



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2014-01-0001

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:

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Website: www.doe.gov.ph E-mail: info@doe.gov.ph

**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:

- a. Registration of Business from DTI or Securities and Exchange Commission;
- b. Registration of Brand;
- c. Barangay Business Clearance from the barangay concerned;
- d. Building Permit from the LGU concerned; or lease agreement for building;
- e. Mayor's/Business Permit;
- f. Fire Safety Inspection Certificate;
- g. Product Liability Insurance Certificate; and
- h. List (name and address) of authorized dealers/retail outlets;
- i. Supply Contract; and
- j. List of vehicles (model, make, plate number and capacity).

3) For dealers:

- a. Registration of Business from DTI or Securities and Exchange Commission;
- b. Barangay Business Clearance from the barangay concerned;
- c. Building Permit from the LGU concerned; or lease agreement for building;
- d. Mayor's/Business Permit;
- e. Fire Safety Inspection Certificate;
- f. Supply agreement with or certification from brand-owner;
- g. List (name and address) of authorized retail outlets; and
- h. List of vehicles (model, make, plate number and capacity).

4) For retail outlets:

- a. Registration of Business from DTI or Securities and Exchange Commission;
- b. Barangay Business Clearance from the barangay concerned;

- c. Building Permit from the LGU concerned; or lease agreement for building;
- d. Mayor's/Business Permit;
- e. Fire Safety Inspection Certificate;
- f. Supply agreement with or certification from dealer or marketer; and
- g. List of vehicles (model, make, plate number and capacity).

5) **For haulers:**

- a. Registration of Business from DTI or Securities and Exchange Commission;
- b. Barangay Business Clearance from the barangay concerned;
- c. Mayor's/Business Permit;
- d. Conveyance Permit from the BFP;
- e. Listing of tank truck/lorries for the transport of bulk LPG - make/model, capacity and plate number;
- f. Listing of delivery trucks/vehicles for the transport of LPG in cylinders - make/model, capacity and plate number; and
- g. Product Liability Insurance Certificate.

Section 7. Reportorial Requirements. All Industry Participants shall submit the following reports or such other reports or documents as may be required by the OIMB, at a time and format the latter shall specify and require, respectively:

a) **Annual Reports**

- 1) List of facilities and capacities, including transport vehicles with plate numbers;
- 2) List of suppliers and customers, and volumes;
- 3) List of supply contracts and refilling arrangements;
- 4) List of qualified personnel/attendant;
- 5) Inventory of LPG cylinders;
- 6) Schedule of LPG cylinder acquisition, requalification, repair, scrapping; and
- 7) Applicable permits for any new, additional, renovated or refurbished facilities and/or changes in their respective operation.

b) **Monthly Reports**

- 1) Supply;
- 2) Demand/sales/consumption/thru put or refilling volume; and
- 3) Inventory.

c) **Special Reports**

Section 8. Non-issuance, Non-Renewal or Revocation or Suspension of SCC. The OIMB shall have the right or authority to deny the issuance or renewal of an SCC or to revoke or suspend the same based on any of the following grounds:

- a) Failure to comply with the requirements under Rule II;
- b) Refusal to allow inspection by OIMB and its Field Office inspectors;
- c) Failure to pay fines imposed by the DOE; or
- d) Transacting business with other Industry Participants who have no valid SCC.

Section 9. Posting of SCC. The SCC shall be prominently displayed by the Industry Participant in a strategic and appropriate location within the business premises in order that it can easily be seen by its customers and the public. In the case of haulers, a copy of the SCC shall be carried at all times in the transport vehicle.

**RULE III
MINIMUM STANDARDS AND REQUIREMENTS**

Section 10. Refilling. In addition to the pertinent provisions provided for in this Circular, any person engaged or intending to engage as a Refiller of LPG shall likewise strictly comply with the minimum standard requirements set by the DTI/DOE and/or any subsequent issuance or amendment thereto.

Section 11. Transportation. In addition to the pertinent provisions provided for in this Circular, the following shall be the minimum standards and requirements in the transport of LPG.

