



DEPARTMENT CIRCULAR NO. DC 2025-04-0005

**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 12120 OR THE  
PHILIPPINE NATURAL GAS INDUSTRY DEVELOPMENT ACT**

Pursuant to Section 49 of Republic Act (RA) No. 12120, the Department of Energy (DOE), in consultation with the relevant government agencies, and private and public stakeholders, hereby issues, adopts and promulgates the following implementing rules and regulations.

**RULE I  
TITLE, DECLARATION OF POLICY AND SCOPE**

**SECTION 1. Title.**

This Department Circular shall be known as the Implementing Rules and Regulations (IRR) of RA 12120, otherwise known as the "Philippine Natural Gas Industry Development Act," and hereinafter referred to as the "Act".

**SECTION 2. Declaration of Policies.**

It is hereby declared the policy of the State to:

- (a) Promote natural gas as a safe, efficient, and cost-effective source of energy and an indispensable contributor to energy security by establishing the Philippine Downstream Natural Gas Industry (PDNGI) for the benefit of all segments of the nation's population and all sectors of the economy;
- (b) Develop natural gas as a reliable fuel for power plants capable of addressing the peaking, mid-merit, and baseload demand of the country to help achieve energy security, while progressively transitioning to renewable energy sources;
- (c) Promote natural gas as an energy fuel, with the potential to meet the increasing local demand for fuel, and develop the Philippines as a Liquefied Natural Gas (LNG) trading and transshipment hub within the Asia-Pacific Region. In all cases, the State shall ensure the safe, secure, reliable, transparent, competitive, and environmentally responsible operation of the PDNGI value chain, and ensure alignment with the State's policy on transitioning to a low-carbon future, consistent with the sustainable development goals on increasing the share of renewable energy in the country's energy mix;
- (d) Provide a conducive industry environment for the promotion and development of the PDNGI through the issuance of regulatory policies, localized codes and standards for products, facilities and its operations based on the Philippine National Standards (PNS), and plans and programs;
- (e) Promote the conversion of existing fossil fuel-operated equipment and facilities to natural gas use: Provided, That the conversion is technically and financially feasible;

- (f) Promote and hasten the exploration and development of indigenous natural gas resources and facilities, and prioritize the use of indigenous over imported natural gas to help attain greater energy security without impairment of contracts;
- (g) Promote the entry of investors under a system of competition, transparency and fair trade, and by providing responsive policy support, with the end goal of attaining low cost energy prices pursuant to RA 7638 or the "Department of Energy Act of 1992";
- (h) Promote the role of natural gas as an additional energy source and a transition fuel to variable renewable energy by creating a legal and regulatory framework that will govern the promotion and development of the PDNGI;
- (i) Ensure compliance with the PDNGI product and facility standards on Health, Safety, Security, and Environment (HSSE) and other applicable rules and regulations under a system of safe, secure, high-quality and environmentally responsible operations and services that afford protection to consumers;
- (j) Encourage the inflow of private capital through equity participation by the private sector in the development of the PDNGI;
- (k) Ensure transparent and low-cost pricing of natural gas pursuant to RA 7638 and rates for its storage, regasification, transmission, and distribution in a regime of open and fair competition, with full public accountability that shall promote greater operational and economic efficiency and enhanced competitiveness in the global market;
- (l) Develop the necessary technical expertise and skills of personnel in government agencies and the private sector to support the PDNGI;
- (m) Promote Aggregation whenever economically beneficial for End-users and to contribute to mitigating natural gas supply and price shocks; and
- (n) Facilitate the development of power and non-power end-uses of natural gas which includes commercial, industrial, residential, and transport applications that promote fuel diversity: Provided, That the power rates from the utilization of natural gas shall be subject to RA 9136, otherwise known as the "Electric Power Industry Reform Act of 2001".

### **SECTION 3. Scope.**

Accordingly, this IRR shall cover the following:

- (a) Establishment of the framework for the development of the PDNGI, and its transition from an emerging industry into a mature industry within a competitive natural gas market;
- (b) Responsibilities of various government agencies and private entities in furtherance of this national goal;

- (c) Permitting of siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities for Own-Use or Third-Party Access (TPA); and
- (d) Accreditation of Participants in the trade of Natural Gas, including but not limited to the purchase, Supply, Aggregation, Bunkering, Reselling, and export of Natural Gas, and any other activities related to the PDNGI.

#### **SECTION 4. Definition of Terms.**

As used in the Act and this IRR, the following terms shall be defined as follows:

- (a) *Accreditation* refers to the authorization granted by the DOE to a natural or juridical person as a Participant in the business of Natural Gas trade through a PDNGI Facility in the country;
- (b) *Affiliate* refers to any corporation that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control of another corporation. As used herein, "control" shall mean the power to direct or cause the direction of management policies as an inherent part of decision-making power;
- (c) *Aggregation* refers to procurement of indigenous natural gas, combining it with imported LNG, and selling the Aggregated Gas to gas buyers in the Philippines or abroad, by Participant/s known as Aggregator/s. The DOE shall determine the requirements to be an aggregator as well as the minimum percentage of indigenous natural gas for Aggregation and pricing mechanism for Aggregated Gas, taking into account consumer welfare, competitive pricing, the production levels of indigenous natural gas sources, the capacity of existing and future PDNGI Facilities, and other relevant factors to ensure a stable and reliable supply of natural gas;
- (d) *Aggregated Gas* refers to indigenous natural gas that has been combined with or supplemented by imported LNG, pursuant to the required minimum percentage of indigenous natural gas, pricing mechanism and competitive pricing as provided in Section 4(b) of the Act. Gas that is a blend or combination of purely imported LNG, without any portion of the gas coming from indigenous natural gas sources, shall not be considered Aggregated Gas;
- (e) *Anti-Competitive Behavior* refers to any behavior and/or agreements in violation of the provisions of RA 10667, otherwise known as the "Philippine Competition Act";
- (f) *Applicant* refers to a natural or juridical person who applied for the issuance of Permit or Accreditation;
- (g) *Bunkering* refers to the sale of natural gas by a Participant known as a bunker trader for use of domestic or foreign marine vessels;

- (h) *Capacity* refers to the handling design of a system used in the context of its functionality and expressed in a specific measurement, such as volume or flow per time unit or designated measurement unit;
- (i) *Conventional Energy Sources* refer to non-renewable fossil fuel energy sources such as coal, oil, and gas;
- (j) *Conventional Transportation System* refers to a network of fixed facilities made up of, among others, compressor stations, pipelines, and metering for the purpose of delivering natural gas. This includes both the PDNG Transmission and Distribution Systems;
- (k) *Decommissioning and Abandonment* refers to the removal or condemnation of the entire PDNGI Facility installation or a component thereof that has reached the end of its productive life and, if applicable, the subsequent restoration of the Facility site to its previous condition;
- (l) *Delivery* refers to the transmission or distribution of Natural Gas and the supply of Natural Gas at wholesale or retail;
- (m) *Distribution* refers to the transportation of natural gas through a PDNG distribution system;
- (n) *End-user* refers to any person who will receive the Delivery of Natural Gas for final use;
- (o) *Expansion* refers to an activity resulting to an increase in the design Capacity of the PDNGI Facility;
- (p) *Financial Closing* refers generally to the stage of negotiation where a legally binding financial commitment actually exists to provide funding for a project and all conditions have already been met to allow the mobilization of funds;
- (q) *Force Majeure* refers to extraordinary events not foreseeable or avoidable, events that could not be foreseen, or which, though foreseen, are inevitable, such as:
  - 1. acts of God such as earthquake, typhoon, flood, and other similar events;
  - 2. strikes, lockouts, or other major industrial disturbances;
  - 3. acts of the enemy, terrorists, wars, blockades or insurrections, riots, and other civil disturbances;
  - 4. fire or explosion or other similar major accidents of the PDNGI Facility;
  - 5. epidemic or quarantine;

6. order of any court or tribunal or by a government agency having jurisdiction on the matter; or
  7. other similar events of the same importance and implication.
- (r) *Gas Policy* refers to the set of policies and guidelines issued by the DOE to provide further mechanisms concerning Section 18 (Aggregation) and Section 19 (Natural Gas Supply) of this IRR, and other related matters;
- (s) *Indigenous Natural Gas* refers to natural gas produced from fields within the territorial jurisdiction of the Republic of the Philippines;
- (t) *Liquefied Natural Gas* or *LNG* refers to natural gas that has been liquefied by cooling at a cryogenic temperature;
- (u) *LNG Storage and Regasification Terminal* refers to all component facilities used to receive, unload, load, store, and regasify LNG. It shall include, among others, jetty and unloading/loading arms, cryogenic and non-cryogenic pipelines, storage tanks and pumps, boil-off gas compressors and re-condensers, vaporizers, control facilities, metering, send-out systems, and other relevant components;
- (v) *Modification* refers to a major change or alteration to the design or any component of the PDNGI Facility to operate more efficiently or resolve an issue;
- (w) *Natural Gas* refers to gas consisting primarily of a mixture of methane, ethane, propane, and butane, with small amounts of heavier hydrocarbons and some impurities, consistent with PNS or other applicable internationally accepted industry standards;
- (x) *Natural Gas Sales and Purchase Agreement* or *NGSPA* refers to any contract or agreement for the delivery and sale of Natural Gas by and between sellers, suppliers, and buyers;
- (y) *Offshore* refers to areas situated at sea, some distance from the shore;
- (z) *Own-Use* refers to the exclusive use of the entire capacity of PDNGI Facilities by a Permit Holder or its Affiliates;
- (aa) *Own-Use Permit* refers to an authorization issued by the DOE to an Own- Use Permit Holder;
- (bb) *Participant* refers to a natural or juridical person who engages in the trade of natural gas either as a supplier, aggregator, bunker trader, or reseller;
- (cc) *Permit* refers to an authorization issued by the DOE for the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities for Own-Use or TPA. It shall likewise apply to the

Accreditation of Participants in the trade of natural gas, including but not limited to the purchase, Supply, Aggregation, Bunkering, Reselling, and export of Natural Gas, and any other activity related to the PDNGI;

- (dd) *Permit Holder* refers to a natural or juridical person who owns the PDNGI Facility and is granted a Permit by the DOE to engage in the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities for Own-Use or TPA;
- (ee) *Philippine and International Accepted Standards* refer to those internationally recognized practices, methods and acts which are consistent with reasonable care expected from an experienced and competent operator of PDNGI Facilities in the Philippines under comparable conditions and consistent with applicable laws in the Philippines at the relevant time;
- (ff) *Philippine Downstream Natural Gas Development Plan* or *PDNG Dev Plan* refers to the comprehensive plan for ensuring a safe, secure, and reliable supply of natural gas and establishing the efficient operations of the PDNGI Facilities and proper management of natural gas demand through appropriate government programs and policies. It shall include the various natural gas supply plans, PLSR Terminal Dev Plan, PDNG Transmission Dev Plan, and PDNG Distribution Dev Plan. This plan shall be incorporated in the Philippine Energy Plan (PEP);
- (gg) *Philippine Downstream Natural Gas Distribution Code* or *PDNG Distribution Code* refers to the code formulated by the DOE, which shall set the performance standards for operating a conventional and virtual distribution system;
- (hh) *Philippine Downstream Natural Gas Distribution Development Plan* or *PDNG Distribution Dev Plan* refers to a comprehensive plan prepared by the DOE, after modeling and taking into consideration the plans prepared by the Permit Holders of all PDNG Distribution Systems and Virtual Transportation Systems containing, among others, information on their locations, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment, whichever is applicable. The plan shall likewise include all studies, programs, and policies for the promotion and development of the distribution sector, which are economically beneficial for End-users;
- (ii) *Philippine Downstream Natural Gas Distribution System* or *PDNG Distribution System* refers to a Conventional and Virtual Transportation System, starting from the receipt of natural gas from the source of indigenous natural gas, LNG Storage and Regasification Terminal, or PDNG Transmission System up to the receiving facility of the End-user;
- (jj) *Philippine Downstream Natural Gas Industry Facility* or *PDNGI Facility* refers to the LNG Storage and Regasification Terminal, PDNG Transmission System, and PDNG Distribution System, and other related facilities;

- (kk) *Philippine Downstream Natural Gas Industry* or *PDNGI* refers to all Permit Holders involved in the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities. It shall likewise refer to Participants involved in the purchase, Supply, Aggregation, Bunkering, Reselling, and export of Natural Gas, and any other activity related to the PDNGI as defined in Section 4(rr) of this IRR;
- (ll) *Philippine Downstream Natural Gas Transmission Code* or *PDNG Transmission Code* refers to the code formulated by the DOE, which shall set the performance standards for operating a conventional transmission system;
- (mm) *Philippine Downstream Natural Gas Transmission Development Plan* or *PDNG-Transmission Dev Plan* refers to a comprehensive plan prepared by the DOE, after modeling and taking into consideration the plans prepared by the Permit Holders of all PDNG Transmission Systems containing, among others, information on their locations, construction, operation and maintenance, improvement, expansion, modification, rehabilitation, decommissioning, and abandonment, whichever is applicable. The plan shall likewise include all studies, programs, and policies for the promotion and development of the transmission sector, which are economically beneficial for End-users;
- (nn) *Philippine Downstream Natural Gas Transmission System* or *PDNG Transmission System* refers to a Conventional Transportation System starting from the receipt of natural gas from the source of indigenous natural gas and/or from an LNG Storage and Regasification Terminal up to the receiving facility of the PDNG Distribution System;
- (oo) *Philippine Energy Plan* or *PEP* refers to the overall energy program formulated and updated yearly by the DOE and submitted to Congress pursuant to RA 7638, as amended;
- (pp) *Philippine LNG Storage and Regasification Terminal Code* or *PLSR Terminal Code* refers to the code formulated by the DOE, which shall set the performance standards for operating an LNG Storage and Regasification Terminal;
- (qq) *Philippine LNG Storage and Regasification Terminal Development Plan* refers to a comprehensive plan prepared by the DOE, after modeling and taking into consideration the plans prepared by the Permit Holder of all LNG storage and regasification terminals containing, among others, information on their locations, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment, whichever is applicable. The plan shall likewise include all studies, programs, and policies for the promotion and development of the regasification sector, which are economically beneficial for End-users;
- (rr) *Rehabilitation* refers to any activity consisting of the major restoration to the PDNGI Facility or any damaged component thereof;

- (ss) *Renewable Gases* refer to hydrogen, ammonia, biomethane, synthetic methane, and other gases derived from renewable sources;
- (tt) *Reselling* refers to the procuring of natural gas from a supplier or aggregator and reselling it to gas buyers by a Participant known as a reseller;
- (uu) *Supply* refers to the procuring or producing and selling indigenous or imported natural gas to gas buyers in the Philippines or abroad by a Participant known as a supplier;
- (vv) *Third-Party Access* or *TPA* refers to a transparent, fair, reasonable, and non-discriminatory access and utilization by a third-party user of the capacity of PDNGI Facilities;
- (ww) *Third-Party Access Code* or *TPA Code* refers to the code formulated by the DOE, which shall set the performance standards for TPA;
- (xx) *TPA Permit* refers to an authorization issued by the DOE to a Permit Holder that allows TPA;
- (yy) *Transmission* refers to the transportation of natural gas through a PDNG Transmission System;
- (zz) *Ultimate Parent* is the juridical entity that, directly or indirectly, controls a party to the transaction, and is not controlled by any other entity;
- (aaa) *Virtual Transportation System* refers to any alternative methods of transporting natural gas other than through the Conventional Transportation System, such as the use of land vehicles or sea vessels, with or without an on-site modular regasification unit; and
- (bbb) *Waterfront* refers to facilities that are designated for the handling, storing, stowing, loading, discharging, or transporting of dangerous cargo, also called a "waterfront LNG plant".

