

[DOE DEPARTMENT CIRCULAR NO. DC2014-01-0001, January 07, 2014]

PROVIDING FOR THE RULES AND REGULATIONS GOVERNING THE LIQUEFIED PETROLEUM GAS ("LPG") INDUSTRY

WHEREAS, Republic Act No. (R.A.) 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998", applies to all persons or entities engaged in any and all activities of the domestic downstream oil industry and mandates the Department of Energy (DOE) to promote the entry of new industry participants;

WHEREAS, R.A. 8479 also mandates the DOE to promote fair trade practices, monitor marketing processes and the quality of petroleum products, and to stop the operation of businesses involved in the sale of petroleum products not complying with the national standards of quality;

WHEREAS, Batas Pambansa Blg. (B.P.) 33, as amended by Presidential Decree No. (P.D.) 1865, and its Implementing Rules and Regulations, define and penalize certain prohibited acts that are considered inimical to the public interest and national security, including illegal trading in the sale and distribution of petroleum and/or petroleum products without license or authority from the DOE, hoarding of petroleum products, adulteration and under delivery, among others;

WHEREAS, the deregulation of the downstream oil industry has seen an increase in the number of LPG industry players;

WHEREAS, there is also an increasing proliferation of unsafe and unlawful practices among the LPG industry players;

WHEREAS, these unsafe and unlawful practices have (i) caused loss of life and property; (ii) exposed the consuming public to fire, safety, health and environmental risks; (iii) denied the consuming public the proper quality and quantity of the LPG they purchase; (iv) deprived law-abiding LPG industry players a fair and competitive business environment; (v) resulted in lost revenues to the government due to unpaid national and local taxes, fees, and charges; and (v) encouraged existing LPG industry players and new market entrants to similarly engage in these unsafe and unlawful practices and/or to source their LPG requirements from industry players engaged in unlawful and unsafe activities;

WHEREAS, there is a need to further strengthen, clarify, amend, and/or repeal existing rules and regulations governing the LPG industry, such as, but not limited to Department Circular No. 98-03-004, otherwise known as the Rules and Regulations Implementing R. A. 8479, and the Rules and Regulations in the Implementation of B.P. 33, as amended by P.D. 1865;

NOW, THEREFORE, for and in consideration of the foregoing premises, the following rules are hereby promulgated to govern the LPG industry:

RULE I

GENERAL PROVISIONS

Section 1. Title. This Department Circular shall be known and cited as the "LPG Industry Rules."

Section 2. Coverage. This Circular shall apply to and be strictly complied with by all persons engaged or intending to engage in the business of importing, refining, refilling, marketing, distributing, hauling/transporting, handling, storing, retailing, selling and/or trading of LPG.

Section 3. Definition of Terms. For purposes of this Circular, the following terms shall have the following meaning:

- a) **"BFP"** shall refer to the Bureau of Fire Protection;
- b) **"BPS"** shall refer to the Bureau of Product Standards;
- c) **"Brand Owner"** shall refer to any person owning the brand, name, logo, color, mark, and/or other distinction appearing on the LPG cylinder;
- d) **"Bulk Supplier"** shall refer to a refiner or importer who engages in the sale of LPG in large quantities or wholesale;
- e) **"Canister or Cartridge"** shall refer to any portable pressure vessel or container designed or intended for LPG, with water capacity of less than that of a LPG cylinder;
- f) **"Consumer"** shall refer to any person who purchases LPG from a marketer, dealer or retail outlet, either in cylinders, through a pipeline system or through other means of distribution for its own consumption;
- g) **"Cylinder"** or **"LPG Cylinder"** shall refer to any portable pressure vessel or container for LPG, with water capacity of one (1) liter to one hundred fifty (150) liters, or as may be prescribed under Philippine National Standards (PNS), and designed for the sale, transportation, storage or household/ commercial/ industrial consumption of LPG;
- h) **"Dealer"** shall refer to any person engaged in the business of selling or trading of LPG in cylinders to consumers or retail outlets;
- i) **"Defective Cylinder"** shall refer to an uncertified, damaged, unsafe or dilapidated cylinder due to corrosion or pitting, dents, cuts, gouges, digs, bulges, leaks or other similar defects that render the cylinder unsafe, unfit or otherwise not allowed for distribution in accordance with the guidelines set by the DTI;
- j) **"DENR"** shall refer to the Department of Environment and Natural Resources, created under Executive Order No. 192;
- k) **"DILG"** shall refer to the Department of the Interior and Local Government, created under Republic Act No. 6975;
- l) **"DOE"** or **"Department"** shall refer to the Department of Energy created under Republic Act No. 7638, as amended;
- m) **"DTI"** shall refer to the Department of Trade and Industry, reorganized under Executive Order No. 292;
- n) **"Hauler"** shall refer to any person involved in the transport and delivery of LPG in bulk, or in cylinders from one place to another;
- o) **"Importer"** shall refer to any person engaged in the importation of LPG whether for processing, sale or own use;