- a) **In Bulk.** Any person engaged or intending to engage in the transport of LPG in bulk shall comply with the latest edition of the following minimum standards:
 - 1) Fire Code of the Philippines/National Fire Protection Association, Pamphlet 58 (Liquefied Petroleum Gas Code);
 - 2) Philippine Liquefied Petroleum Gas Association Safety Code; and
 - 3) Applicable DOE issuances.
- b) **In Cylinders.** Any person engaged or intending to engage in the transport of LPG in cylinders shall comply with the pertinent DOE issuances on the subject.

Section 12. Dispensing Auto-LPG. In addition to the pertinent provisions provided for in this Circular, any person engaged or intending to engage in the business of selling, supplying, hauling, storage, handling, marketing and distribution of LPG for automotive use shall comply with DOE DC No. 2007-02-0002 and its future amendments.

Section 13. LPG Participants Engaged in Several Activities. LPG Participants simultaneously engaged in several activities covered by this Circular shall comply with all the requirements for each and every activity as provided for herein.

**RULE IV
QUALIFICATIONS, DUTIES AND RESPONSIBILITIES OF LPG INDUSTRY
PARTICIPANTS**

Section 14. Qualifications of LPG Industry Participants. The following shall be the qualifications of LPG Industry Participants, to wit:

- a) **Bulk Suppliers.** This covers oil companies/refiners, importers and marketers. A Bulk Supplier shall possess the following qualifications:
 - 1) Bulk LPG storage and loading facilities for tanker/barge or tank truck trailer; and
 - 2) The necessary resources, including adequate, qualified and duly licensed personnel, equipment, and fixed facilities (leased or owned) to effectively conduct the operation of the business and to carry out the responsibility of rendering efficient service to its clientele.

- b) **Refillers.** A refiller shall possess at least the following qualifications:
 - 1) Refilling plant that conforms with the applicable PNS;
 - 2) Appropriate weighing devices duly inspected, calibrated and sealed;
 - 3) Trained and qualified personnel proportionate to the size of its operation;
 - 4) At least one (1) licensed engineer with at least 3 years experience with the primary function of ensuring safety of the operation and facilities; and
 - 5) Qualified servicemen.

- c) **Marketers.** A marketer shall possess personnel, facilities and equipment to effectively carry out its responsibility of rendering efficient service to its clientele, and must at least conform with the following:
 - 1) A fixed store space and storage facilities in conformity with the safety standards prescribed herein;
 - 2) Cylinders conforming with the PNS and permanently marked with its brand;

- 3) Appropriate weighing devices duly inspected, calibrated and sealed by the authorized government agency;
 - 4) Qualified servicemen in its employ; and
 - 5) Delivery vehicles used for its LPG business that conform with the appropriate DOE Circular.
- d) **Dealers.** A dealer shall possess personnel, facilities and equipment to effectively carry out its responsibility of rendering efficient service to his clientele, and at least possess and conform with the following:
- 1) A fixed store space and storage facilities in conformity with the safety standards prescribed herein;
 - 2) Cylinders conforming with the PNS and permanently marked with its brand;
 - 3) Appropriate weighing devices duly inspected, calibrated and sealed by the authorized government agency;
 - 4) Qualified servicemen in its employ; and
 - 5) Delivery vehicles used for its LPG business that conform with the appropriate DOE Circular.
- e) **Retail Outlets.** A retail outlet shall at least possess and conform with the following:
- 1) A fixed store space and storage facilities in conformity with the safety standards prescribed herein;
 - 2) Appropriate weighing devices duly inspected, calibrated and sealed by the authorized government agency; and
 - 3) Delivery vehicles used for its LPG business that conform with the appropriate DOE Circular (if applicable).