## **RULE II**

### **POWERS AND RESPONSIBILITIES OF GOVERNMENT AGENCIES**

#### **SECTION 5. Powers and Responsibilities of the Department of Energy.**

In addition to its existing powers and functions, the DOE shall have the overall responsibility of supervising and monitoring the PDNGI and developing the strategies to implement the state policies declared under the Act. Towards this end, the DOE shall perform the following functions:

- (a) Prepare the PDNG Dev Plan, based on modeling, considering forecasted demand, supply, and uses of natural gas in the country, taking into account the plans submitted by PDNGI Permit Holders and Participants, after open discussions and consultations with relevant government agencies and public and private stakeholders, within two (2) years



from the effectivity of the Act. The PDNG Dev Plan shall be reviewed and updated every three (3) years after its adoption;

- (b) Establish standards on gas quality, facility, and a code of practice for the PDNGI, in coordination with relevant government agencies. For this purpose, a Technical Committee (TC) shall be created to develop and promulgate the applicable PNS for the PDNGI. The TC shall be co-chaired by the DOE and the Department of Trade and Industry-Bureau of Philippine Standards (DTI-BPS).

The TC shall be composed of representatives from the following sectors:

- (i) Academe;
- (ii) Trade/Industry;
- (iii) Consumer;
- (iv) Professional Associations;
- (v) Research Institutions;
- (vi) Government Agencies;
- (vii) Testing Institutions; and
- (viii) Other relevant sectors

Provided, that representatives shall be chosen with the applicable rules and regulations of the DTI – BPS.

- (c) Enforce PDNGI compliance with the standards, in coordination with relevant government agencies, through the issuance of technical regulations implementing the standards, review of reports, and conduct of onsite inspections.

An Inter-Agency Health, Safety, Security, and Environment Inspection and Monitoring Team (IA-HSSE IMT) shall be created to monitor and enforce compliance with established standards. It shall be co-chaired by the DOE and the Department of Environment and Natural Resources (DENR), with members composed of representatives from the following government agencies:

- (i) Maritime Industry Authority (MARINA);
- (ii) Philippine Coast Guard (PCG);
- (iii) Department of Labor and Employment (DOLE);
- (iv) Bureau of Fire Protection (BFP);

- (v) Department of Health (DOH); and
  - (vi) Other relevant government agencies.
- (d) Approve or issue:
- (i) Permits for the construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities;
  - (ii) Accreditation of Participants;
  - (iii) Acknowledgment of natural gas importation and exportation notifications; and
  - (iv) Other endorsements or issuances in furtherance of the development of the PDNGI.

The processing and grant of all permits and other endorsements or issuances pursuant to the Act shall be governed by RA 11234, otherwise known as the "Energy Virtual One-Stop Shop Act". In reviewing applications for permits, the DOE shall ensure that the application is consistent with the declaration of policies in the Act, and that the proposed project is technically and financially viable by ensuring, among others, sufficient supply of imported LNG or indigenous natural gas, and clear source of funding for the project. The EVOSS Steering Committee shall streamline the permitting process for the PDNGI and continue its mandate under RA 11234;

- (e) Review, suspend, or revoke Permits issued after a finding of non-compliance with the provisions of the Act and this IRR, and related issuances;
- (f) Issue a written approval for the assignment or transfer of Permits after determining that the assignee or transferee has met all the legal, technical, and financial qualifications, has committed itself to assume all existing obligations of the Permit Holder, and that such assignment or transfer is in accordance with existing laws, rules, and regulations: Provided, That this also applies to sales of shares that would result in a change in control of the Permit Holder or its Ultimate Parent.
- (g) Issue the PDNG Transmission Code, PDNG Distribution Code, the PLSR Terminal Code, and the TPA Code within two (2) years from the effectivity of this IRR, in consultation with other concerned government agencies and the PDNGI stakeholders;
- (h) Endorse to the Philippine Competition Commission (PCC) for investigation any reported or observed Anti-Competitive Behavior in the PDNGI;
- (i) Require Permit Holders and Participants to submit regular and special reports, and to provide real-time monitoring access to the operation and maintenance activities of PDNGI Facilities;
- (j) Publish the list of Permit Holders and Participants along with the status of their project on the DOE website on a quarterly basis;

- (k) Temporarily take over or direct the operation of any person or entity engaged in the PDNGI in times of national emergency, when the public interest so requires, as may be directed by the President upon the recommendation of the National Economic and Development Authority (NEDA);
- (l) Create offices and appoint personnel as may be necessary to efficiently and effectively implement the Act, subject to existing laws, rules, and regulations;
- (m) Develop a comprehensive national strategy, with input from the National Renewable Energy Board (NREB), for integrating Renewable Gases into the energy mix, and outlining the roadmap for their adoption;
- (n) Regulate, as applicable, the quality of service and rates of TPA Conventional Transportation Systems: Provided, That the rate-setting methodologies shall be based on the policy of full recovery of prudent and reasonable economic cost with a reasonable rate of return or such other principles that promote efficiency and other internationally-accepted rate-setting methodology;
- (o) Ensure compliance with the publication and unbundling of TPA Conventional Transportation System fees, whether for a PDNG transmission or distribution system;
- (p) Develop and establish such other plans and policies as may be consistent with and in furtherance of the state policies declared under the Act. The DOE shall issue the Gas Policy within six (6) months from the date of effectivity of this IRR;
- (q) Exercise such other powers and functions as may be necessary or incidental to attain the objectives of the Act; and
- (r) Identify and assess the risk of stranded assets associated with natural gas infrastructure development, taking into account factors such as declining demand due to the energy transition, the emergence of alternative energy carriers, stricter climate policies, and technological advancements in renewable energy. The DOE shall develop a transparent methodology for evaluating stranded asset risk applicable to both existing and proposed projects, maintain a publicly accessible database that tracks these projects and their risk assessments on any identified stranded assets, and regularly update this information to serve as foundation for informed policy decisions and regulatory actions.

To mitigate the risks of stranded assets, the DOE is empowered to establish and enforce regulations that promote responsible investment in natural gas infrastructure, and encourage a timely transition to renewable energy sources. These regulations may include facilitating the early retirement of high risk assets through financial mechanisms.

The DOE shall also coordinate with other agencies to align natural gas development with national climate goals and ensure a sustainable energy transition.

## **SECTION 6. Power and Responsibilities of the Energy Regulatory Commission.**

The powers of the ERC shall be in accordance with the provisions of RA 9136 on the organization, operation, regulation of the power industry, and such other powers as may be given to it under applicable laws.

It shall create offices and appoint personnel necessary to efficiently and effectively perform its functions in regulating power generated from natural gas, subject to existing laws, rules, and regulations.

## **SECTION 7. Powers and Responsibilities of the Department of Environment and Natural Resources.**

In addition to its functions under Executive Order (EO) No. 192, otherwise known as the "Reorganization Act of the Department of Environment and Natural Resources", the DENR, together with the DOE and the PCG, shall determine and monitor compliance with the environmental standards for the siting, construction, operation and maintenance, expansion, rehabilitation, decommissioning, and abandonment of PDNGI Facilities, pursuant to existing environmental laws, such as RA 8749, otherwise known as the "Philippine Clean Air Act of 1999", as amended, RA 7586, otherwise known as the "National Integrated Protected Areas System Act of 1992", as amended by RA 11038, otherwise known as the "Expanded National Integrated Protected Areas System Act of 2018", RA 6657, otherwise known as the "Comprehensive Agrarian Reform Law of 1988", as amended, and other existing environmental laws, rules, and regulations: Provided, That, within six (6) months from the effectivity of the Act, the DENR shall establish national standards for methane emissions and other pollutants, including greenhouse gas emissions, from natural gas industries not otherwise regulated by existing laws.

## **SECTION 8. Powers and Responsibilities of the Philippine Coast Guard.**

In addition to its functions under RA 9993, otherwise known as the "Philippine Coast Guard Law of 2009", the PCG, together with the DENR, shall determine and monitor compliance with the marine environmental protection, maritime safety and security standards for the Offshore and Waterfront siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities.

## **SECTION 9. Powers and Responsibilities of the Department of Transportation (DOTr) through the Maritime Industry Authority.**

In addition to its functions under Presidential Decree No. 474, otherwise known as the "Maritime Industry Decree of 1974", the MARINA shall have general jurisdiction over the development, promotion, and regulation of all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing, and maintaining vessels, or parts thereof, including LNG carriers. The MARINA shall also provide for the effective supervision, regulation, and rationalization of the organizational management, ownership, and operations of all water transport utilities and other maritime enterprises.

## **SECTION 10. Powers and Responsibilities of the DOTr and its Attached Agencies.**

In addition to its functions under EO 125, series of 1987, otherwise known as the "Reorganization Act of the Ministry of Transportation and Communications", as amended, and other applicable laws, the DOTr or its attached agencies, such as the Land Transportation Office, Land Transportation Franchising and Regulatory Board, and MARINA, in coordination with the DOE,

DENR, DOH, DTI-BPS, and other relevant government agencies, shall issue the appropriate guidelines and regulations, and the applicable permits, licenses, certificates, or authorizations for virtual pipelines, motor vehicles, and marine vessels transporting, storing, or processing natural gas in its original state or liquefied form, as well as marine facilities used to import, receive, load, unload, transport, process, and store natural gas in its original or liquefied form, including those utilized as Offshore LNG terminals. The DOTr shall monitor and ensure compliance therewith.

**SECTION 11. Powers and Responsibilities of the Department of Trade and Industry-Bureau of Philippine Standards.**

In addition to its functions under RA 4109, titled, "An Act to Convert the Division of Standards under the Bureau of Commerce into a Bureau of Standards, to Provide for the Standardization and/or Inspection of Products and Imports of the Philippines and for Other Purposes", the DTI-BPS, together with the DOE, shall determine, develop, formulate, promulgate, and revise the PNS for natural gas and PDNGI Facilities.

**SECTION 12. Powers and Responsibilities of the Department of Science and Technology (DOST).**

In addition to its functions under EO 128, otherwise known as the "Reorganization Act of the National Science and Technology Authority", the DOST shall undertake scientific and technological research and development for the improvement of new technologies in the PDNGI.

**SECTION 13. Powers and Responsibilities of the Department of Health.**

In addition to its functions under EO 317, series of 1941, titled "Organizing the Department of Health and Public Welfare", as amended, and RA 11223, otherwise known as the "Universal Health Care Act", the DOH, together with the DOE, ERC, or DOTr, shall:

- (a) Ensure and monitor compliance by Permit Holders and Participants with the health standards of PDNGI Facilities and PDNGI activities;
- (b) Recommend standards, rules, and regulations in the conduct of health risk assessment studies in cases of natural gas accidents;
- (c) Develop guidelines, policies, and health standards on the treatment and management of patients affected by natural gas accidents; and
- (d) Require health data and information from PDNGI Facilities, Permit Holders, and Participants.

**SECTION 14. Referral to the Philippine Competition Commission.**

Consistent with its functions under RA 10667, the PCC shall:

- (a) Promote free and fair competition in all commercial economic activities in the PDNGI;
- (b) Prevent economic concentration in the PDNGI that may have the tendency to control the production, distribution, trade, or industry in a manner that would unduly stifle competition in and lessen, manipulate, or constrict the discipline of free markets; and

- (c) Penalize all forms of anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions in the PDNGI, to protect consumer welfare and advance domestic and international trade and economic development.

All matters involving or suspected of by the ERC and/or DOE to involve in anti-competitive agreements or abuse of market power shall be referred to the PCC for investigation and adjudication. Where the act/s referred to the PCC are highly technical in nature, the ERC and/or DOE shall assist the PCC in its inquiry and analysis of the facts.

#### **SECTION 15. Powers and Responsibilities of the National Commission on Indigenous Peoples (NCIP).**

In addition to its functions under RA 8371, otherwise known as "The Indigenous Peoples Rights Act of 1997", the NCIP, upon the DOE's endorsement in accordance with the PEP or its certification that the PDNGI project is an energy project of national significance, shall process the application for the certification precondition under Section 59, Chapter VIII of RA 8371, in accordance with the processes provided in RA 11234.

#### **SECTION 16. Powers and Responsibilities of the Philippine Energy Research and Policy Institute (PERPI).**

Pursuant to RA 11572, otherwise known as the "Philippine Energy Research and Policy Institute Act", the PERPI shall conduct research and development on renewable gas technologies, including production, storage, and distribution, with support from the DOST and Philippine National Oil Company (PNOC).

### **RULE III**

#### **ORGANIZATION AND REGULATION OF THE DOWNSTREAM NATURAL GAS INDUSTRY**

##### **SECTION 17. Structure.**

The PDNGI shall consist of the following sectors:

- (a) Participants in the trade of Natural Gas:

1. Supplier;
2. Aggregator;
3. Reseller; and
4. Bunker Trader.

- (b) Permit Holders for the following PDNGI Facilities:

1. LNG Storage and Regasification Terminals;
2. PDNG Transmission System;
3. PDNG Distribution System; and

4. Virtual Transportation System.

**SECTION 18. Aggregation.**

The DOE shall be the lead agency to determine the need for and regulate the development of aggregation in the country. The DOE shall determine the requirements to be an aggregator and designate the aggregator/s and issue the applicable policies to implement aggregation, including the minimum percentage of indigenous natural gas for aggregation and pricing mechanism for Aggregated Gas, adhering to the principles of economies of scale, as well as energy transparency, consumer welfare, competitive pricing, the production levels of indigenous natural gas sources, the capacity of existing and future PDNGI Facilities, security and reliability and other relevant factors to ensure a stable and reliable supply of natural gas. The DOE may direct any of its attached agencies and instrumentalities to participate in aggregation activities.

For purposes of this Section, Aggregation shall be defined as the procurement of indigenous natural gas, combining it with imported LNG, and selling the Aggregated Gas to gas buyers in the Philippines or abroad, by Participant/s known as Aggregator/s.