- p) **"Industry Participant"** shall refer to any person engaged in any Industry Activity;
- q) **"Industry Activity"** shall refer to the business of importing, exporting, refining, refilling, marketing, distributing, hauling/transporting, handling, storing, retailing, selling and/or trading of LPG;
- r) **"IPO"** shall refer to the Intellectual Property Office established under Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines";
- s) **"LGU"** and **"LGUs"** shall refer to local government unit or local government units, respectively;
- t) **"LPG"** shall refer to liquefied petroleum gas, which consists of commercial propane gas or commercial butane gas, or a mixture of the two gases, with properties conforming to the standards set forth under Philippine National Standards (PNS), distributed or sold to consumers either in LPG cylinders through a pipeline system, bulk storage tanks, or other means of distribution;
- u) **"Marketer"** shall refer to any person engaged in the business of selling or trading of LPG, whether in bulk or retail, under its own brand name. A marketer may or may not manufacture or process the products sold;
- v) **"OIMB"** shall refer to the Oil Industry Management Bureau of the DOE;
- w) **"Pipeline System"** shall refer to a network of pipes or similar conduits used for the conveyance of LPG from the piped LPG provider to consumers;
- x) **"PNP"** shall refer to the Philippine National Police, created under Republic Act No. 6975;
- y) **"PNS"** shall refer to the Philippine National Standards;
- z) **"Qualified LPG Serviceman"** shall refer to an individual who has been trained, qualified and certified by the DOE or any deputized agency thereof, or to an individual who has successfully completed an approved training course for LPG servicemen in a training school duly recognized and accredited by the Philippine government;
- aa) **"Refiller"** shall refer to any person who is engaged in the business of refilling LPG into cylinders;
- bb) **"Refilling Plant"** shall refer to any installation that is used for refilling LPG into cylinders and has LPG bulk storage and refilling facilities;
- cc) **"Refiner"** shall refer to any person who refines crude oil and other naturally occurring petroleum hydrocarbons through distillation, cracking, conversion and treatment;
- dd) **"Repair"** shall refer to the removal and replacement of parts or attachments of LPG cylinders or the performance of any other necessary corrective measures to restore the fitness of LPG cylinders for refilling and distribution;
- ee) **"Repairer"** shall refer to any person engaged in the business of repairing LPG cylinders;
- ff) **"Requalification"** shall refer to the method or procedure by which a cylinder is subjected to inspection and testing in accordance with the specifications set forth in the PNS to determine its acceptability for

- distribution and continuous use and subsequent repair or scrapping, where appropriate;
- gg) **"Requalifier"** shall refer to any person engaged in the business of requalification of LPG cylinders;
 - hh) **"Retail Outlet"** shall refer to any person engaged in the business of selling or trading directly to consumers LPG in cylinders supplied by a dealer or marketer;
 - ii) **"SCC"** shall refer to Standards Compliance Certificate issued by the DOE to the Industry Participants;
 - jj) **"Scrapping"** shall refer to the destruction of defective LPG cylinders declared by a Requalifier/Repairer or the DTI to be unfit for use;
 - kk) **"Seal"** shall refer to the protective cover placed in the gas outlet of an LPG cylinder of the type that must be broken or destroyed before the LPG can flow out of the cylinder;
 - ll) **"Tare Weight"** shall refer to the net weight of the LPG cylinder excluding its contents, as engraved in the collar and painted in the body thereof and shall be expressed in kilograms in accordance with the specifications as may be prescribed by the DOE and DTI;
 - mm) **"Uncertified Cylinder"** shall refer to a LPG cylinder that does not comply with Philippine National Standards.