Section 15. Responsibilities of LPG Industry Participants. The following shall be the responsibilities of LPG Industry Participants, to wit:

- a) **Bulk Suppliers.** This covers oil companies/refiners, importers and marketers. Bulk Supplier shall have the following responsibilities:
- 1) Ensure adequate and stable supply of LPG in bulk; and
 - 2) Ensure that production, storage, receiving and loading equipment and facilities are in safe operating conditions at all times.

b) **Refillers.** A refiller shall have the following responsibilities:

- 1) Fill LPG cylinders accurately as to the required exact net content of the LPG cylinders as prescribed herein. Test weigh and conduct leak test every cylinder before each one leaves the refilling plant premises;
- 2) Ensure that all cylinders are properly sealed before leaving the refilling plant premises to guarantee correctness of product content;
- 3) Refill only cylinders that comply with the PNS;
- 4) Not to re-fill single-trip and/or tin canister and cartridge;
- 5) Fill cylinders under their own brand and/or other brands, *provided*, that the latter is done with prior written authorization from or agreement with the brand owners; and
- 6) Conform with safe LPG handling practices as prescribed by this Circular.

c) **Marketers.** A marketer/brand owner shall have the following responsibilities:

- 1) Carry its own brand of LPG;
- 2) Ensure adequate and timely supply of LPG for its dealer or consumer;
- 3) Ensure the correct weight of LPG filled cylinders delivered to its dealers and retail outlets;
- 4) Procure new LPG cylinders only from reputable and duly licensed cylinder manufacturers and use only LPG cylinders with appropriate markings prescribed by the Bureau of Product Standards i.e. Globe Checkmarks for locally procured cylinders, or the Import Commodity Clearance (ICC) for imported cylinders;
- 5) Have all new cylinders embossed with its registered brand name;
- 6) Register with the OIMB and exclusively use a distinguishing color and marking scheme for all its cylinders;
- 7) Register its seal and seal manufacturer/supplier with the OIMB;
- 8) Maintain and repair all LPG cylinders under its own brand name through accredited Requalifiers and Repairers, in conformity with the PNS;
- 9) Provide servicing, delivery, and technical assistance for its dealers;
- 10) Conform with safe LPG handling practices as prescribed by this Circular;
- 11) Register with OIMB all vehicles used for the transport of LPG;

- 12) Notify the OIMB of any adjustment in the price of LPG at least twenty-four (24) hours, before its effectivity, even through text message to the Director and Chief of the Oil Industry Competition Monitoring Division, and in writing on the first working day after its effectivity; and
 - 13) Issue official receipts for every transaction, sale, or delivery of LPG.
- d) **Dealers.** A dealer shall have the following responsibilities:
- 1) Have a contract or agreement with either the brand owner or marketer;
 - 2) Carry only the brand of LPG of its refiller or marketer;
 - 3) Sell only LPG in cylinders with DOE-registered seals of its refiller or marketer;
 - 4) Have appropriate weighing devices which shall accurately measure LPG cylinders up to one-tenth (0.1) of one kilogram duly calibrated and sealed by the authorized government agency;
 - 5) Ensure the correct weight of LPG filled cylinders delivered to its retail outlets and consumers;
 - 6) Put up display and storage facilities within its area of operations;
 - 7) Provide servicing, delivery, and technical assistance for its clientele;
 - 8) Conform with safe LPG handling practices as prescribed under provisions on safety herein;
 - 9) Register with OIMB all vehicles used for the transport of LPG;
 - 10) Issue official receipt after every transaction, sale, or delivery of LPG;
 - 11) Ensure that an official receipt is issued by its supplier after every transaction, sale, or delivery of LPG; and
 - 12) Ensure that each LPG filled cylinder conforms with the minimum standards prior to acceptance from its suppliers.
- e) **Retail Outlets.** A Retail Outlet shall have the following responsibilities:
- 1) Sell the brands of LPG filled cylinders it is authorized to carry by virtue of its agreement with the appointing dealers;
 - 2) Sell only LPG in cylinders with DOE-registered seals of refillers and marketers;
 - 3) Have weighing devices which shall accurately measure LPG cylinders up to one-tenth (0.1) of one kilogram duly calibrated and sealed by the authorized government agency;

- 4) Request the dealer for a qualified LPG Serviceman to render services to its end-users;
- 5) Install and provide in its respective establishment fire extinguishers, printed materials/posters showing procedures on how to prevent and react to LPG-related accidents;
- 6) Conform with safe LPG handling practices as prescribed under provisions on safety herein;
- 7) Issue official receipt for every transaction, sale, or delivery of LPG;
- 8) Ensure that an official receipt is issued by its supplier after every transaction, sale, or delivery of LPG; and
- 9) Ensure that each LPG filled cylinder conforms with the minimum standards prior to acceptance from its suppliers.