The DOE shall issue the guidelines on Aggregation as part of the Gas Policy.

**SECTION 19. Natural Gas Supply.**

The procurement, delivery, and pricing of Natural Gas from indigenous production facilities or from importation to the PDNGI shall be transparent and secure. If necessary, the DOE, ERC, and PCC shall require the suppliers to submit relevant information pertaining to supply contracting, procurement, pricing, and distribution scheme to users for monitoring purposes.

Procurement and utilization of indigenous natural gas, including without limitation, by gas-fired power plants, shall be prioritized over imported natural gas: Provided, That it is consistent with the State's policy of ensuring energy security and consumer welfare. An Indigenous Natural Gas Supplier and aggregator shall provide fair and open access to its natural gas supply in a non-discriminatory and transparent manner through physical supply, administrative or financial contracts, or any other arrangements allowed by the DOE.

Power produced from Indigenous Natural Gas shall have priority over other Conventional Energy Sources. Such prioritization shall cover indigenous natural gas power supply contracting, including mechanisms for minimum supply requirements.

The DOE shall establish mechanisms for the optimal and full utilization of Indigenous Natural Gas in the generation, transmission, distribution, and supply of power, subject to standards and limitations consistent with the state's policy of ensuring energy security and consumer welfare. Pursuant thereto, the DOE shall formulate mechanisms that shall prescribe a mandated minimum percentage of the electricity demand of generation companies and/or distribution utilities to be sourced from Indigenous Natural Gas. Such minimum percentage shall be reviewed and adjusted by the DOE as may be necessary.

Subject to viability, the PDNGI Facilities may be designed and constructed to ensure the accommodation of both Indigenous Natural Gas and/or imported natural gas, pursuant to the standards determined by the DOE. The DOE shall establish measures to support the supply and use of Indigenous Natural Gas in the domestic downstream natural gas sector.

The DOE shall issue the guidelines governing the above-mentioned prioritization of the utilization of Indigenous Natural Gas and power produced therefrom, as part of the Gas Policy.

#### **SECTION 20. Permits for PDNGI Facilities.**

No natural or juridical person shall construct, operate and maintain, expand, modify, rehabilitate, or decommission and abandon a PDNGI Facility unless authorized and issued with a Permit by the DOE in accordance with the Guidelines for Issuance of Permits hereto attached as Annex A.

The approval of the DOE Secretary shall be required for Permit to Construct (PTC) and Permit to Operate and Maintain (POM). For all other Permits, only the approval of the DNG-REC shall be required.

#### **SECTION 21. Validity of Permits.**

- (a) A Notice to Proceed (NTP) shall be valid for a period of one (1) year from date of issuance.
- (b) The validity of the PTC shall be based on the approved project baseline schedule submitted by the Permit Holder commencing on the day after the expiration of the NTP.
- (c) A POM shall be valid for a maximum period of twenty-five (25) years commencing on the day after the expiration of the PTC. The POM may be renewed for such period as may be determined at the time of renewal.
- (d) The validity period of other Permits shall be consistent with the proposal of the Permit Holder, subject to DOE verification.

#### **SECTION 22. Creation and Functions of the Downstream Natural Gas Review and Evaluation Committee.**

This IRR authorizes the creation of the Downstream Natural Gas Review and Evaluation Committee (DNG-REC) which shall perform the following functions:

- (a) Receives, evaluates, approves, and if applicable, recommends to the DOE Secretary for approval policies, programs, Permits, implementing guidelines, and other issuances for the development of the PDNGI;
- (b) Recommends to the DOE Secretary for approval guidelines implementing standards on product, facility, and safe practices on siting, construction, operation and maintenance, modification, expansion, rehabilitation, decommissioning and abandonment of PDNGI Facilities;
- (c) Supervises and monitors the progress of siting, construction, operation and maintenance, modification, expansion, rehabilitation, decommissioning and abandonment of PDNGI Facilities based on the approved work program;



- (d) Addresses any clarification that may be raised by the DOE Secretary in connection with recommendations for approval policies, programs, standards, Permits, implementing guidelines, and other issuances; and
- (e) Implement all other necessary measures allowed under existing laws, rules and regulations.

### **SECTION 23. Approval of Request for Extension.**

The DNG-REC may grant an extension of a Permit for justifiable reasons in accordance with the Guidelines for Issuance of Permits hereto attached as Annex A.

Request for an extension shall be allowed by the DNG-REC based on any of the following grounds:

- (a) Force Majeure event;
- (b) Non-issuance of a government permit or clearance, without negligence or fault of the Permit Holder; or
- (c) Other justifiable reasons, without negligence or fault of the Permit Holder, which prevented the Permit Holder from complying with its work commitments.

The Permit Holder shall be given an extended period equivalent to the approved amended work program.

### **SECTION 24. Decommissioning and Abandonment of Downstream Natural Gas Facility.**

No Permit Holder shall abandon or decommission any portion of a PDNGI Facility without prior written authorization from the DOE and absent its approval of an abandonment and decommissioning plan based on Philippine or internationally accepted standards. The DOE, in coordination with the DENR, shall provide the guidelines and regulations for the decommissioning and abandonment of PDNGI Facilities.

The Permit Holder shall comply with the guidelines and regulations for the decommissioning and abandonment of PDNGI Facilities prescribed by the Guidelines for Issuance of Permit hereto attached as Annex A.

### **SECTION 25. Assignment or Transfer of Permit.**

Assignment or transfer of the Permit or change of operatorship shall be allowed only upon prior written approval by the DOE based on acceptable reasons and compliance by the existing Permit Holder, the assumption by the assignee of all obligations of the existing Permit Holder, and upon meeting the minimum legal, technical, and financial qualifications by the assignee: Provided, That assignments or transfers shall not be allowed near the end of life of a PDNGI facility if the assignee or transferee cannot comply with the guidelines and regulations for the decommissioning and abandonment of PDNGI Facilities as provided in Section 24 of the Act and if the environmental guarantee fund is not maintained and administered in accordance with the policies and guidelines of the DENR.

The near end of life of a PDNGI facility shall be defined as two (2) years from the end of its economic life.

The Permit Holder shall comply with the guidelines and regulations for the assignment or transfer of Permit prescribed by the Guidelines for Issuance of Permits hereto attached as Annex A.

#### **SECTION 26. Change in Control.**

Any sale or acquisition of shares or other share capital, or a series thereof, that results in a change in control over the Permit Holder or its Ultimate Parent shall be subject to the prior written approval of the DOE. Such approval shall be granted if the Permit Holder remains legally, technically, and financially qualified and capable of discharging the obligations under the Permit. For this purpose, the Permit Holder shall submit to the DOE copies of the instrument of conveyance and other documents showing the sale or acquisition will not impair its legal, technical and financial qualifications, in accordance with the guidelines and regulations for change in control prescribed by the Guidelines for Issuance of Permits hereto attached as Annex A.

#### **SECTION 27. Modification of the Conditions of the Permit.**

The DNG-REC may recommend, for the approval of the DOE Secretary or DNG-REC Chair, as may be applicable, any request by a Permit Holder for the modification of any condition of a Permit.

#### **SECTION 28. Submission of Reportorial Requirements by a Permit Holder.**

The Permit Holder shall comply with the accurate and timely submission of reportorial requirements prescribed by the Guidelines for Submission of Reportorial Requirements hereto attached as Annex C.

#### **SECTION 29. Accreditation of Participants.**

No natural or juridical person shall conduct trade of Natural Gas through a PDNGI Facility unless authorized and issued with an Accreditation by the DOE in accordance with the Guidelines for Issuance of Accreditation and Acknowledgment hereto attached as Annex B.

An Applicant may apply for Accreditation as Supplier, Aggregator, Reseller, and/or Bunker Trader in accordance with the same guidelines.

The approval of the DNG-REC shall be required for all Accreditations.

#### **SECTION 30. Validity of Accreditation.**

All Accreditations shall be valid for a period of five (5) years from the date of issuance unless earlier revoked or cancelled, and may be renewed every five (5) years, subject to compliance with prevailing laws and regulations.

#### **SECTION 31. Modification of Conditions of Accreditation.**

The DNG-REC may approve any request by a Participant for the modification of any condition of an Accreditation.

**SECTION 32. Submission of Reportorial Requirements by a Participant.**

The Participant shall timely submit reportorial requirements prescribed by the Guidelines for Submission of Reportorial Requirements hereto attached as Annex C.

**SECTION 33. Compliance with Philippine Laws, Rules, and Regulations.**

Permit Holders and Participants shall comply with all Philippine laws, rules, and regulations implemented by the relevant government agencies.

**SECTION 34. Compliance with Standards.**

The DOE shall ensure that Permit Holders and Participants, products, facilities, services, and systems comply with the standards set by relevant government agencies in terms of quality, design, efficiency, safety, structural integrity, and operation and maintenance. Regulations shall be consistent with applicable Philippine and internationally accepted natural gas industry standards.

**SECTION 35. Confidential Information.**

The DOE, ERC, or PCC, as applicable, shall determine whether submitted documents and reports are confidential or proprietary information. The Government shall not disclose confidential or proprietary information to the public, other permit holders, or participants unless allowed by the permit holder or participant, or when required by laws, rules, and regulations.

**SECTION 36. Authority to Obtain Information.**

The DOE, ERC, PCC, and other concerned government agencies may, through a valid order, require any Permit Holder or Participant, to provide, within a reasonable specified period, all information and documents relating to all matters such as the permit, rates, and operation of the business and PDNGI Facilities, with explanations on the information or documents submitted, subject to Section 21 of the Act. The failure of a Permit Holder or Participant to provide the required information or documents without valid reason shall be punishable under the Act.

**SECTION 37. Administrative Rules and Procedures.**

DOE Department Circular No. 2022-11-0033, or the Rules of Procedure for Administrative Cases in the Downstream Oil Industry, as may be amended, shall apply in the discharge of administrative cases and imposition of administrative fines and penalties. The Rules of Court shall apply in a suppletory manner.

**SECTION 38. Fees.**

All concerned government agencies shall have the authority to prescribe and collect fees and charges relating to the issuance or review of Permits, and the supervision and regulation of the PDNGI.

The processing and evaluation of an application shall be subject to a non-refundable fee as provided in the latest DOE Approved Schedule of Fees and Charges.

## **RULE IV OPERATION OF DOWNSTREAM NATURAL GAS FACILITIES**

### **SECTION 39. PDNG Facilities.**

The DOE shall issue a license or authorization to Permit Holders of PDNG facilities for the purpose of ensuring safe, efficient, and reliable infrastructure and facilities, in accordance with the Guidelines for Issuance of Permit hereto attached as Annex A.

### **SECTION 40. Cross-Ownership.**

An entity may hold an interest in the ownership of upstream and downstream natural gas facilities, as well as the supply and aggregation of Natural Gas to gas buyers subject to legal prohibitions on anti-competitive acts. Such ownership shall be allowed for operational and financial feasibility considerations, subject to the powers and responsibilities of the PCC under Section 14 of the Act. The PCC shall review compliance with RA 10667, specifically to prevent substantial lessening of competition, while the DOE shall review the impact on energy security, the cost of electricity, market stability, and any other matters concerning the PEP.

The DOE shall apply relevant laws and regulations to ensure that public interest is protected.

### **SECTION 41. Own-Use.**

The Own-Use Permit Holder shall utilize its entire capacity exclusively for Own-Use and shall not be allowed to enter into TPA arrangements, unless approved by the DOE. The DOE's approval shall specify the standards and limitations thereof.

The DOE may allow the use by a third party, if necessary, to address any issue on the availability of LNG supply which may arise.

The DOE shall provide the rules and limitations on the participation of Own-Use Permit Holders in TPA arrangements, taking into account energy security and consumer welfare.

### **SECTION 42. Third-Party Access.**

A TPA Permit Holder shall utilize its entire capacity exclusively for TPA and shall not be allowed to utilize any such capacity for Own-Use, unless approved by the DOE. The DOE's approval shall specify the standards and limitations thereof.

The DOE may allow a TPA Permit Holder to utilize its capacity for Own-Use, if necessary, to address any issue on the availability of LNG supply which may arise.

The DOE shall provide the rules and limitations on the utilization of TPA Permit Holders' capacity for Own-Use, taking into account energy security and consumer welfare.

The TPA Permit Holder shall submit a regular report on the total capacity, along with all relevant details, to the DOE for monitoring.

#### **SECTION 43. Third-Party Access Principles.**

Adherence to the principles of transparency, non-discrimination, and safe practices is the key to the beneficial participation of third-party users. In line with this, the following guiding principles shall be observed:

- (a) The TPA shall be transparent, fair, reasonable, and non-discriminatory with regard to the rates and access to services for the purpose of enhancing efficiency and optimization of capacity to avoid overcapacity and encourage necessary investments in the PDNGI;
- (b) The TPA shall encourage a diverse and sustainable market for natural gas beyond the power sector;
- (c) The TPA shall be anchored on a safe, secure, reliable, and efficient operation for both the Permit Holder and the third-party users;
- (d) The TPA Permit Holders shall conduct an open, transparent, and sufficient consultation process with both existing and potential third-party users to discuss the available capacity; and
- (e) The TPA Permit Holders shall regularly publish their available capacity, access terms and conditions, and rates, which shall be available to the public, and allow the review and inspection of their facilities and records for verification.

#### **SECTION 44. Negotiated TPA.**

Negotiated TPA shall refer to a commercial arrangement which allows the Permit Holder and a third-party End-user or a non-Affiliate to agree and execute negotiated terms and conditions on the use of the entire or a portion of the PDNGI Facility Capacity, not considered a public utility, subject to compliance with the following:

- (a) Submission by the Permit Holder to the DOE of a notarized copy of the terms and conditions of the commercial arrangement; and
- (b) The Permit Holder shall comply with the provisions of this IRR, specifically the responsibilities prescribed under Section 52, TPA Code, and the Gas Policy.

#### **SECTION 45. Competitive TPA.**

Competitive TPA shall refer to a commercial arrangement which allows the Permit Holder to offer its entire or a portion of its PDNGI Facility Capacity, not considered a public utility, to interested non-Affiliates subject to compliance with the following:

- (a) Submission by the Permit Holder to the DOE of a notarized copy of the terms of reference of the Competitive TPA offer;
- (b) The selection process shall be open, transparent, and non-discriminatory to interested non-Affiliates; and

- (c) The Permit Holder shall comply with the provisions of this IRR, specifically the responsibilities prescribed under Section 52, TPA Code, and the Gas Policy.

#### **SECTION 46. Regulated TPA.**

Regulated TPA shall refer to an offer to the public of the entire or a portion of the Capacity of a Conventional Transportation System, which is a network of fixed facilities for the purpose of delivering natural gas, subject to compliance with the following:

- (a) Submission by the Permit Holder to the DOE of the terms of reference of the Regulated TPA offer;
- (b) The availment process shall be in accordance with the guidelines issued by the Permit Holder and approved by the DOE; and
- (c) The Permit Holder shall comply with the provisions of this IRR, specifically the responsibilities prescribed under Section 52, TPA Code, and the Gas Policy.

