

**[ DOE DEPARTMENT CIRCULAR NO. DC 2007-02-0002, February 13, 2007 ]**

**"PROVIDING FOR THE RULES AND REGULATIONS GOVERNING THE BUSINESS OF SUPPLYING, HAULING, STORAGE, HANDLING, MARKETING AND DISTRIBUTION OF LIQUEFIED PETROLEUM GAS (LPG) FOR AUTOMOTIVE USE"**

WHEREAS, the Department of Energy (DOE) in pursuance of its powers and functions under Section 5 of Republic Act (RA) No. 7638 otherwise known as the "Department of Energy Act of 1992", establishes and administers programs for the exploration, transportation, marketing, distribution, utilization, conservation, stockpiling, and storage of energy resources of all forms, whether conventional or non-conventional;

WHEREAS, the DOE shall regulate private sector activities relative to energy projects in order to attain the goals embodied in Section 2 of RA 7638: Provided, that the Department shall endeavor to provide for an environment conducive to free and active private sector participation and investment in all energy activities;

WHEREAS, RA 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998", shall apply to all persons or entities engaged in any and all activities of the domestic downstream oil industry including the LPG business for automotive use, and mandates the DOE to promote the entry of new industry participants;

WHEREAS, Section 14 (b) of RA 8479 empowers the DOE to monitor the refining and manufacturing of local petroleum products to ensure that clean and safe (environment and worker-benign) technologies are applied. The same shall also apply to the process of marketing local and imported petroleum products;

WHEREAS, Batas Pambansa BLG. 33, as amended by Presidential Decree No. 1865, and the Implementing Rules and Regulations therefor, define the penalize certain prohibited acts that are considered inimical to the public interest and national security, including illegal trading in petroleum and/or petroleum products, hoarding of petroleum products, adulteration and underdelivery, among others;

WHEREAS, the LPG Business for Automotive Use is subject to pertinent certifications, permits and licenses issued by government authorities such as, but not limited to, the Department of Trade and Industry, the Department of Environment and Natural Resources, the Bureau of Fire Protection, Bureau of Internal Revenue and Local Government Units;

WHEREAS, the downstream oil industry has adopted pertinent provisions of different national and international safety codes that cover the safe and proper handling, transport, storage, installation and use of equipment and facilities that are used in

the industry;

WHEREAS, these pertinent provisions in the different national and international safety codes have been integrated and included in a National Standards on Health, Safety, and Quality for the petroleum products business;

WHEREAS, there is an urgent need to eliminate, illegal and unsafe operation of such business and to impose penalties on violations to health, safety and product quantity/quality standards in the industry in order to better protect the consuming public;

NOW, THEREFORE, in consideration of the foregoing premises, the following rules are hereby promulgated to govern the Business of LPG for Automotive Use.

## **RULE I GENERAL PROVISIONS**

*SECTION 1. Title* - This Department Circular shall be known and cited as "The Rules and Regulations Governing the Business of Supplying, Hauling, Storage, Handling, Marketing and Distribution of LPG for Automotive Use" or "Auto-LPG Rules".

*SECTION 2. Coverage* - This Auto-LPG Rules shall apply to any Person engaged or intending to engage in the business of supplying, hauling, storage, handling, marketing and distribution of liquefied petroleum gas (LPG) for automotive use.

*SECTION 3. Definition of Terms* - For the purpose of this Auto-LPG Rules, the following definitions shall apply:

- a. **"Auto-LPG Dispensing Station"** shall refer to an outlet, facility, or business establishment which retails Liquefied Petroleum Gas (LPG) for automotive fuel directly to individual end users or to the motoring public; The same may be stand alone or located within or operated with a LPPs retail Outlet;
- b. **"Auto LPG Industry Participants"** shall refer to persons or entities engaged in the business of supplying, hauling, storage, handling, marketing and distribution of liquefied petroleum gas (LPG) for automotive use.
- c. **"BFP"** shall refer to the Bureau of Fire Protection created under Republic Act No. 6975 as amended;
- d. **"Bulk Supplier"** shall refer to any person or entity who engages in the sale of LPG thru tankers, barges, tank trucks, trailers and lorries;
- e. **"Container"** or **"Auto-LPG Container"** shall refer to any portable pressure vessel with all its permanent support(s) and attachment(s) installed, used for the storage of LPG for automotive use;

- f. **"DENR"** shall refer to the Department of Environment and Natural resources, created under Executive Order No. 192;
- g. **"DILG"** shall refer to the Department of Interior and Local Government, created under Republic Act No. 6975;
- h. **"DOE"** shall refer to the Department of Energy, created under Republic Act No. 7638, as amended;
- i. **"DOST"** shall refer to the Department of Science and Technology, created under Executive Order No. 128;
- j. **"DTI"** shall refer to the Department of Trade and Industry, created under Executive Order No. 292;
- k. **"Hauler"** shall refer to persons or entities engaged in the transport, distribution and carriage of LPG in bulk from the bulk supplier to the Auto-LPG dispensing Station;
- l. **"LPP"** shall refer to Liquid Petroleum Products such as gasoline, diesel, and kerosene.
- m. **"LGU"** shall refer to the local government unit;
- n. **"OIMB"** shall refer to the Oil Industry Management Bureau of the Department of Energy;
- o. **"PNP"** shall refer to the Philippine National Police, created under Republic Act No. 6975;
- p. **"PNS"** or **"Philippine National Standards"** shall refer to the standards promulgated by the DTI-Bureau of Product Standards relating to product specifications, test methods, terminologies, and standardization procedures, guidelines or practices;
- q. **"Retailing"** shall refer to the act of selling, distributing, dispensing, storing, handling, transferring or dispensing LPG for automotive use directly to the individual end users or to the motoring public;