Section 16. Other Responsibilities of LPG Industry Participants.

- a) **Checking by Refillers, Marketers and Dealers.** All refillers, marketers and dealers shall periodically check the LPG sold by their respective dealers and/or retail outlets to verify compliance with the LPG content requirement at least once every ninety (90) days. They shall likewise check whether dealers and/or retail outlets' weighing devices are calibrated and sealed in accordance with this Circular. The result of such test shall be recorded and be made available to the DOE inspectors upon demand.
- b) **Issuance of Receipts.**
 - 1) **Transactions in Bulk.** All transactions involving the sale or transfer of LPG in bulk must be covered by an official receipt bearing, in addition to other requirements under applicable laws, the following information:
 - a. Registered name of the seller;
 - b. Address of the seller;
 - c. Date of the transaction;
 - d. Quantity or volume of the product;
 - e. Plate number of transporting trucks or registered name of transporting barge;
 - f. Total price of the transaction; and
 - g. Such other information as may be prescribed by the DOE.

- 2) **Transactions in Cylinders.** All transactions involving the sale or transfer of LPG in cylinders to consumers must be covered by an official receipt bearing, in addition to other requirements under applicable laws, the following information:
- a. Registered name of the seller;
 - b. Address of the seller;
 - c. Date of the transaction;
 - d. Brand of LPG;
 - e. Cylinder serial number;
 - f. Net weight or weight of the LPG contained in the cylinder;
 - g. Unit price per cylinder;
 - h. Total price of the transaction; and
 - i. Such other information as may be required by the DOE.
- 3) All other transactions involving the sale or transfer of possession or ownership of LPG from one Industry Participant to another must likewise be covered by an official receipt or other written instrument with the above information, as applicable. Duplicate copies of official receipts shall be made available for verification by OIMB inspectors.

RULE V DUTY OF CYLINDER OWNERS

Section 17. Cylinder Ownership. The brand owner whose permanent mark appears on the LPG cylinder shall be presumed the owner thereof, irrespective of the party in custody or possession of the cylinder, and regardless of whether such cylinder is or continues to be properly marked, stamped or identified to contain its LPG brand, or whether such cylinder is in compliance or continues to comply with any other product or quality standard prescribed under law or by the DTI pursuant to this Circular, absent any unequivocal proof.

The brand owner/cylinder owner shall have the obligation to ensure that its cylinders comply with all required quality and safety standards and specifications before the cylinders are released for sale and distribution: *Provided*, That receipt by the DOE of a verified notice or report from the cylinder owner regarding any lost, stolen or missing LPG cylinders shall serve as *prima facie* evidence to relieve the cylinder owner of the obligation to ensure the quality and safety of such LPG cylinders: *Provided further*, That such report may be rebutted by contrary evidence.

Section 18. Cylinder Maintenance. All LPG cylinder owners/brand owners shall keep their own cylinders in safe, clean and serviceable condition and shall maintain them in a manner consistent with the provisions of the safety codes adopted in the industry. All LPG cylinders shall conform with PNS 03.

Section 19. Product Liability Insurance. All brand owners shall carry a product liability insurance from insurance companies duly licensed and authorized by the Insurance Commission, to answer for whatever damage or liability that may result from an unsafe condition of LPG cylinders.

Section 20. Cylinder Return. The LPG brand owner shall, through its authorized dealer or retail outlet, replace or refund returned cylinders pursuant to guidelines that may be set by DOE in coordination with the DTI.

RULE VI MONITORING AND INSPECTION

Section 21. Compliance Monitoring. The OIMB and DOE Field Office inspectors shall monitor and inspect on a regular basis LPG Industry Participants to, among others, ensure their compliance with existing and applicable DOE rules and regulations.

Section 22. Assistance of Other Government Agencies. The OIMB and DOE Field Offices may, in the course of monitoring and inspection, take custody or impound, for purposes of public welfare and evidence, LPG cylinders which are found to be in violation of applicable DOE laws, rules and regulations until such time that their disposition is finally determined in accordance with the law or through the applicable administrative, civil and/or criminal proceedings.

The conduct of monitoring and inspections operations by the OIMB and DOE Field Offices may be done with the assistance of other concerned government agencies such as the Philippine National Police, National Bureau of Investigation or any other similar enforcement agencies, to ensure and provide security to life and property, during the conduct thereof but not limited to, during the confiscation of cylinders found to be in violation of the provisions of DOE laws, rules and regulations, and during the transport of the confiscated cylinders to the impounding area.

RULE VII CONSUMER SAFETY AND INFORMATIONAL SIGNS

Section 23. Posting of Safety and Informational Signs. For the awareness and information of the buying public the following signs shall be prominently displayed by the owner and/or operator of the LPG establishments/outlets in strategic and appropriate locations within the premises of the said establishment/outlet:

- a) Price Display Board with updated prices for each LPG brand and cylinder size being sold or offered for sale pursuant to this Circular. It shall have numeric entries of at least six (6) inches in height;
- b) "No Smoking" signs;

- c) "No open flame within three(3) meter radius" sign; and
- d) Other safety signs as may be required by the DOE, other government agencies, and relevant LGUs.

**RULE VIII
PROHIBITED ACTS**

Section 24. Illegal Trading. The following shall constitute Illegal Trading:

- a) **Engaging in Business without SCC**, where an LPG Industry Participant engages in business without securing a SCC from the DOE;
- b) **Failure to Post SCC**, where an LPG Industry Participant fails or refuses to post its SCC in its LPG establishments;
- c) **Transacting Business with other LPG Industry Participant without a Valid SCC**, where a LPG Industry Participant sells or distributes LPG to persons or entities without SCC or whose SCC has expired or is suspended or revoked;
- d) **Refusal/Obstruction of Inspection**, where an LPG Industry Participant refuses, prevents or obstructs the inspection of its premises and records;
- e) **Sale of LPG in cylinders that do not conform with the PNS** on manufacture, requalification and repair of LPG cylinders, such as:
 - 1) Without required markings;
 - 2) Cylinders considered substandard as defined by the PNS;
 - 3) Cylinders stamped with wrong or misleading information such as the tare weight; and
 - 4) LPG in inappropriate containers.
- f) **Failure to Comply with Standards**, where an LPG Industry Participant, by act or omission, fails to comply with standards required by the DOE with respect to its specific activity, including non-compliance with DOE mandatory requirements on safety designs for refilling plants, equipment, depots, centralized LPG distribution systems and similar facilities;
- g) **Failure to Comply with Weighing Device Requirements**, where an LPG Industry Participant fails to comply with the requirements pertaining to weighing devices;
- h) **Illegal Possession of and/or Use of Unregistered and/or Inappropriate LPG Cylinder Seal**, where a person other than the brand owner and its authorized refiller/s possesses and/or installs LPG cylinder seals;

- i) **Illegal Possession of LPG Cylinder Seal**, where a person is found in possession of LPG cylinder seals, including the seals already used in the LPG cylinders, without authority from the LPG cylinder owner or its authorized refiller;
- j) **Sale or Distribution of LPG-filled Cylinders without Seals, Tampered Seals or Inappropriate seals**, where the provisions of this Circular notwithstanding, any person, brand owner, its authorized refiller, dealer or retail outlet who sells or distributes LPG-filled cylinders without seal, with tampered or broken seals, or with seal not belonging to the brand owner;
- k) **Sale of LPG in single-trip (non-refillable) container/canister** which has been previously filled with butane, or not designed or intended for refilling of LPG due to non-compliance with PNS or not certified or allowed by the DTI;
- l) **Illegal Storage**, where an LPG Industry Participant stores LPG in bulk without obtaining a SCC;
- m) **Pilferage of LPG**, where a person pilfers LPG;
- n) **Tampering of LPG Cylinders and Similar Acts**, where an LPG Industry Participant, other than the LPG cylinder owner, destroys, tampers, alters, modifies or stamps or labels wrong or misleading information or marks on LPG cylinders through any means such as, but not limited to, changing the LPG cylinder valve, repainting and re-labeling;
- o) **Overloading**, where a hauler or transporter loads and transports, or permits the loading and transportation of LPG cylinders quantities greater than the rated capacity of the vehicle or in such a manner that endangers the life and safety of its passengers or the public;
- p) **Hoarding**, where an LPG Industry Participant, before a price increase or in times of tight supply, unduly accumulates LPG products beyond its normal inventory levels and unreasonably limits or refuses to dispose of, sell, or distribute LPG products to the general public, even if the buyer or consumer has the ability to pay in cash for the LPG products.