#### **SECTION 47. Congestion Management.**

Whenever a TPA Permit Holder is no longer able to use or has not released the capacity without justifiable reason, the DOE shall have the authority to direct its release.

The procedure and criteria for release shall be governed by the TPA Code.

### **RULE V**

#### **STANDARDS ON PRODUCT QUALITY, FACILITY, AND SAFETY PRACTICE**

#### **SECTION 48. Standards on Downstream Natural Gas Facilities.**

All PDNGI Facilities shall be required to provide high quality and efficient service, observe stringent safety systems, pay attention to design details and structural integrity, and employ best practices in operation and maintenance. Regulations shall be consistent with both applicable Philippine and internationally accepted natural gas industry standards. The DOE shall ensure compliance with these requirements.

Applications for DOE Permits and for the continued operation of the PDNGI Facilities shall be subject to continuous compliance with these standards.

#### **SECTION 49. Standards on Product Quality.**

The Permit Holder and Participant shall maintain the quality of natural gas supply to gas buyers in accordance with the Philippine and internationally accepted standards, and ensure that the Delivery of Natural Gas complies with the purification requirements to guarantee the elimination of associated compounds which are unnecessary or damaging to the PDNGI Facilities. The DOE shall ensure compliance with this requirement.

## **SECTION 50. Standards on Safety Practice.**

The Permit Holder and Participant shall implement an acceptable health, safety, security, and environmental management system in accordance with applicable Philippine and internationally accepted standards. The DOE, DENR, DOH, DOLE, and other concerned agencies shall ensure compliance with this requirement.

## **SECTION 51. Safety Standards.**

The DOE, in collaboration with the NREB and PNOC, shall develop and implement safety standards of Natural Gas, including Renewable Gases, in order to address their unique properties and risks.

# **RULE VI RESPONSIBILITIES OF PERMIT HOLDERS AND PARTICIPANTS**

## **SECTION 52. Responsibilities of Permit Holders.**

A Permit Holder shall have the following responsibilities:

- (a) Align all goals, objectives, and accomplishments with the declared policies of the Act and the PEP;
- (b) Take direct responsibility and accountability for the construction, operation, and maintenance of PDNGI Facilities by providing the necessary services, technology, and financing, either by itself or through its duly authorized contractors;
- (c) Secure a Permit before engaging in any activity relating to siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities;
- (d) Comply with regulatory obligations, maintain complete records, and submit all reportorial requirements and other documents as may be required by the DOE and other government agencies pursuant to the Act and this IRR;
- (e) Comply with the standards on Natural Gas quality, facility, construction and equipment installation, safety, and security of operations and environmental protection in the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities;
- (f) Operate the PDNGI Facility in strict adherence with the scope and limits of the Permit, and in accordance with the HSSE best practices and the Philippine and internationally accepted standards;
- (g) Allow examiners of the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) entry to the facility premises and full access to accounts, books, and records for tax and other fiscal purposes, in accordance with BIR and BOC rules and procedures;

- (h) Allow the DOE, IA-HSSE IMT, ERC, PCC, and other government agencies, entry to the facility premises and full access to operational records for inspection and monitoring activities, in accordance with the rules and procedures of such government agencies;
- (i) Give preference to qualified local talent for hiring, and to local companies or agencies in entering into contracts on projects or services which are required in the construction or operation of the PDNGI Facility;
- (j) Hold the DOE, ERC, IA-HSSE IMT, and other government agencies, their officers, agents, and employees, free and harmless from and against all suits, claims, demands, or actions of any nature or kind, arising out of their acts or omissions in the performance of any activity in connection with the implementation of the Act: Provided, That such acts or omissions are lawful and not contrary to the provisions of the Act and this IRR;
- (k) Participate in the development, issuance, and review of plans, protocols, standards, and codes applicable to the PDNGI;
- (l) Establish and maintain a decommissioning fund at the start of operations of the PDNGI facility to be utilized for its decommissioning in accordance and consistent with the policies and guidelines of the DENR on the establishment, maintenance, and use of the environmental guarantee fund to ensure compliance with, among others, decommissioning obligations in all co-located or single projects that have been determined by the Environment Management Bureau to pose a significant public risk;
- (m) Unbundle and make available to the public its unbundled rates and fees, if applicable;
- (n) Not engage in Anti-Competitive Behavior;
- (o) Secure an insurance policy, a certified true copy of which shall be submitted to the DOE within sixty (60) days from the date of issuance of the PTC, PTE, PTR, PTM or POM to adequately cover/answer for any potential damage to the environment, lives, and/or property, in accordance with existing laws, rules and regulations based on the environmental (land, air, water, and people) impact identification, prevention and mitigation assessment and the seismic, geologic, oceanographic, atmospheric and security hazard to infrastructure and process identification, prevention and mitigation assessment; and
- (p) Such other responsibilities mandated by the DOE to ensure the development of the PDNGI.

### **SECTION 53. Responsibilities of Participants.**

- (a) Align all goals, objectives, and accomplishments with the declared policies of the Act and the PEP;



- (b) Secure an Accreditation before engaging in any activity relating to the trade of Natural Gas;
- (c) Comply with regulatory obligations, maintain complete records, and submit all reportorial requirements and other documents as may be required by the DOE and other government agencies pursuant to the Act and this IRR;
- (d) Comply with the standards on natural gas quality in the trade of Natural Gas;
- (e) Allow examiners of the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) entry to the facility premises and full access to accounts, books, and records for tax and other fiscal purposes, in accordance with BIR and BOC rules and procedures;
- (f) Allow the DOE, IA-HSSE IMT, ERC, PCC, and other government agencies, entry to the facility premises and full access to operational records for inspection and monitoring activities, in accordance with the rules and procedures of such government agencies;
- (g) Give preference to qualified local talents for hiring and to local companies or agencies in entering into contracts on projects or services which are required in the business;
- (h) Hold the DOE, ERC, IA-HSSE IMT, and other government agencies, their officers, agents, and employees, free and harmless from and against all suits, claims, demands, or actions of any nature or kind, arising out of their acts or omissions in the performance of any activity in connection with the implementation of the Act: Provided, That such acts or omissions are lawful and not contrary to the provisions of the Act and this IRR;
- (i) Participate in the development, issuance, and review of plans, protocols, standards, and codes applicable to the PDNGI;
- (j) Unbundle and make available to the public its unbundled rates and fees, if applicable;
- (k) Not engage in Anti-Competitive Behavior; and
- (l) Such other responsibilities mandated by the DOE to ensure the development of the PDNGI.

## **RULE VII INCENTIVES**

### **SECTION 54. Fiscal Incentives.**

In recognition of the substantial investments needed for the development, construction, lease, operation and/or maintenance of, and conversion to natural gas facilities, all PDNGI Facilities, as certified by the DOE, shall undergo an evaluation process for possible inclusion in and entitlement to incentives under the Strategic Investment Priority Plan (SIPP), subject to the incentives provided under Title XIII (Tax Incentives) of the National Internal Revenue Code of

1997 (NIRC), as amended by RA 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act", and any amendments thereto.

The purchase and sale of Indigenous Natural Gas, Aggregated Gas, and power generated by generation facilities using Indigenous Natural Gas and Aggregated Gas shall be exempt from Value-Added Tax (VAT): Provided, That the exemption from VAT for Aggregated Gas is only to the extent of the amount of Indigenous Natural Gas attributed to be in the Aggregated Gas. This includes the (a) purchase and sale of Indigenous Natural Gas and Aggregated Gas by an aggregator, reseller, supplier, person authorized by the ERC to operate facilities used in the generation of electricity, or an End-user, and (b) purchase and sale of electricity or ancillary services produced by a generation facility using Indigenous Natural Gas and/or Aggregated Gas by a person authorized to (i) operate facilities used in the generation of electricity or ancillary services, (ii) sell, broker, market, or aggregate electricity to End-users, (iii) consolidate electric power demand of End-users for the purpose of purchasing and reselling electricity on a group basis, (iv) engage in the distribution of electricity, or (v) procure or provide ancillary services. These shall include all modes of purchase and sale, whether through a supply agreement; a duly-authorized market such as, but not limited to, the Wholesale Electricity Spot Market or the ancillary reserves market, financial gas contracts, NGSPA; or through other modes.

## **RULE VIII PROMOTION OF COMPETITION**

### **SECTION 55. Anti-Competitive Behavior.**

In accordance with RA 10667, no Permit Holder or Participant, or any Affiliate thereof, may engage in any Anti-Competitive Behavior or abuse of its dominant position.

### **SECTION 56. Fair Access to Capital and Off-Taker Market.**

The DOE shall issue applicable policies that promote the financial viability of the PDNGI and ensure competitive access to both capital and off-taker markets for Natural Gas.

## **RULE IX FINES AND PENALTIES**

### **SECTION 57. Administrative Fines and Penalties.**

The DOE shall impose the following administrative fines and penalties, without prejudice to other appropriate administrative fines and penalties that other relevant government agencies may impose on the Permit Holder or Participant:

- (a) Any Permit Holder or Participant found to have violated established Industry Standards shall be penalized with a fine of Five Hundred Thousand Pesos (₱500,000.00) for each violation. The determination of a violation shall be based on findings made by the DOE;
- (b) Any Permit Holder or Participant who fails to comply with lawful orders, directives, or instructions issued by the DOE shall be penalized with a fine of One Million Pesos (₱1,000,000.00) for each instance of non-compliance; and

- (c) Any Permit Holder or Participant who fails to submit the reportorial requirements stipulated in the Guidelines for Submission of Reportorial Requirements, attached as Annex C herein, within the prescribed period shall be penalized with a fine of Two Hundred Thousand Pesos (₱200,000.00) for each instance of non-compliance; and
- (d) Any Permit Holder or Participant who fails to fulfill the duties and responsibilities enumerated in Sections 52 and 53 of this IRR shall be penalized with a fine of One Hundred Thousand Pesos (₱100,000.00) for each instance of non-compliance.

The DOE shall review the schedule of fines provided in this Section every five (5) years.

The applicable administrative penalty for Section 39 shall be pursuant to RA 10667.

#### **SECTION. 58. Criminal Fines and Penalties.**

Appropriate fines and penalties under existing penal laws shall apply to any criminal violation committed in the implementation of the Act.

### **RULE X TRANSITORY PROVISIONS**

#### **SECTION 59. Existing Systems.**

PDNGI Facilities that have been constructed prior to the effectivity of the Act shall continue to be operated under their existing Permits and shall comply with additional requirements as applicable.

The application and implementation of the pertinent provisions of the Act shall not impair vested rights or obligations of contracts. Current and subsisting agreements shall remain valid and in force in accordance with the existing terms and conditions agreed to by the parties until the expiration or termination thereof.

All Permit Holders and Participants shall comply with the provisions of the Act within two (2) years from the effectivity of this IRR: Provided, That health, safety, security, environmental, construction, operation, and other permits, licenses, certificates, and authorizations issued prior to the effectivity of the Act that are not inconsistent herewith shall remain valid.

PDNG Transmission Systems and PDNG Distribution Systems existing at the time of the effectivity of the Act shall be allowed to continue pursuant to the terms and conditions indicated in their franchise and until the lapse of the period accorded therein.

#### **SECTION 60. Pending Application.**

All applications for any activity in the PDNGI which are pending before the DOE upon the effectivity of this IRR shall be covered by the Act.

Furthermore, all applications, plans and processes requiring DOE review or approval in connection with the Gas Policy shall be held in abeyance until issuance of the said policy.

In this regard, the DOE shall issue the Gas Policy within six (6) months from the date of effectivity of this IRR.

## **RULE XI FINAL PROVISIONS**

### **SECTION 61. Amicable Settlement.**

All parties shall make their best efforts to amicably settle any dispute arising from the performance or interpretation of any provision of the Act and this IRR.

### **SECTION 62. Congressional Oversight.**

Pursuant to Section 47 of the Act and upon effectivity of the Act, the Joint Congressional Energy Commission (JCEC) shall exercise oversight powers over the implementation of the Act. It shall conduct a policy review five (5) years from the effectivity of the Act, without prejudice to an earlier periodic review as necessary.

### **SECTION 63. Reportorial Requirement.**

The DOE, ERC, and other relevant government agencies shall submit annual reports which shall include the latest relevant data, implementation reviews and reports, and policy and regulatory issues, to the JCEC not later than the fifteenth (15th) day of September of each year.

### **SECTION 64. Appropriations.**

The amount necessary for the implementation of the Act and this IRR shall be included in the annual General Appropriations Act.

### **SECTION 65. Separability Clause.**

If, for any reason, any provision of this IRR is declared unconstitutional or invalid, the other parts or provisions hereof, which are not affected thereby, shall continue to be in full force and effect.

### **SECTION 66. Repealing Clause.**

Department Circular No. 2024-01-0007 or the "Amended Philippine Downstream Natural Gas Regulation" and any law, presidential decree or issuance, executive order, letter of instruction, rule, or regulation inconsistent with the provisions of the Act and this IRR is hereby repealed or modified accordingly.

### **SECTION 67. Saving Clause.**

The provision of Presidential Decree No. 87, otherwise known as "The Oil Exploration and Development Act of 1972", RA 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", and RA 9513, otherwise known as the "Renewable Energy Act of 2008" shall remain applicable and shall not in any way be amended or repealed by the provisions of the Act and this IRR.

**SECTION 68. Effectivity.**

This IRR shall take effect fifteen (15) days after its publication in the Official Gazette or in a in at least two (2) newspapers of general circulation and the filing of a copy with the University of the Philippines Law Center - Office of the National Administrative Register.

Issued this MAR 26 2025 at DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City, Metro Manila.

**RAPHAEL P. M. LOTILLA**  
Secretary



## **ANNEX A**

### **GUIDELINES FOR ISSUANCE OF PERMITS**

#### **Section 1. Coverage.**

These guidelines shall govern the issuance of Permit under the Philippine Natural Gas Industry Development Act.

#### **Section 2. Downstream Natural Gas - Review and Evaluation Committee (DNG-REC).**

**The DNG-REC is hereby constituted:**

- Chair : Supervising Undersecretary, Oil Industry Management Bureau (OIMB) or as otherwise designated by the DOE Secretary
- Vice Chair : Supervising Assistant Secretary, OIMB or as otherwise designated by the DOE Secretary
- Members : Director, OIMB
  - : Director, Legal Services (LS)
  - : Director, Financial Services (FS)

#### **Section 3. Responsibilities of the DNG-REC.**

- a. Receives, evaluates, approves, and if applicable, recommends to the DOE Secretary for approval policies, programs, Permits, implementing guidelines, and other issuances for the development of the PDNGI;
- b. Recommends to the DOE Secretary for approval the guidelines implementing standards on product, facility, and safe practices on siting, construction, operation and maintenance, modification, expansion, rehabilitation, decommissioning and abandonment of PDNGI Facilities;
- c. Supervises and monitors the progress of siting, construction, operation and maintenance, modification, expansion, rehabilitation, decommissioning and abandonment of PDNGI Facilities based on the approved work program;
- d. Addresses any clarification that may be raised by the DOE Secretary in connection with recommendations for approval policies, programs, standards, Permits, implementing guidelines, and other issuances; and
- e. Implement all other necessary measures allowed under existing laws, rules and regulations.