## **RULE II**

### **MINIMUM STANDARDS AND REQUIREMENTS**

*SECTION 4. Supplying/Hauling in Bulk* - Any person who is operating or intending to operate a LPG bulk supply and/or hauling business for automotive use shall comply with the latest edition of the following:

- a. National Fire Protection Association (NFPA), Pamphlet 58 – Liquefied Petroleum Gas Code; and

b. Philippine LPG Association (PLPGA) Safety Code

*SECTION 5. Retailing* - Any person who is operating or intending to operate an Auto-LPG Dispensing Station shall comply with the following requirements of this Auto-LPG Rules:

- a. Auto-LPG Dispensing Stations shall conform to PNS/DOE FS 3:2006 and any amendments thereto.

Pursuant to PNS/DOE FS 3:2006, the retailing of LPG for automotive use shall be conducted in a dedicated Auto-LPG business premises with an initial minimum lot area of 250 square meters for stand-alone stations with single Auto-LPG Dispenser and above ground storage or 150 square meters for stand-alone stations with single Auto-LPG Dispenser and underground storage; such that vehicles being serviced shall at all times be inside the said business premises.

- b. Auto-LPG Dispensing Stations shall only refill LPG containers for automotive use which conform to the specifications of PNS 04:2006 "Road Vehicles – Automotive LPG Components – Containers" and installed in the vehicle complying with PNS 05:1983 "Code of Practice for the use of Liquefied Petroleum Gas (LPG) System in Internal Combustion Engines".
- c. Auto-LPG Dispensing Stations shall not be allowed to refill cylinders for household use.
- d. Operation of "self-serve" Auto-LPG Dispensing Station shall not be allowed.
- e. Auto-LPG Dispensing Stations shall conform to the minimum standards and requirements prescribed hereunder, and such other pertinent rules and regulations, and shall operate only with a valid SCC as described in Section 6 hereof.

*SECTION 6. 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 by the Auto-LPG Industry Participant with the requirements provided in Section 9 hereof: Provided, that the issuance of the said SCC does not exempt such person or entity from securing DOE's Certificate of Compliance (COC) for liquid fuels and any other permit or certificate of quality, health, safety, security, or environmental clearance from the concerned governmental agencies or instrumentalities: Provided further, that the Auto-LPG Industry Participant shall submit to the DOE-OIMB an authenticated copy of the business/mayor's permit within thirty (30) days from the issuance of the SCC, otherwise the latter shall be deemed revoked.

No Auto-LPG Industry Participant shall operate until a SCC is secured from the DOE-OIMB. The Auto-LPG Industry Participant shall be deemed engaged in the ILLEGAL TRADING of LPG for automotive use if he/she operates without the SCC.

*SECTION 7. Certificate of Non-Coverage* - Auto-LPG garage-based operation shall not be covered by this Auto-LPG Rules only upon issuance of a Certificate of Non-Coverage (CNC) by the DOE-OIMB. For the purposes of this Auto-LPG Rules, a garage-based operation shall refer to the operation of a motor vehicle fleet with at least thirty (30) vehicle units; parked and serviced in a confined area or garage.

A Certificate of Non-Coverage shall be issued provided that the owner / operator shall ensure that:

- a. They file with the DOE-OIMB a duly acknowledged formal letter of request for a certificate of non-coverage under these Rules.
- b. They present pertinent LTO/LTFRB documents confirming their fleet with at least thirty (30) taxi units in operation.
- c. They do not render retailing services as defined and as provided for in Section 5 hereof.
- d. Their dispenser/s does not have "money wheels" or "price indicators". For purposes of this Auto-LPG Rules, a "money wheel" is the price-indicating device of the LPG dispenser that indicates the amount corresponding to the volume of product dispensed from the nozzle.
- e. Their facility shall not be open for retail to the motoring public, hence, shall only be accessible to its own fleet vehicles through a controlled entry point.

Bulk suppliers shall ensure that their garage-based Auto-LPG clients / buyers have secured the necessary Certificate of Non-Coverage (CNC) from the DOE prior to engaging into contractual obligations, such as but not limited to supply agreements, with their clients or buyers.

The CNC does not preclude compliance with PNS/DOE FS 3:2006 "Auto-LPG Dispensing Stations" and with the requirements of other government agencies.

*SECTION 8. Non-Issuance, Non-Renewal or Revocation of Standards Compliance Certificate* - The following shall constitute grounds for non-issuance, non-renewal or revocation of SCC:

- a. Failure to comply with Sections 9, 10, and 11 hereof;
- b. Failure to present an authenticated Business/Mayor's permit as prescribed in Section 6 hereof;
- c. Unjustified refusal to allow entry of authorized DOE-OIMB inspectors during inspections;
- d. Failure to pay fines imposed by the DOE-OIMB;
- e. Violation of these rules; and