The determination of said Participant's usual inventory shall be reckoned from the third (3rd) month immediately preceding the discovery of the stocks in case said participant has been engaged in the business for at least three (3) months; otherwise, it shall be reckoned from the time he started his business.

The following shall be considered as *prima facie* evidence of hoarding:

- 1) Said Participant has stocks of LPG products fifty percent (50%) higher than his usual inventory; and
- 2) Said Participant unreasonably limits, refuses, or fails to sell the same to the general public at the time of discovery of the stocks.

Section 25. Illegal Refilling, which is committed under any of the following circumstances:

- a) Refilling of LPG cylinder by a person or entity other than the brand owner thereof, unless an expressed permission is granted by the owner for such refilling as evidenced by a written contract or similar instrument;
- b) Refilling of LPG cylinder with a brand, trademark, trade name, or registered business name other than that of the brand owner indicated on the LPG cylinder tank, otherwise called "pirate filling" or "cross-filling";
- c) Refilling of LPG cylinder without the embossed markings or other indication of the brand or trade name thereof, or bearing defaced, tampered or illegible markings contrary to the mandatory labeling and stamping requirements under this Act;
- d) Refilling of LPG cylinder which is due for repair, re-qualification or scrappage as provided in this Act, or is subject to the recall or prohibition order of the DOE;
- e) Filling of LPG cylinder directly from LPG tank trucks without the use of approved filling machines;
- f) Refilling LPG from one LPG cylinder to another without using the prescribed equipment;
- g) "Backyard refilling" or the refilling of LPG cylinders other than in properly designed LPG refilling plants;
- h) Filling LPG cylinder with products or substances other than LPG in an effort to achieve the correct net weight;
- i) Refilling of LPG cylinders for household or commercial use by Auto-LPG Dispensing Stations;
- j) Refilling of LPG into single-trip and/or tin canister or cartridge not designed or intended for LPG or not in compliance with existing PNS or, in the absence of a PNS, without the express consent/approval/conformity of the DTI;
- k) Any other refilling of LPG cylinders in violation of the mandatory requirements or prescribed standards; and
- l) Unauthorized loading of bulk LPG tanks in industrial accounts.

Section 26. Underfilling, where the net quantity of LPG contained in LPG cylinders offered for sale, sold, transferred, delivered or filled by refillers is less than the LPG cylinder content required by the DOE and/or the net content marked in the cylinder.

The following shall be considered as *prima facie* evidence of underfilling:

- a) A broken, tampered, absent or removed seal; or
- b) An LPG cylinder containing less than the required LPG quantity which is not so identified and set apart or taken out from the sales area by dealers or retail outlets is presumed to be for sale.

For purpose of the Rules, the net LPG content sold in LPG cylinders with water capacity of twenty-one (21) liters to twenty-nine (29) liters shall not be less than 11.0 kilograms when measured at the refilling plants. The net quantity contained when sold to the consumer shall not be more than three tenths (0.3) of one kilogram less than 11.0 kilograms. A shortage of more than three tenths (0.3) of one kilogram per cylinder shall constitute an act of underfilling. Moreover, the allowable deviation in the contents of other cylinder sizes shall not exceed three tenths (0.3) of one kilogram from the indicated net weight.