#### **Section 4. DNG-REC Secretariat.**

The Secretariat shall provide administrative support to DNG-REC in the discharge of its responsibilities and shall be composed of the following:

Head : Assistant Director, OIMB

Member : Natural Gas Management Division (NGMD), OIMB

#### **Section 5. Downstream Natural Gas - Technical Working Group (DNG-TWG).**

The DNG-TWG shall evaluate and recommend to the DNG-REC the result of legal, technical, and financial evaluations of a Permit application and shall be composed of the following:

Members : NGMD, OIMB

: Downstream Conventional Energy Legal Services Division, LS

: Conventional Energy Resources Compliance Division, FS

#### **Section 6. Application Procedure.**

##### **a. Pre-application Conference.**

- i. The Applicant shall submit a request letter for a pre-application conference with the DNG-REC addressed to the DNG-REC Chair.
- ii. The DNG-REC Secretariat shall send a reply letter to the Applicant stating the schedule of the pre-application conference.
- iii. During the pre-application conference, the Applicant shall present its project proposal to the DNG-REC. The Applicant may likewise discuss any clarification on the rules and requirements of the Permit application.
- iv. Following the pre-application conference, the Applicant may proceed to file its Notice to Proceed (NTP) application.

##### **b. Notice to Proceed.**

- i. The Applicant shall submit the application, with all the prescribed documentary requirements, addressed to the DNG-REC Chair.
- ii. DNG-TWG shall proceed to check the completeness of submitted documentary requirements within three (3) working days. If complete, NGMD shall issue the order of payment, and the Applicant shall proceed to the payment of the processing fee. If incomplete, the submission shall be automatically rejected without prejudice to the right of the Applicant to re-apply.

- iii. For the complete application, the DNG-TWG shall, within twelve (12) working days, conduct legal, technical, and financial evaluation and recommend to the DNG-REC the approval or disapproval of the NTP application.
- iv. The DNG-REC shall, within five (5) working days from the date of receipt of the recommendation from the DNG-TWG, approve or disapprove the NTP application.

The NTP shall be valid for one (1) year from the date of issuance.

- v. The Permit Holder shall be provided with an advance copy of the Permit through email with a request to provide feedback via physical submission or online. The Permit Holder may subsequently claim the original copy from OIMB or OIMB delivers the same via registered mail.

**c. Permit to Construct (PTC).**

- i. Thirty (30) working days prior to the NTP expiration, the Permit Holder shall submit the application for PTC, with all the prescribed documentary requirements, addressed to the DNG-REC Chair.
- ii. DNG-TWG shall proceed to check the completeness of submitted documentary requirements within three (3) working days. If complete, NGMD shall issue the order of payment, and the Permit Holder shall proceed with the payment of the processing fee. If incomplete, the submission shall be automatically rejected without prejudice to the right of the Permit Holder to re-apply.
- iii. DNG-TWG and DNG-REC shall, within twelve (12) working days, conduct legal, technical, and financial evaluations and recommend to the DOE Secretary the approval or disapproval of the PTC application.
- iv. The DOE Secretary shall, within five (5) working days from the date of receipt of the recommendation from the DNG-REC, approve or disapprove the PTC application.

The validity of the PTC shall be based on the approved project baseline schedule submitted by the Permit Holder commencing on the day after the expiration of the NTP.

- v. The Permit Holder shall be provided with an advance copy of the Permit through email with a request to provide feedback via physical submission or online. The Permit Holder may subsequently claim the original copy from OIMB or OIMB delivers the same via registered mail.



**d. Permit to Operate and Maintain (POM).**

- i. Within thirty (30) working days from the completion of the PDNGI Facility, the Permit Holder shall submit the application for POM, with all the prescribed documentary requirements, addressed to the DNG-REC Chair.

Completion of the PDNGI facility refers to the compliance with the following:

1. Mechanical completion which means that individual component and sub-systems of the project have been properly constructed, installed and functionally tested according to Engineering, Procurement, and Construction (EPC) Contract requirements in a safe and prudent manner;
  2. Final Testing and Commissioning which means completion of performance testing to confirm that all components and systems of the project comply with the design and construction requirements; and
  3. Acceptance of completion by the Permit Holder. This is confirmed through an acceptance certificate duly signed by the Permit Holder and the EPC contractor.
- ii. DNG-TWG shall proceed to check the completeness of the submitted documentary requirements within three (3) working days. If complete, NGMD shall issue the order of payment, and the Permit Holder shall proceed with the payment of the processing fee. If incomplete, the submission shall be automatically rejected without prejudice to the right of the Permit Holder to re-apply.
  - iii. The DNG-TWG, in coordination with the IA-HSSE IMT, shall conduct an onsite verification of the completion of the project within ten (10) working days from the payment of processing fee.
  - iv. After the onsite verification, the DNG-TWG and DNG-REC shall, within twelve (12) working days, conduct legal, technical, and financial evaluations and recommend to the DOE Secretary for further review and approval of the POM issuance.
  - v. The DOE Secretary shall, within five (5) working days from the date of receipt of the recommendation from the DNG-REC, approve or disapprove the issuance of the POM.
  - vi. The POM shall be valid for a maximum period of twenty-five (25) years commencing on the day after the expiration of the PTC. The POM may be renewed for such a period as may be determined at the time of renewal.

- vii. The Permit Holder shall be provided with an advance copy of the Permit through email with a request to provide feedback via physical submission or online. The Permit Holder may subsequently claim the original copy from OIMB or OIMB delivers the same via registered mail.

**e. Permits to Expand (PTE), Rehabilitate (PTR), Modify (PTM), and Approval of Decommissioning and Abandonment.**

- i. The Permit Holder shall submit an application, with all the prescribed documentary requirements, addressed to the DNG-REC Chair.
- ii. DNG-TWG shall proceed to check the completeness of submitted documentary requirements within three (3) working days. If complete, NGMD shall issue the order of payment, and the Permit Holder shall proceed with the payment of the processing fee. If incomplete, the submission shall be automatically rejected without prejudice to the right of the Permit Holder to re-apply.
- iii. DNG-TWG shall, within twelve (12) working days, conduct legal, technical, and financial evaluation and recommend to the DNG-REC the approval or disapproval of the application.
- iv. The DNG-REC shall, within five (5) working days from the date of receipt of the recommendation from the DNG-TWG, approve or disapprove the application.
- v. The Permit Holder shall be provided with an advance copy of the Permit through email with a request to provide feedback via physical submission or online. The Permit Holder may subsequently claim the original copy from OIMB or OIMB delivers the same via registered mail.

**f. Extension of Permit Validity.**

- i. Thirty (30) working days prior to the expiration of the Permit, the Permit Holder shall submit a request for extension, with all the prescribed documentary requirements, addressed to the DNG-REC Chair.

Request for an extension shall be allowed by the DNG-REC only on any of the following grounds:

- 1. Force Majeure case;
- 2. Non-issuance of a government permit or clearance without negligence or fault of the Permit Holder; or
- 3. Other justifiable reasons, without negligence or fault of the Permit Holder, which prevented the Permit Holder from complying with its work commitments.

- ii. The DNG-TWG shall, within fifteen (15) working days, validate the ground for extension, the extent of delay, and proposed amended work program and recommend to the DNG-REC the approval or disapproval of the request for extension.
- iii. The DNG-REC shall, within five (5) working days from the date of receipt of the recommendation from the DNG-TWG, approve or disapprove the request for extension.

The Permit Holder shall be given an extended period equivalent to the approved amended work program.

## **Section 7. Documentary Requirements.**

### **a. General Information.**

- i. An Applicant shall refer to a Philippine or foreign registered natural or juridical person authorized to engage in the operation of a PDNGI Facility.
- ii. Submission of legal, technical, and financial documents shall be in English language, and for foreign-registered Applicant must be duly authenticated by the embassy which has operational coverage of the Philippines.
- iii. Applications for NTP, PTC, POM, PTE, PTR, and PTM must be submitted in both hard copies, with three (3) complete and legible sets of legal, technical, and financial documents, and digital copies (in PDF format on a USB drive). The recommended format includes the use of the Times New Roman font in size 12, single-line spacing, figures in A4 size, and maps at an appropriate scale.
- iv. A non-refundable processing fee, in accordance with the latest DOE approved schedule of fees and charges, shall be paid by the Applicant upon receipt of order of payment from NGMD. Payment may be made in cash, manager/company check, or by wire/bank transfer payable to the Philippine Department of Energy. All payments should be net of all applicable foreign and local bank financial charges. An application is not considered accepted by the DNG-REC until the processing fee is fully paid.
- v. The application shall be sent by courier or registered mail, or hand-delivered and stamped-received by the DOE Records Division. It shall be addressed to:

#### **The Chair**

Downstream Natural Gas-Review and Evaluation Committee (DNG-REC)

Department of Energy

Energy Center, Rizal Drive cor. 34<sup>th</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines 1632

**b. Documentation.**

**i. Issuance of NTP.**

**1. Legal Documentation.**

- a. Duly filled-out covering information sheet showing a brief profile of the Applicant (Annex A-1);
- b. Certified true copy of Securities and Exchange Commission registration, Articles of Incorporation and By-Laws or their equivalent for foreign - registered Applicant. The corporate purpose of the Applicant shall include authority to own and operate a PDNGI facility;
- c. Certified true copy of the latest General Information Sheet (GIS) of the Applicant stamped-received by the SEC within twelve (12) months from date of the filing of application; and
- d. Certified true copy of Secretary's Certificate showing authority of the Applicant's representative to apply, negotiate, sign, and execute documents in relation to the application.

The DNG-REC, at its discretion, may require the submission of the above-mentioned documents of the Applicant's Parent Company/ies and/or Affiliate/s.

**2. Technical Documentation.**

- a. Applicant profile.

An executive report indicating the following:

- i. Applicant.
  1. Executive summary of the business operation of the Applicant;
  2. List of executive officers and their professional qualification and experience;
  3. List of project management team and their professional qualification and experience;
  4. Organizational chart of the executive officers and the project management team;
  5. Business direction and strategy; and
  6. Major accomplishments in the PDNGI Industry.

- ii. Profile of the Applicant's Affiliates and joint ventures.
  - 1. Legal identity and business operation of the Applicant's Affiliates and joint ventures;
  - 2. List of executive officers and their professional qualification and experience;
  - 3. List of project management team and their professional qualification and experience;
  - 4. Organizational chart of the executive officers and the project management team;
  - 5. Specific expertise of the Affiliate or joint venture that will be contributed to the project; and
  - 6. Major accomplishments of the Affiliate or joint venture in the specific expertise to be contributed to the project.
- iii. Applicant, its Affiliates, and joint venture disclosure of any pending or finally determined major safety or environmental enforcement actions by relevant authorities; and
- iv. Other information that the Applicant may deem necessary to support its application or as may be required by the DNG-REC.

b. Project profile.

- i. General project description;
- ii. Description of project site;

Applicant shall comply with the following minimum requirements:

- 1. Classified as heavy industrial zone; and
- 2. Adequate exclusion zone.
- iii. List of permitting requirements to be secured from the Government by the Applicant before construction;
- iv. List of technical studies to be prepared by the Applicant before construction;
- v. Other pre-construction preparatory activities.

### **3. Financial Documentation.**

#### **a. Work program and budget indicating the following:**

- i. Acquisition or lease of project location/site;**
- ii. Permitting activities;**
- iii. Technical studies; and**
- iv. Other pre-construction preparatory activities.**

#### **b. Financial Documents:**

- i. Certified true copy of the audited Financial Statements (FS) for the last two (2) years from the date of the Application and the latest unaudited FS duly signed by the President and/or Chief Finance Officer of the company if the audited FS is more than six (6) months at the time of application filing;**
- ii. Original copy of the bank certification on the cash balance of the latest unaudited FS;**
- iii. Board resolution appropriating funds for the work program; and**
- iv. If the committed working capital is insufficient, the Applicant may avail any of the following support funding:**

##### **1. Additional funding from equity:**

**Certified true copy of the Corporate Secretary's certification of the committed additional paid-in capital supported by original copy of sworn letter of commitment from interested shareholders;**

##### **2. Funding support from the Parent Company:**

- a. A certified true copy of the audited FS for the last two (2) years from the date of the application and the latest unaudited FS duly signed by the President and/or Chief Finance Officer of the company if the audited FS is more than six (6) months at the time of application filing;**
- b. Original copy of the bank certification on the cash balance of the latest unaudited FS; and**
- c. Certified true copy of notarized board resolution appropriating fund based on its corresponding participating interest.**

3. Funding support from debt financing:

Certified true copy of approved loan facility or agreement specifically earmarked to fund the proposed work program.

- c. Proposed Financial Closing methodology for the proposed PDNGI facility construction.
- d. Financial evaluation criteria.

The working capital as computed based on the submitted financial documentation and the support funding shall be able to support one hundred percent (100%) of the proposed work program.

For the purpose of this guideline, working capital refers to the difference between the company's current assets (such as cash and cash equivalents, trade and other receivables, short-term investments, prepayment and inventories) and current liabilities (such as short-term debts, trade and other payables). The available working capital for each application shall be net of the fund requirements or financial commitments from other existing projects or service contracts with the DOE, if applicable.

**ii. Issuance of PTC.**

**1. Legal Documentation.**

- a. Applicable regulatory permits from the Department of Environment and Natural Resources (DENR) which include the Environmental Compliance Certificate (ECC);
- b. Applicable Endorsement and Building Permits from the local government unit (LGU);
- c. Certificate of Non-Overlap or Certification Pre-Condition (CP) from the National Commission on Indigenous Peoples (NCIP);
- d. Registration from the Department of Labor and Employment (DOLE);
- e. Fire Safety Evaluation Clearance from the Bureau of Fire Protection (BFP); and
- f. Other permits that may be required by law or rules.