RULE II

Standards Compliance Certificate

Section 4. Requirement to Secure a Standards Compliance Certificate (SCC).

No person shall engage in any Industry Activity without a valid Standards Compliance Certificate.

The DOE, through the Oil Industry Management Bureau (OIMB), shall issue a Standards Compliance Certificate (SCC) upon the complete submission of and full compliance with the requirements provided in Section 6 of this Circular. The OIMB shall have the authority to verify, validate, authenticate and inspect all documents and information required from, given by or obtained from such person for compliance with all applicable laws, rules and regulations.

A provisional SCC may be issued to a new LPG Industry Participant solely for the purpose of obtaining a mayor's/business permit: Provided, That an authenticated copy of the mayor's/business permit is submitted to the OIMB within 30 days from issuance of the provisional SCC; otherwise, the latter shall be deemed automatically revoked.

Section 5. Terms of the SCC. The following shall be the terms of each SCC:

- a) The SCC shall have a validity for a maximum period of three calendar (3) years from the date of its issuance and shall be renewed not later than the end of March of the third year;
- b) The SCC shall be site/plant/outlet specific; and
- c) A holder of a valid SCC shall transact business only with a LPG Industry Participant who is likewise the holder of a valid SCC.

Section 6. Documentary Requirements. The following are documentary requirements:

a) **Application.** No person shall engage in any Industry Activity without first applying for and being issued by the OIMB with a SCC. Applications in the Visayas and Mindanao shall be filed with the appropriate field office of the DOE in these regions or in the DOE Central Office as the convenience of the applicant may dictate. The application shall be accomplished by the applicant under oath and shall contain the following information and the required supporting documents which shall be submitted in their original forms, or if not possible or warranted either in duly certified true copies by the issuing agency.

- 1) The particular industry Activity/ies to be engaged in;
- 2) Business name, address, telephone/fax number of the business office;
- 3) Location and complete address of LPG establishment/s;
- 4) Name of owner in case of single proprietorship, or partners in case of partnership, or authorized representative in case of corporation; and
- 5) Such other requirements as may be required by the DOE.

b) **Supporting documents.** The following documents shall be submitted along with new/first time applications. Only applications with complete and valid supporting documents shall be accepted and processed. Mayor's Permit from the LGU concerned and the Fire Safety Inspection Certificate shall be submitted annually not later than March 15th of each year, and upon renewal of the SCC.

1) For refiners, importers and refillers:

- a. Registration of Business from DTI or Securities and Exchange Commission;
- b. Zoning/Locational Clearance from the LGU concerned;
- c. Barangay Business Clearance from the barangay concerned;
- d. Building Permit from the LGU concerned;
- e. Environmental Compliance Certificate from the DENR;
- f. Mayor's/Business Permit;
- g. Discharge permit from the Laguna Lake Development Authority if applicable;
- h. Fire Safety Inspection Certificate;
- i. Permit to Operate Unfired Pressure Vessel from the Department of Labor and Employment;
- j. Product Liability Insurance Certificate;
- k. For refiners and importers: Reference standards/codes and notarized compliant statement for design and operation;
- l. For refillers: notarized Certification from a licensed registered engineer on compliance with the PNS for refilling plant;
- m. Plant layout;
- n. Supply contract/agreement (for refillers);
- o. List of vehicles (model, make, plate number and capacity); and
- p. For refiners and importers: Permit to Import from Bureau of Customs/ Bureau of Internal Revenue.

2) For marketers: