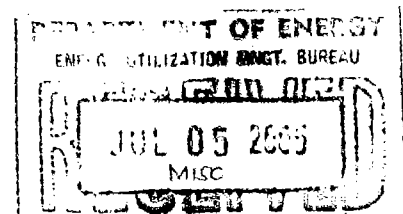
**WHEREAS**, to provide the necessary support and ensure the timely implementation of the NGVPPT, there is a need to set out the policy direction to guide all stakeholders particularly as regards securing access to the supply of indigenous natural gas and establishment of CNG distribution infrastructure;

**WHEREAS**, the establishment of a Technical Working Group (TWG) within the DOE is necessary for the active and constant coordination of efforts among the various stakeholders and members of the NGVPPT Executive Forum constituted pursuant to EO 290;

**NOW, THEREFORE**, premises considered, this Department Circular is hereby promulgated.

**Section 1. Objective**

The objective of this Department Circular is to accelerate the implementation of the NGVPPT and its medium-term expansion, particularly the enhancement of supply of natural gas for processing and the development of CNG supply infrastructure that will provide the public transport sector with meaningful access to the supply of CNG.



## **Section 2. Policies and Principles on the Supply of Natural Gas**

- (a) To secure the availability of supply of indigenous natural gas, the DOE hereby adopts a policy of open access to natural gas sourced from or produced in the relation to the petroleum service contracts entered into by the DOE with private contractors pursuant to Presidential Decree No. 87, as amended.
- (b) To this end, the DOE shall assist participants/stakeholders in securing access to future and existing sources of supply of natural gas, including that from the Camago-Malampaya Area, the San Antonio, Isabela gas fields, and provide the necessary support in negotiating with the service contractors for reasonable fees, terms and conditions for gas supply agreements.
- (c) The DOE shall encourage the participation of the private sector in the establishment of supply infrastructure such as CNG refilling stations. As a catalyst in these efforts, however, Section 4.11 of EO 290 mandates the Philippine National Oil Company (PNOC) and its subsidiary PNOC-Exploration Corporation (PNOC-EC) to provide the necessary support for infrastructure development.

## **Section 3. Establishment and Composition of the DOE-Technical Working Group**

The Technical Working Group (TWG) is hereby established and shall be composed of the following:

Chair:	DOE Secretary, represented by Undersecretary Peter Anthony A. Abaya
Members:	<ul style="list-style-type: none"> <li>Director – Energy Utilization Management Bureau</li> <li>Director – Energy Resources Development Bureau</li> <li>Director – Financial Services</li> <li>Director – Legal Services</li> <li>Director – Energy Policy and Planning Bureau</li> <li>Director – Oil Industry Management Bureau</li> </ul>

## **Section 4. Functions of the TWG**

The DOE-TWG shall meet once every other week or more often as necessary to initiate activities for the immediate implementation of the NGVPPT, coordinate with service contractors for access to indigenous natural gas sources and with pertinent parties for the development of CNG supply infrastructure by:

- a. Formulating relevant policies for the approval by the DOE Secretary that will implement the policy of open access to the supply of indigenous natural gas

from existing sources to interested parties, in accordance with Section 2 of EO 290;

- b. Facilitating the negotiation and agreement on the supply of indigenous natural gas, including the purchase price of natural gas from future and existing sources and the terms and conditions for commercial distribution;
- c. Facilitating the establishment of CNG supply access point and pricing structure for commercial operation/distribution, including coordination with the Philippine National Oil Company (PNOC) for infrastructure development pursuant to Section 4.11 of EO 290 and such other parties interested in developing CNG supply infrastructure;
- d. Coordinating with the NGVPPT Executive Forum to ensure timely and effective implementation of the Pilot Project;
- e. Reviewing and recommending revision, as necessary, of the Interim Rules and Regulations Governing the Transmission, Distribution and Supply of Natural Gas (DOE Department Circular No. 2002-08-005); and
- f. Preparing relevant reports and perform such other functions as the DOE Secretary may require in the development of CNG supply infrastructure.

#### **Section 5. Output and Schedule**

The TWG shall prepare reports and submit its recommendations to the DOE Secretary every month commencing on the first month from the effectivity of this Department Order, or as often as the DOE Secretary shall require.

#### **Section 6. Administrative and Secretariat Support**

Administrative and secretariat support to the TWG shall be provided by the DOE-EUMB.

#### **Section 7. Effectivity**

This Department Circular shall take effect fifteen (15) days after its publication in a newspaper of general circulation and shall continue to have effect until otherwise revoked by the DOE Secretary.

Fort Bonifacio, Taguig, Metro Manila, 25 July 2005.

  
RAPHAEL P. M. LOTILLA  
Secretary