**2. Technical Documentation.**

- a. Final project description:

- i. Description of the PDNGI Facility for construction and installation;
  - ii. Plot plans and list of key buildings, components, systems, access roads, safety zones and distances;
  - iii. Description of the functions of key buildings, components, systems, access roads, safety zones and distances;
  - iv. List and description of technologies to be employed in the construction and installation;
  - v. Summary list with sufficient description of the Philippine or Internationally Accepted Codes and Standards specifically used as basis on the formulation of the plans and designs for the construction of buildings and other facilities and the installation of equipment including the materials used therein; and
  - vi. Other relevant detailed engineering design information.
- b. Execution program:
  - i. Work program and budget attached with Gantt Chart;
  - ii. Detailed construction and installation work per activity with timelines of procurement and delivery indicating the start and completion date for each milestone;
  - iii. Pre-commissioning and commissioning tests and start up for works and milestones; and
  - iv. Description of the progress measurement system and method applied to monitor progress of the project. The Applicant shall use scheduling tools for ease of project progress and schedule monitoring (i.e., XER or MPT).
- c. Detailed description of the professional qualifications and experience of the project management team for construction, installation, testing and commissioning attached with an organizational chart indicating the groups/sections and their roles, functions, scope of work, etc.;
- d. Detailed description of manpower complement;
- e. Third-party safety and quality validation:
  - i. Safety and Quality Certificate on the design of the buildings, other facilities, and equipment to be installed; and



- ii. Safety and Quality Certificate of the materials to be used on the construction, facilities, and equipment.
- f. Environmental (land, air, water and people) impact identification, prevention and mitigation assessment report of the proposed infrastructure and processes on the proposed site consistent with the Philippine Environmental Impact Statement System (EISS) Law and its implementing rules;
- g. Geologic, oceanographic, seismic, atmospheric, and security hazard identification, prevention and mitigation assessment report such as but not limited to:
  - i. Offshore Wind and Wave Study;
  - ii. Wave Transformation Modeling Study;
  - iii. Hydrodynamic (Flow) Modeling Study;
  - iv. Navigational Simulations (Fast-time);
  - v. Simplified Downtime Assessment;
  - vi. Tsunami Modeling Study;
  - vii. Typhoon Modeling Study;
  - viii. Quantitative Risk Assessment; and
  - ix. Other related studies.
- h. Health, Safety, Security and Environment (HSSE) Risk Assessment and Management Plan (Construction and Equipment Installation Phase);

Submission of HSSE management systems, management and employee structure, manpower complement, qualification and competency/training development program and mitigation plans to address the risks at As Low As Reasonably Practicable (ALARP) levels in the following areas:

- i. Environmental Risk Assessment and Management Plan

Consistent with the Philippine environmental regulations and/or International Standards, a comprehensive assessment and management program shall be established to address project-specific risks and potential impacts on the environment.

Potential environmental issues associated with the construction and installation of LNG equipment which shall include, but are not limited to the following:

1. Threats to aquatic and shoreline environments;
2. Hazardous material management;
3. Wastewater;
4. Air emissions;
5. Waste management; and
6. Noise

ii. Occupational Health and Safety Risk Assessment and Management Plan

Occupational health and safety issues shall be part of a comprehensive hazard identification, risk assessment and management study which include but is not limited to Hazard Identification (HAZID) study, Hazard and Operability (HAZOP) study, and qualitative and quantitative risk assessments shall be conducted as appropriate. The results of these studies shall be used as input to the Health and Safety Plans (HASP) specific to construction and equipment installation phases. The HASP shall include, but is not limited to, environmental and safety processes, and safe systems of work/ procedures which shall be prepared, communicated and implemented to manage the risks.

Occupational health and safety issues associated with the construction and installation of DNG Facilities which shall include, but are not limited to, the following:

1. Fire and explosion;
2. Roll-over;
3. Contact with cold surfaces;
4. Chemical hazards;
5. Confined spaces;
6. Working at heights;
7. Lifting and rigging;
8. Excavation; and

9. Other construction and installation related hazards.

iii. Facility Security Risk Assessment and Management Plan

Facility security assessment shall be conducted to identify threats which include but is not limited to criminal and terrorist. The vulnerability of the facility/location against identified threats shall likewise be assessed and corresponding plans shall be put in place.

iv. Disaster/Emergency Preparedness and Response Plan

Based on the HSSE assessment, a plan shall be put in place to prevent, mitigate, respond to, and maintain continuity from an incident that threatens life, property, operations and the environment. Incident as defined is anything that has the potential to cause interruption, disruption, loss, emergency, crisis, disaster or catastrophe.

v. Other areas of concern that the Permit Holder may deem necessary.

**3. Financial Documentation.**

The Permit Holder shall submit the following:

a. Work program and budget indicating the following:

- i. Permitting activities;
- ii. Construction, installation, testing and commissioning; and
- iii. Other related activities.

b. Financial documents

Submit the updated financial documents required in Section 7 (b) (i) (3) (b).

c. Financial evaluation criteria

The working capital as computed based on the submitted financial documentation and the support funding shall be able to support one hundred percent (100%) of the proposed work program.

**iii. Issuance of POM.**

**1. Legal Documentation.**

Updated permitting requirements of other government agencies for the operation of the facility which shall include the following:

- a. Applicable regulatory permits from the DENR which include the ECC;
- b. Business Permits for Operation from the LGU;
- c. Registration and Permit to Operate from the DOLE;
- d. Fire Safety Inspection Certificate from the BFP; and
- e. Other permits as may be required by law or rules.

**2. Technical Documentation.**

- a. Completion requirements:
  - i. Mechanical completion certificate issued by the EPC contractor and concurred to by the Permit Holder;
  - ii. Final testing and commissioning certificate issued by the EPC contractor and concurred to by the Permit Holder; and
  - iii. Final project completion acceptance certificate issued by the EPC contractor and concurred to by the Permit Holder.
- b. Final plot plans and list of key buildings, components, systems, access roads, safety zones and distances;
- c. Description of the functions of key buildings, components, systems, access roads, safety zones and distances;
- d. Operational process flow with diagram;

Description of operational process flow with diagram of buildings, components, and systems for operation and maintenance for DOE guidance and reference;

- e. HSSE Risk Assessment and Management Plan (Operation Phase);

Submission of HSSE management systems, management and employee structure, manpower complement, qualification and competency / training development program and mitigation plans to address the risks at ALARP levels in the following areas:

i. Environmental Risk Assessment and Management Plan;

Consistent with the Philippine environmental regulations and/or International Standard, a comprehensive assessment and management program shall be established to address project-specific risks and potential impacts to the environment.

Potential environmental issues associated with the operation and maintenance of LNG equipment which shall include but are not limited to the following:

1. Threats to aquatic and shoreline environments;
2. Hazardous material management;
3. Wastewater;
4. Air emissions;
5. Waste management; and
6. Noise.

ii. Occupational Health and Safety Risk Assessment and Management Plan;

Occupational health and safety issues shall be part of a comprehensive hazard identification, risk assessment and management study which include but is not limited to HAZID, HAZOP, and qualitative and quantitative risk assessments shall be conducted as appropriate. The results of these studies shall be used as input to the HASP specific to operation and maintenance activities. The HASP shall include but is not limited to environmental and safety processes, and safe systems of work/ procedures which shall be prepared, communicated and implemented to manage the risks.

Occupational health and safety issues associated with the operation and maintenance of DNG Facilities which shall include but are not limited to the following:

1. Fire and explosion;
2. Roll-over;
3. Contact with cold surfaces;
4. Chemical hazards;

- 5. Confined spaces;
- 6. Working at heights;
- 7. Lifting and rigging; and
- 8. Other operation and maintenance related hazards

iii. Facility Security Risk Assessment and Management Plan;

Facility security assessment shall be conducted to identify threats which include but is not limited to criminal and terrorist. The vulnerability of the facility/ location against identified threats shall likewise be assessed and corresponding plans shall be put in place.

iv. Disaster/Emergency Preparedness and Response Plan;

Based on the HSSE assessment, a plan shall be put in place to prevent, mitigate, respond to, and maintain continuity from an incident that threatens life, property, operations and the environment which shall be developed in close coordination with the community, local government unit and other stakeholders of the location where they operate. Incident as defined is anything that has the potential to cause interruption, disruption, loss, emergency, crisis, disaster or catastrophe.

v. Corporate Social Responsibility Program; and

These programs are intended to improve the well-being of the community in the locality where the project is located on areas such as health, education, livelihood and other programs that promote improvement of the lives and welfare of the community.

vi. Other areas of concern that the Permit Holder may deem necessary.

f. Description and schedule of maintenance activities

**3. Financial Documentation.**

- a. Proposed operation and maintenance work program and budget for the first year of operation; and
- b. Financial Documents:

Submit the updated financial documents required in Section 7 (b) (i) (3) (b).

c. Financial evaluation criteria.

The working capital as computed based on the submitted financial documentation and the support funding shall be able to support one hundred percent (100%) of the proposed operation and maintenance for the first year of operation.

**iv. Special Permit to Allow Use of Facility.**

1. Pursuant to Section 41 of the IRR, Own-Use Permit Holder shall utilize its entire capacity exclusively for own-use and shall not be allowed to enter into TPA arrangements, unless approved by the DOE.

Moreover, pursuant to Section 42 of the IRR, a TPA Permit Holder shall utilize its entire capacity exclusively for TPA and shall not be allowed to utilize any such capacity for own-use, unless approved by the DOE.

To obtain DOE approval, the Permit Holder shall submit the following:

- a. An application letter addressed to DNG-REC Chair;
  - b. A feasibility study showing that the utilization of the PDNGI facility is necessary and the most feasible to address supply of natural gas for Own-Use or TPA, whichever is applicable;
  - c. Terms and conditions of offer for TPA and terms and conditions on use in case of Own-Use;
  - d. A Certification issued by the PCC that the proposed Own-Use or TPA will not result in anti-competitive behavior; and
  - e. A clearance of no pending administrative penalty issued by the DOE-Office of the Legal Services.
2. An Own-Use or TPA Permit Holder may be allowed by DOE to enter into TPA or Own-Use arrangements, respectively, to ensure availability of natural gas supply, energy security and consumer welfare. No Special Permit shall be issued if it will result in anti-competitive behavior.

**v. Issuance of PTE, PTR or PTM.**

**1. Legal Documentation.**

- a. Amended regulatory permits from the DENR, as applicable;
- b. Building permit from the LGU, as applicable;

- c. Registration and Permit to Operate from the DOLE;
- d. Fire Safety Evaluation Clearance from the BFP; and
- e. Other permits as may be required by law or rules.

**2. Technical Documentation.**

- a. Final project description; and
- b. Execution program.

**3. Financial Documentation.**

The Permit Holder shall submit the following:

- a. Work program and budget indicating the following:
  - i. Permitting activities;
  - ii. Construction, installation, testing and commissioning; and
  - iii. Other construction related activities.

- b. Financial Documents.

Submit the updated financial documents required in Section 7 (b) (i) (3) (b).

- c. Financial evaluation criteria

The working capital as computed based on the submitted financial documentation and the support funding shall be able to support one hundred percent (100%) of the proposed work program.

**vi. Decommissioning and Abandonment.**

**1. Legal Documentation.**

Certified true copy of regulatory permits required from government agencies.

**2. Technical Documentation.**

Submission of Decommissioning and Abandonment Plan:

- a. Description of the proposed decommissioning and abandonment activities with timeline and budgetary requirements;



- b. Work activities timeline and budgetary requirements;
- c. HSSE Risk Assessment and Management Plan
  - i. Environmental Risk Assessment and Management Plan;
  - ii. Occupational Health and Safety Risk Assessment and Management Plan;
  - iii. Facility Security Risk Assessment and Management Plan;
  - iv. Disaster/ Emergency Preparedness and Response Plan; and
  - v. Other areas of concern that the Permit Holder may deem necessary.
- d. List of Philippine or Internationally Accepted Standards to be utilized during implementation
- e. Description of the project management team:
  - i. Complete name;
  - ii. Nationality;
  - iii. Position;
  - iv. Qualification;
  - v. Specialization/expertise;
  - vi. Experience;
  - vii. Role/responsibilities; and
  - viii. Certifications/trainings;

### **3. Financial Documentation.**

- a. Certified true copy of the latest available decommissioning fund.
- b. Financial evaluation criteria

The available decommissioning fund shall be able to support one hundred percent (100%) of the proposed work program.

**vii. Extension of Permit Validity.**

1. Application letter from the Permit Holder addressed to the DNG-REC Chair;
2. Executive report indicating the following:
  - a. Grounds for extension and proof of their existence;
  - b. Chronological history of the delay;
  - c. Assessment proving that the ground for extension caused the delay in accomplishing the work program;
  - d. Description of the methodology/technique used to compute the delay and the computation of the actual delay in number of days;
  - e. Proposed updated work program, budget, and baseline schedule/Gantt chart; and
  - f. Other relevant information or supporting documents

3. Financial Documents:

Submit the updated financial documents required in Section 7 (b) (i) (3) (b).

4. Financial evaluation criteria

The working capital as computed based on the submitted financial documentation and the support funding shall be able to support one hundred percent (100%) of the proposed updated work program.

**viii. Assignment or Transfer of Permit or Change of Control.**

**1. Legal Documentation – Assignment of Transfer of Permit.**

- a. Application letter from the Permit Holder addressed to the DNG-REC Chair;
- b. Certified true copy of the assignment agreement;
- c. Original copy of the Secretary's Certificate showing authority of the Permit Holder and assignee's representatives to apply, negotiate, sign, and execute documents in relation to the application;
- d. Original copy of the Permit Holder's Secretary's certificate attesting the issuance of a board resolution authorizing the

assignment or transfer of the Permit attached with the certified true copy of the board resolution;

- e. Original copy of the assignee's Secretary's certificate attesting the issuance of a board resolution authorizing the assumption of the Permit including all the responsibilities and obligations therein attached with the certified true copy of the board resolution;
- f. Business profile of the assignee;
- g. Certified true copy of Securities and Exchange Commission registration, Articles of Incorporation and By-Laws or their equivalent for foreign - registered assignee. The corporate purpose of the assignee shall include authority to own and operate the PDNGI facility subject of assumption; and
- h. Certified true copy of the latest General Information Sheet (GIS) of the assignee stamped-received by the SEC within twelve (12) months from the date of the filing of application.

## **2. Legal Documentation – Change of Control.**

- a. Application letter from the Permit Holder addressed to the DNG-REC Chair requesting approval of a planned sale of shares that will result in a change of control.

Control under the Philippine Natural Gas Industry Development Act shall mean the power to direct or cause the direction of management policies as an inherent part of decision-making power;

- b. Original copy of the Secretary's Certificate showing authority of the Permit Holder and buyer's representatives to apply, negotiate, sign, and execute documents in relation to the application;
- c. Business profile of the buyer;
- d. Certified true copy of Securities and Exchange Commission registration, Articles of Incorporation and By-Laws or their equivalent for foreign - registered buyer. The corporate purpose of the buyer shall include authority to own and operate the PDNGI facility subject of assumption; and
- e. Certified true copy of the latest General Information Sheet (GIS) of the buyer stamped-received by the SEC within twelve (12) months from the date of the filing of application.