Section 27. Adulteration, where LPG is found to be mixed with another finished or unfinished petroleum product or stock or with any non-petroleum substance or material that will result in product quality change or in the failure of the LPG to meet the required product specifications of the DOE.

Section 28. Other Prohibited Acts. To ensure compliance with the provisions of this Circular, the refusal or failure to comply with any of the following shall likewise be prohibited:

- a) Submission of any reportorial requirements; where an LPG Industry Participant fails to submit periodic reports as may be required by the DOE, within the period and in the manner prescribed by the DOE;
- b) Use of clean and safe (environment and worker-benign) technologies;
- c) Compliance with issuances of the DOE pertaining to the transport of LPG in cylinders;
- d) Any order or instruction of the DOE Secretary issued in the exercise of his enforcement powers under Section 15 of RA 8479 including the maintenance of minimum inventory.

Section 29. Presumption of Liability for Prohibited Acts. LPG-filled cylinders with seals, whether these are authorized or unauthorized, or inappropriate, are presumed to be for delivery and/or sale. In the case of dealers or retail outlets, LPG-filled cylinders displayed in their establishments are presumed to be for sale. Any LPG Industry Participant found to be in possession of LPG filled cylinders containing, or with violations described as prohibited acts, shall be presumed liable for such acts. LPG filled cylinders found, intercepted or apprehended with violations described as prohibited acts shall be presumed to be for sale, delivery or distribution, and the liability is on the owner of such LPG product in cylinders.

**RULE IX
ADMINISTRATIVE FINES AND SANCTIONS**

Section 30. Fines/Sanctions Against Prohibited Acts.

- a) Administrative fines and sanctions shall be imposed for every prohibited act for each cylinder pursuant to existing DOE circulars, rules and regulations.
- b) Any LPG Industry Participant engaging in any LPG industry activity without a valid SCC shall be penalized with an administrative fine of P60,000.
- c) Any person or entity transacting with any LPG Industry Participant without a valid SCC shall be penalized with an administrative fine of P60,000.
- d) An LPG Industry Participant who supplies LPG directly to other Industry Participants in the LPG cylinders found in violation of the prohibited acts of this Circular shall also be liable of the same sanction/(s) imposed on the latter who are found in possession of the LPG cylinders with violations.
- e) Any person or entity who violates any provision of this Circular not covered by DOE Circular No. 2000-06-010 shall be penalized by a fine of P10,000 for every prohibited act or P5,000, per cylinder, whichever is higher.
- f) Notwithstanding the immediately preceding paragraph, any LPG Industry Participant who refuses, prevents or obstructs the inspection of its premises and records shall be penalized by a fine of P50,000.

Section 31. Initiation of Administrative Proceedings. The DOE may *motu proprio* or upon complaint of any person, natural or juridical, initiate administrative proceedings against persons committing any of the prohibited acts defined or provided in this Circular.

Section 32. Initiation of Criminal Action. The initiation of an administrative action and/or the imposition of any fine against any person who violates or does not comply with this Circular shall be without prejudice to the filing of any criminal action against such person pursuant to B.P. 33, as amended and/or R.A. 8479, and their respective Implementing Rules and Regulations, as amended.

**RULE X
FINAL PROVISIONS**


Section 33. Transition Period. All existing LPG establishments shall be given there (3) months from the effectivity of this Circular to fully comply with the provisions hereof.

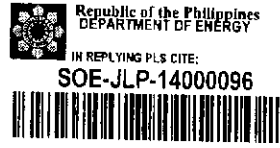
Section 34. Separability Clause. If, for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such part or parts not affected thereby shall continue to remain in full force and effect.

Section 35. Repealing Clause. All DOE circulars, issuances, and rules & regulations inconsistent with this Circular or any part hereof, are hereby deemed repealed or modified accordingly.

Section 36. Effectivity. This Department Circular shall take effect fifteen (15) days from the date of its complete publication in two (2) newspapers of general circulation.

Done this _____, Energy Center, Bonifacio Global City, Taguig City.


CARLOS JERICO L. PETILLA
Secretary



JAN 07 2014

JAN 20 2014
ITM - NO 1549 JLP