### **3. Technical Documentation.**

#### **a. Profile of Assignee or Buyer.**

- i. Legal identity and business operation of the assignee or buyer;
- ii. Executive briefier describing the ability and competence of the assignee to take over the Permit or the buyer to assume control of the Permit Holder;
- iii. List of executive officers and their professional qualification and experience;
- iv. List of project management team and their professional qualification and experience;
- v. Organizational chart of the executive officers and the project management team.
- vi. Business direction and strategy; and
- vii. Major accomplishments in the PDNGI Industry.

#### **b. Profile of the Assignee or Buyer's Affiliates and joint ventures.**

- i. Legal identity and business operation of the assignee or buyer's Affiliates and joint ventures;
- ii. List of executive officers and their professional qualification and experience;
- iii. List of project management team and their professional qualification and experience;
- iv. Organizational chart of the executive officers and the project management team;
- v. Specific expertise of the Affiliate or joint venture that will be contributed to the project; and
- vi. Major accomplishments of the Affiliate or joint venture on the specific expertise to be contributed to the project.

#### **c. Applicant and its Affiliates and joint venture disclosure of any pending or finally determined major safety or environmental enforcement actions by relevant authorities; and**

#### **d. Other information that the Applicant may deem necessary to support its application or as may be required by the DNG-REC.**

#### **4. Financial Documentation of the Assignee or Buyer.**

- a. Work program and budget for the remaining work program;
- b. Financial Documents:

Submit the financial documents required in Section 7 (b) (i) (3) (b).

- c. Financial evaluation criteria

The working capital as computed based on the submitted financial documentation and the support funding shall be able to support one hundred percent (100%) of the remaining work program.

#### **Section 8. Evaluation Criteria.**

To meet the objectives of the PDNGI development, the DOE shall approve the Permits under the following considerations:

- a. The proposed project is consistent with the declaration of policies of the Philippine Natural Gas Industry Development Act;
- b. The Applicant:
  - 1. Has submitted the complete documentary requirements and paid the applicable application fee;
  - 2. Has demonstrated technical competence to deliver the construction and/or operation of the project;
  - 3. Has demonstrated financial competence to meet the funding requirements; and
  - 4. Has demonstrated that the proposed project shall not result in any Anti-Competitive Behavior.

#### **Section 9. Operational Meeting and Workshops.**

The Permit Holder shall participate in regular operational meetings and special workshops with the DNG-REC for the development, issuance, and review of plans, protocols, standards, and codes applicable to the PDNGI.

#### **Section 10. Progress Report and Validation.**

The Permit Holder shall submit the progress reports prescribed by the Guidelines for Submission of Reportorial Requirements subject to onsite validation by the DNG-REC in coordination with the Inter-Agency Health Safety Security and Environment Inspection and Monitoring Team.

**ANNEX A-1**  
**INFORMATION SHEET**

PARTICULARS	APPLICANT/PERMIT HOLDER
1. NAME	
2. ADDRESS	
3. COUNTRY OF REGISTRATION	
4. NAME OF AUTHORIZED REPRESENTATIVE	
5. POSITION	
6. TELEPHONE NUMBER/S	
7. FAX NUMBER/S	
8. EMAIL ADDRESS	
9. WEBSITE ADDRESS	
10. SUMMARY DESCRIPTION OF APPLICATION:	
11. NAME OF PARENT COMPANY/IES	
12. NAME OF AFFILIATE/S	

**Certification**

I certify under penalty of law, based on information and belief formed after reasonable inquiry, the statements and information contained in these documents are true, accurate and complete.

Name and Signature of Authorized Representative: \_\_\_\_\_ Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

## **ANNEX B**

### **GUIDELINES FOR ISSUANCE OF ACCREDITATION AND ACKNOWLEDGEMENT**

#### **Section 1. Coverage.**

These guidelines shall govern the Accreditation of Participants and Acknowledgements to Import and Export Liquefied Natural Gas under the Philippine Natural Gas Industry Development Act.

##### **a. Participant.**

A Philippine or foreign- registered natural or juridical person interested to engage in the trade of natural gas.

##### **b. Types of Participant.**

- i. Supplier - refers to a Participant, authorized by the DOE, to engage in the procurement or production and selling of indigenous or imported liquefied natural gas (LNG) to gas buyers in the Philippines or abroad;
- ii. Aggregator - refers to a Participant, authorized by the DOE, to engage in the procurement of indigenous natural gas, combining it with imported LNG, and selling the aggregated gas to gas buyers in the Philippines or abroad;
- iii. Bunker Trader - refers to a Participant, authorized by the DOE, to engage in the sale of natural gas as fuel of domestic or foreign marine vessels; and
- iv. Reseller - refers to a Participant, authorized by the DOE, to engage in the procurement of natural gas from a Supplier or Aggregator and reselling it to gas buyers in the Philippines.

#### **Section 2. Accreditation Requirements.**

##### **a. General Requirement.**

##### **i. Instruction.**

1. An Applicant shall submit its requirements in English language, and for foreign-registered must be duly authenticated by the embassy which has operational coverage of the Philippines.
2. Application must be submitted in three (3) complete sets of hard copies, and digital copy in PDF format on a USB drive or email at oimb.ngmd@doe.gov.ph. The recommended format includes the use

of the Times New Roman font in size 12, single-line spacing, and figures in A4 size.

3. A non-refundable processing fee, in accordance with the latest Department of Energy (DOE) approved schedule of fees and charges, shall be paid by the Applicant upon receipt of order of payment from the Natural Gas Management Division - Oil Industry Management Bureau of the DOE. Payment may be made in cash, manager/company check, or by wire/bank transfer payable to the Philippine Department of Energy. All payments should be net of all applicable foreign and local bank financial charges. An application is not considered accepted by the DNG-REC until the processing fee is fully paid.
4. The application shall be sent by courier or registered mail, or hand-delivered and stamped-received by the DOE Records Division. It shall be addressed to:

**The Chair**

Downstream Natural Gas-Review and Evaluation Committee (DNG-REC)

Department of Energy

Energy Center, Rizal Drive, Bonifacio Global City, Taguig City

Metro Manila, 1632

Philippines

**ii. Submission of an application letter (Annex B-1) indicating the following information:**

1. Company details – business name, address, telephone number/s, email address;
2. Contact person and contact details; and
3. Type of Accreditation applied for:
  - a. Supplier
  - b. Aggregator
  - c. Reseller
  - d. Bunker Trader



**b. Specific Requirements.**

**i. Profile of the Applicant.**

Executive briefier indicating the following:

1. Legal identity;
2. Business operation;
3. Description of the source and estimate of natural gas (indigenous and/or imported liquefied natural gas) volume planned to be traded in one (1) year and its corresponding budgetary requirements;
4. Description and location of the facility to be used for storage, regasification, or production, and sale of natural gas; and
5. Description of prospective and/or existing buyers of natural gas.

**ii. Profile of the Applicant's Affiliates and/or joint venture members engaged in the natural gas industry.**

Executive briefier for each Affiliate and/or joint venture member indicating the following information:

1. Legal identity;
2. Business operation;
3. Major accomplishments in natural gas industry; and
4. Organizational chart of the executive officers and the project management team.

**iii. Applicant's supporting documents.**

**Certified true copies of the following:**

1. Securities and Exchange Commission registration, Articles of Incorporation and By-Laws or their equivalent for foreign - registered Applicant. The corporate purpose of the Applicant shall include authority to trade natural gas;
2. Latest General Information Sheet (GIS) of the Applicant stamped-received by SEC within twelve (12) months from date of the filing of application;

3. Secretary's Certificate showing authority of the Applicant's representative to apply, negotiate, sign, and execute documents in relation to the application;
4. Philippine Business Permit;
5. Philippine Bureau of Internal Revenue (BIR) Registration;
6. Certificate of Accreditation as Importer from the Philippine Bureau of Customs (BOC), if importing LNG;
7. Proof of the right to utilize the facility to be used for storage, regasification or production, and sale of natural gas, if applicable;
8. Audited Financial Statements for the last two (2) years from the date of the Application and the latest Unaudited FS duly signed by the President and/or Chief Finance Officer of the company if the Audited FS is more than six (6) months at the time of application filing;
9. Proof of payment of applicable fee; and
10. Other supporting and relevant documents that the law or rules may require.

**iv. Criteria.**

1. Submission of complete documentary requirements including payment of application fee;
2. Must be a Philippine or foreign registered natural or juridical person authorized to trade natural gas;
3. The working capital as computed based on the submitted financial statements shall be able to support one hundred percent (100%) of the budgetary requirements of the planned natural gas volume to be traded for one (1) year;
4. Must be authorized to utilize the capacity of the facility to be used for production, storage, regasification, and sale of natural gas; and
5. Other requirements as may be prescribed by law or DOE rules and regulations.

**c. Validity.**

The Accreditation certificate shall be valid for a period of five (5) years from the date of issuance, unless earlier revoked or canceled by Department of Energy, and may be renewed every five (5) years, subject to compliance with

prevailing laws and regulations. Application for renewal shall be filed not later than thirty (30) working days prior to the expiration of the Accreditation certificate.

### **Section 3. Acknowledgment.**

Accredited Participants shall file the applicable notice to Department of Energy- Oil Industry Management Bureau (DOE-OIMB) prior to every importation and exportation of Liquefied Natural Gas (LNG) for the issuance of Acknowledgment to Import LNG (ATI-LNG) or Acknowledgment to Export LNG (ATE-LNG):

#### **a. Notice to Import.**

Submit the notice to import to OIMB (Annex B-2) not later than seven (7) working days prior to loading of every importation:

##### **1. Details.**

- a. Business Name of the Participant and Accreditation Number;
- b. Quantity;
- c. Product Specifications;
- d. Estimated date of loading and arrival;
- e. Supplier;
- f. Estimated FOB price, freight, insurance cost, and other importation costs;
- g. Vessel name and voyage number; and
- h. Country of origin and destination, with both ports of loading and unloading.

##### **2. Supporting Document.**

- a. Pro-forma Invoice

#### **b. Post-Importation Notice.**

Submit the post-importation notice to OIMB (Annex B-3) not later than twenty (20) working days after unloading of every importation with the following supporting documents:

- 1. Commercial invoice;

2. Import bill of lading;
3. Certificate of quality;
4. Final import entry declaration; and
5. Statement of Settlement of Duties and Taxes (SSDT).

**c. Notice to Export.**

Submit the notice to export to OIMB (Annex B-4) not later than seven (7) working days prior to loading of every exportation:

**1. Details.**

- a. Business Name of the Participant and Accreditation Number;
- b. Quantity;
- c. Estimated date of loading and arrival;
- d. Business Name of Buyer;
- e. Estimated FOB price, freight, insurance cost and other exportation costs;
- f. Vessel name and voyage number); and
- g. Country of destination, with both ports of loading and unloading.

**2. Supporting Document.**

- a. Pro-forma Invoice

**d. Post-Exportation Notice.**

Submit the post-exportation notice to OIMB (Annex B-5) not later than twenty (20) working days after loading of every exportation with the following supporting documents:

1. Commercial invoice;
2. Export bill of lading; and
3. Certificate of Quality.

**Application for Accreditation as Participant**

Date \_\_\_\_\_

**OIL INDUSTRY MANAGEMENT BUREAU**  
**DEPARTMENT OF ENERGY**  
3<sup>rd</sup> Floor, PNOB Building 5  
Energy Center, Rizal Drive,  
Fort Bonifacio, Taguig City

Attention: **Dir. Rino E. Abad**  
Director

Dear Sir/Madam:

In compliance with the Department Circular No. \_\_\_\_\_, we wish to inform you of this application for Accreditation as Participant with the following details below:

**A. Company Details (Applicant)**

- |                         |   |                   |
|-------------------------|---|-------------------|
| 1. Business Name        | : |                   |
| 2. Address              | : |                   |
| 3. Telephone Number     | : |                   |
| 4. Email Address        | : |                   |
| 5. Types of Participant | : |                   |
|                         |   | Supplier ( )      |
|                         |   | Aggregator ( )    |
|                         |   | Bunker Trader ( ) |
|                         |   | Reseller ( )      |

**B. Specific Requirements**

See attached documents in compliance with the Guidelines for Issuance of Accreditation and Acknowledgement.

Very truly yours,

\_\_\_\_\_  
Name, designation & signature of  
applicant or authorized representative

**Reminder/ Instructions:**

1. Submit this application form with complete documentary attachments to OIMB for the issuance of Accreditation as Participant before the start of operation;
2. Pay the application fee based on the order of payment; and
3. Issuance of Accreditation shall not be later than twenty (20) working days from receipt of application.

**Notice to Import Liquefied Natural Gas**

Date \_\_\_\_\_

**OIL INDUSTRY MANAGEMENT BUREAU**  
**DEPARTMENT OF ENERGY**  
3<sup>rd</sup> Floor, PNOB Building 5  
Energy Center, Rizal Drive,  
Fort Bonifacio, Taguig City

Attention: **Dir. Rino E. Abad**  
Director

Dear Sir/Madam:

In compliance with the Department Circular No. \_\_\_\_\_, we wish to inform you of this notice to import liquefied natural gas with the following details:

**A. Company Details (Applicant).**

1. Business Name :
2. Address :
3. Telephone Number :
4. Email Address :
5. OIMB Accreditation No. :

**B. Shipment Details.**

1. Estimated Quantity :
2. Estimated Date of Loading :
3. Estimated Date of Arrival :
4. Supplier of Imported LNG :
5. Estimated Price :
6. Vessel Name and Voyage No.: :
7. Country of Origin :
8. Port of Loading :
9. Port of Discharge :

**C. Natural Gas Specification.**

**LNG Specification**

1. Gross Heating Value :

**Gas Composition**

1. Methane :
2. Butanes and heavier :
3. Pentanes and heavier :
4. Nitrogen :

**Impurities**

1. Total Sulphur :
2. H<sub>2</sub>S :
3. Mercury :

**D. Supporting Document.**

Pro-forma Invoice

Very truly yours,

---

Name, designation & signature of  
applicant or authorized representative

**Reminder/ Instructions:**

1. Submit this application form with complete documentary attachments to OIMB for the issuance of Acknowledgment to Import Liquefied Natural Gas;
2. Pay the application fee based on the order of payment;
3. Issuance of Acknowledgment shall not be later than seven (7) working days from receipt of application; and
4. For Post-Importation Notice, please refer to the requirements in Annex B-3.

Post-Importation Notice

Date \_\_\_\_\_

**OIL INDUSTRY MANAGEMENT BUREAU**  
**DEPARTMENT OF ENERGY**  
3<sup>rd</sup> Floor, PNOC Building 5  
Energy Center, Rizal Drive,  
Fort Bonifacio, Taguig City

Attention: **Dir. Rino E. Abad**  
Director

Dear Sir/Madam:

In compliance with the Department Circular No. \_\_\_\_\_, we would like to submit this post-importation notice with the following details:

**A. Company Details (Applicant)**

1. Business Name :
2. Address :
3. Telephone Number :
4. Email Address :
5. Acknowledgment to Import LNG No. :

**B. Shipment Details**

1. Total Quantity :
2. Bill of Lading No. :
3. Actual Date of Arrival :
4. Date of Discharging :
5. Supplier of Imported LNG :
6. Final Invoice Amount (US\$) :
7. Carrier Vessel Name :
8. Receiving Vessel Name :
9. Port of Loading :
10. Port of Discharge :

**C. LNG Specification**

Parameters	Units	Values
Superior Calorific Value	MJ/m <sup>3</sup>	
Wobbe Index	MJ/m <sup>3</sup>	
Methane	% mol	
Relative Density		
Oxygen	% mol	
Total Inerts (N <sub>2</sub> + CO <sub>2</sub> )	% mol	



**D. Supporting Documents**

1. Commercial invoice;
2. Import bill of lading;
3. Certificate of quality;
4. Final import entry declaration; and
5. Statement of Settlement of Duties and Taxes (SSDT).

Very truly yours,

---

Name, designation & signature of  
applicant or authorized representative

**Reminder/ Instruction:**

Submit this post-importation notice to OIMB not later than twenty (20) working days after unloading of every importation.

**Notice to Export Liquefied Natural Gas**

Date \_\_\_\_\_

**OIL INDUSTRY MANAGEMENT BUREAU**  
**DEPARTMENT OF ENERGY**  
3<sup>rd</sup> Floor, PNOC Building 5  
Energy Center, Rizal Drive,  
Fort Bonifacio, Taguig City

Attention: **Dir. Rino E. Abad**  
Director

Dear Sir/Madam:

In compliance with the Department Circular No. \_\_\_\_\_, we wish to inform you of this notice to export liquefied natural gas with the following details below:

**A. Company Details (Applicant)**

1. Business Name :
2. Address :
3. Telephone Number :
4. Email Address :
5. OIMB Accreditation No. :

**B. Shipment Details**

1. Estimated Quantity :
2. Estimated Date of Loading :
3. Estimated Date of Arrival :
4. Supplier of Exported LNG :
5. Estimated Price :
6. Vessel Name and Voyage No.: :
7. Country of Origin :
8. Port of Loading :
9. Port of Discharge :

**C. Natural Gas Specification**

**LNG Specification**

1. Gross Heating Value :

**Gas Composition**

1. Methane :
2. Butanes and heavier :
3. Pentanes and heavier :
4. Nitrogen :

**Impurities**

1. Total Sulphur :
2. H<sub>2</sub>S :
3. Mercury :

**D. Supporting Document**

Pro-forma Invoice

Very truly yours,

---

Name, designation & signature of  
applicant or authorized representative

**Reminder/ Instructions:**

1. Submit this application form with complete documentary attachments to OIMB for the issuance of required Acknowledgment to Export Liquefied Natural Gas;
2. Pay the application fee based on the order of payment;
3. Issuance of Acknowledgment shall be not later than seven (7) working days from receipt of application; and
4. For Post-Exportation Notice, please refer to the requirements in Annex B-5.

**Post-Exportation Notice**

Date \_\_\_\_\_

**OIL INDUSTRY MANAGEMENT BUREAU  
DEPARTMENT OF ENERGY**

3<sup>rd</sup> Floor, PNOC Building 5  
Energy Center, Rizal Drive,  
Fort Bonifacio, Taguig City

Attention: **Dir. Rino E. Abad**  
Director

Dear Sir/Madam:

In compliance with the Department Circular No. \_\_\_\_\_, we wish to submit this post-importation notice with the following details:

**A. Company Details (Applicant)**

1. Business Name :
2. Address :
3. Telephone Number :
4. Email Address :
5. Acknowledgment to Export LNG No. :

**B. Shipment Details**

1. Total Quantity :
2. Bill of Lading No. :
3. Actual Date of Arrival :
4. Date of Discharging :
5. Supplier of Exported LNG :
6. Final Invoice Amount (US\$) :
7. Carrier Vessel Name :
8. Receiving Vessel Name :
9. Port of Loading :
10. Port of Discharge :

**C. LNG Specification**

Parameters	Units	Values
Superior Calorific Value	MJ/m <sup>3</sup>	
Wobbe Index	MJ/m <sup>3</sup>	
Methane	% mol	
Relative Density		
Oxygen	% mol	
Total Inerts (N <sub>2</sub> + CO <sub>2</sub> )	% mol	

**D. Supporting Documents**

1. Commercial invoice;
2. Export bill of lading; and
3. Certificate of Quality.

Very truly yours,

---

Name, designation & signature of  
applicant or authorized representative

**Reminder/ Instructions:**

Submit this post-exportation notice to OIMB not later than twenty (20) working days after loading of every exportation

## **ANNEX C**

### **GUIDELINES FOR SUBMISSION OF REPORTORIAL REQUIREMENTS**

#### **Section 1. Coverage.**

These guidelines shall govern the submission of reportorial requirements under the Philippine Natural Gas Industry Development Act.

#### **Section 2. General Requirements.**

The submission of the hard copy shall be hand-delivered or sent via email to oimb.ngmd@doe.gov.ph, addressed to:

**The Director**

Oil Industry Management Bureau  
Department of Energy  
Energy Center, Rizal Drive cor. 34<sup>th</sup> Street, Bonifacio Global City, Taguig City  
Metro Manila, Philippines 1632

#### **Section 3. Specific Requirements.**

##### **a. Permit Holder**

##### **i. Notice to Proceed (NTP)**

During the effectivity of the NTP, the Permit Holder shall submit a monthly progress report on or before the fifteenth (15th) day of the following month, which include the following:

1. Acquisition or lease of project location/site;
2. Permitting activities;
3. Technical studies;
4. Financial closing; and
5. Other pre-construction preparatory activities.

##### **ii. Permit to Construct (PTC), Permit to Expand (PTE), Permit to Rehabilitate (PTR), or Permit to Modify (PTM).**

During the effectivity of PTC, PTE, PTR or PTM, the Permit Holder shall submit a monthly progress report on or before the fifteenth (15th) day of the following month, which include the following:

1. Executive summary of major construction and installation activities;

2. Progress summary updates indicating the following:
  - a. Total duration of the project calendar days;
  - b. Total no. of days worked to date;
  - c. Total no. of working days remaining;
  - d. Total project planned progress (in percentage) to date;
  - e. Total project actual progress (in percentage) to date; and
  - f. Total no. of days delayed to date.
3. Updated work program on per activity level (Level 4) with details as follows:
  - a. Activity details with corresponding bar chart:
    - i. Description of major activity and sub-activities;
    - ii. Milestone events;
    - iii. Original and remaining duration;
    - iv. Planned Start and finish dates;
    - v. Actual start and finish dates;
    - vi. Total float (number of buffer days to avoid delay); and
    - vii. Rate of completion (%).
  - b. One (1) month lookahead activities and schedule;
  - c. Project's critical path and near critical path;

**Items in 3 (a), (b), & (c) above submission shall be in native file and in xer or mpp format.**

  - d. Summary list of completed, ongoing, and remaining activities with rate of completion;
  - e. Panoramic or aerial view of the project; and
  - f. Progress photographs of component, facility, structure, and equipment taken at same position or angle every reporting period.
4. Report on Health, Safety, Security, and Environment updates:
  - a. Lost-Time Incident (since project commencement);

- b. Lost Time Incident (last month);
- c. Zero Incident Running man/hour (since project commencement); and
- d. The Permit Holder shall notify, within twenty-four (24) hours upon knowledge of the situation, the Director of the DOE-OIMB any lost-time incident indicating the following:
  - 1. Description of the Lost-Time Incident and initial assessment of its impact to the progress of the ongoing activities; and
  - 2. Initial action/s taken or to be undertaken to mitigate or resolve the adverse impact of the incident.
- 5. Report on updates of issues and challenges that causes delay on the accomplishment of the committed work activities. If the cause of delay is considered urgent, the Permit Holder may notify in advance the Director of DOE-OIMB with a request for priority discussion with the Downstream Natural Gas-Review and Evaluation Committee (DNG-REC).

**iii. Permit to Operate and Maintain (POM).**

During the operation of the project, the Permit Holder shall submit the following:

- 1. Permit Holder of a Philippine LNG Storage and Regasification (PLSR) Terminal:**
  - i. Daily LNG Regasification Report – For a Non – Aggregator Capacity User (Annex C-1); and
  - ii. Daily Natural Gas Aggregation Report – For an Aggregator Capacity User (Annex C-2);

The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.

**2. Power Plant Operator:**

- i. Daily Natural Gas Consumption and Power Generation Report (Annex C-3).

The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.



**3. Non – Power User:**

- i. Daily Natural Gas Consumption Report (Annex C-4).

The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.

**4. Permit Holder of a Philippine Transportation System:**

- i. Daily Pipeline Throughput Report; and
- ii. Flow Rates – Average and Peak.

The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.

**5. All Types of Permit Holder:**

Monthly report for submission on or before the fifteenth (15th) day of the following month, which include the following:

- a. Planned maintenance schedule (for the next two years) with details on maintenance activities, equipment inspections, and any upgrades or repairs;
- b. Unplanned and unscheduled maintenance activities with details on maintenance activities, equipment inspections, and any upgrades or repairs;
- c. Report on Health, Safety, Security, and Environment updates:
  - i. Lost Time Incident (since project commencement);
  - ii. Lost Time Incident (last month);
  - iii. Zero Incident Running man/hour (since project commencement); and
  - iv. The Permit Holder shall notify, within twenty-four (24) hours upon knowledge of the situation, the Director of the DOE-OIMB any lost-time incident indicating the following:
    - 1. Description of the Lost-Time Incident and initial assessment of its impact to the progress of the ongoing activities; and
    - 2. Initial action/s taken or to be undertaken to mitigate or resolve the adverse impact of the incident.

**6. Further, a Special Permit Holder shall submit a monthly report on or before the fifteenth (15th) day of the following month, which include the following:**

- i. Total capacity both utilized and unutilized;
- ii. Financial and tariff report outlining financial transactions, tariffs charged to customers, and any pricing adjustments; and
- iii. Other relevant information of the commercial arrangement that the DOE may require.

**b. Participant**

**All Participants shall submit the following:**

- i. Monthly report for submission on or before the fifteenth (15th) day of the following month, which include the following:
  - 1. Actual quantity of LNG, Indigenous, and blended natural gas, whichever is applicable;
  - 2. Running inventory of LNG, Indigenous natural gas, and blended natural gas, whichever is applicable;
  - 3. Average unbundled LNG and Indigenous natural gas purchase price;
  - 4. Average unbundled LNG, Indigenous and if applicable, blended natural gas sales price;
  - 5. List and description of gas sales/supply contracts of LNG, Indigenous and if applicable, blended natural gas and their off takers;
  - 6. Natural gas sales and purchase invoices, and breakdown of fee for storage, regasification, blending, and other related fees; and
  - 7. Corporate structural changes, including changes in management and ownership.
- ii. Annual report for submission on or before end of February of the following year, which include the following:
  - 1. Projected quantity of natural gas procurement, domestic sales, and export for the next three (3) years; and
  - 2. Natural gas procurement, domestic sales and export trends identifying key market fundamentals for the next three (3) years.

DAILY LNG REGASIFICATION REPORT BY PLSR TERMINAL PERMIT HOLDER  
(FOR A NON-AGGREGATOR CAPACITY USER)

Name of LNG Storage and Regasification Terminal:  
Address:  
Name of Permit Holder:  
Address:  
Name of Non-Aggregator User of Capacity:  
Address:  
Year:  
Month:

Day	Beginning Inventory (LNG)		Replenishment (LNG )		Regasified LNG Volume						Ratio of Utilization		Remarks (Description of any On-Going Operational Issues of the PLSR Terminal or the User)						
	Volume		Date of Unloading from LNG carrier	Own-Use		Name of Power Plant No. 1		Name of Power Plant No. 2		Name of Non-Power User No. 1		Name of Non-Power User No. 2		TOTAL	%	Actual Operating Regasification Capacity (MTPA)	Installed Capacity (MTPA)	%	
	m³	mmscf		m³	mmscf	m³	mmscf	m³	mmscf	m³	mmscf	m³							mmscf
1																			
2																			
3																			
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Note: The daily inventory for this week shall be submitted on or before 12:00 AM on Monday of the following week, or as otherwise required by the DOE.

Prepared by:

Name and Designation  
Contact Details (email and landline number)

DAILY NATURAL GAS AGGREGATION REPORT BY PLSR TERMINAL PERMIT HOLDER  
( FOR AN AGGREGATOR CAPACITY USER)

Name of LNG Storage and Regasification Terminal:  
Address:  
Name of Permit Holder:  
Address:  
Name of Aggregator User of Capacity:  
Address:  
Year:  
Month:

Day	Beginning Inventory (LNG)		Replenishment( LNG )		Indigenous Natural Gas		Total Aggregated Natural Gas		Aggregated Natural Gas Volume						Ratio of Utilization		Remarks (Description of any On-Going Operational Issues of the PLSR Terminal or the User	
	m³	mmscf	Volume	Date of Unloading from LNG carrier	Indigenous Natural Gas		% LNG	% Indigenous	Sold						TOTAL SOLD			%== $\frac{\text{Actual Operating Regasification Capacity (MTPA)}}{\text{Installed Capacity (MTPA)}}$
					m³	mmscf			Name of Power Plant No. 1	m³	mmscf	Name of Non-Power User No. 1	m³	mmscf	Name of Non-Power User No. 2	m³		
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Notes:  
The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.

Prepared by:

Name and Designation:

Contact Details (email and landline number)

DAILY NATURAL GAS CONSUMPTION AND POWER GENERATION REPORT BY POWER PLANT OPERATOR

Name of Power Plant:  
Address:  
Year:  
Month:

Day	Received Gas from Regasification Plant (LNG)		Received Gas from Indigenous Source		Total Gas Received		If Power Plant used an Alternate Fuel				Average Power Generated Per Day (MW)		Ratio of Utilization		Remarks (Description of any On-Going Operational Issues of the Power Plant)
	m <sup>3</sup>	mmscf	m <sup>3</sup>	mmscf	m <sup>3</sup>	mmscf	Volumes Used (in liters)		Remaining Inventory (in liters)		Gross	Net	$\% = \frac{\text{Actual Operating Capacity (MW)}}{\text{Installed Capacity (MW)}}$		
							Condensate	Diesel	Condensate	Diesel					
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TOTAL															

Notes:  
The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.  
Prepared by:

Name and Designation  
Contact Details (email and landline number)

**Name of Non-Power User:**  
**Address:**  
**Year:**  
**Month:**

[illegible]

Notes:

**The daily inventory for the week shall be submitted on or before 10:00 AM on Monday of the following week, or as otherwise required by the DOE.**

Prepared by:

Name and Designation	Contact Details (email and landline number)
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