



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC2016-08-0013

**GUIDELINES ON THE IMPLEMENTATION OF REPUBLIC ACT NO. 10623,
AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7581
(THE PRICE ACT)**

WHEREAS, Republic Act No. (RA) 10623 amended certain provisions of RA 7581 otherwise known as the "Price Act", to provide protection to consumers by stabilizing prices of basic necessities and prime commodities and by prescribing measures against undue price increases during emergency situations and like occasions;

WHEREAS, RA 7581 as amended, now includes household liquefied petroleum gas (LPG) and kerosene among those defined as basic necessities; and the Department of Energy (DOE) as a member of the Price Coordinating Council (PCC);

WHEREAS, Department of Trade and Industry (DTI), Department of Agriculture (DA), Department of Health (DOH), Department of Environment and Natural Resources (DENR) and the DOE have promulgated Joint Administrative Order (JAO) No. 13-1, series of 2013 (Amendments to the JAO No. 1, series of 1993, otherwise known as the Implementing Rules and Regulations of RA 7581);

WHEREAS, JAO No. 13-1, series of 2013 provides that the DOE is the implementing agency with jurisdiction over household LPG and kerosene;

WHEREAS, RA 7581 as amended, also sets automatic price controls over the prices of basic necessities and prime commodities in an area which has been declared or proclaimed as under emergency situation or similar incident, as enumerated therein;

WHEREAS, in the interest of the consuming public, the DOE, which has jurisdiction over the household LPG and kerosene, shall implement and enforce effectively its mandate against any escalation of prices of the said products, specifically in areas that are declared under the state of calamity; and

NOW THEREFORE, in consideration of the foregoing premises, the following guidelines are hereby issued:

Section 1. Scope and Coverage. These Guidelines shall cover household LPG in an LPG cylinder with a net content of eleven (11) kilograms and below and sold directly by legitimate dealers and retail outlets to the public/consumers, and kerosene which is sold at legitimate gasoline stations or similarly registered-retail outlets.

Section 2. Price Monitoring. For the DOE's price monitoring functions under RA 7581, as amended, the following shall be followed:

2.1 The DOE-OIMB and the Field Offices shall conduct regular monitoring of prices in their areas of jurisdiction:

Oil Industry Management Bureau (OIMB)	- Metro Manila and South Luzon
Luzon Field Office (LFO)	- North Luzon
Visayas Field Office (VFO)	- Visayas
Mindanao Field Office (MFO)	- Mindanao

2.2 In cases where there are announcements of incoming typhoons, the monitoring will concentrate on the path of the typhoon, and the nearby areas.

2.3 The Field Offices shall furnish the OIMB with their respective consolidated prices of kerosene and household LPG every end of the month, covering all the weekly monitors within the said month.

Section 3. Automatic Price Control. For the implementation of the DOE's mandate on automatic price control under RA 7581, as amended, the following shall be followed:

3.1 The price freeze, which is based on the prevailing prices for kerosene and LPG in the area prior to the declaration of the state of calamity, shall be implemented for a maximum of fifteen (15) days, starting from the day of the official declaration of the state of calamity.

3.2 In the absence of the price monitors week/s prior to the declaration of the calamity, the price control shall be based on the last weekly prices plus whatever adjustments officially announced by the oil companies for the week/s that was not monitored.

3.3 After the fifteen (15) day period, the normal pricing shall be effected by the oil companies/dealers, unless a mandated price ceiling is imposed by the President, upon the recommendation of the DOE, following the conditions that would merit its implementation pursuant to Section 4 of these Guidelines.

Section 4. Mandated Price Ceiling. For the implementation of the DOE's responsibilities on mandated price ceiling under RA 7581, as amended, the following shall be observed:

4.1 Upon the request of the concerned local government units (LGUs), the DOE will evaluate the proposal for the mandated price ceiling, which shall be based on the conditions that would warrant the same and the factors that would be considered as provided for in Sections 7 & 8 of RA

7581, as amended. Among the major considerations in the evaluation are the following:

- a. The supply available in the market
 - Supply of the products in the area, including the stocks inventory in the accessible depots and the retail outlets; and
 - b. The delivery of the products to the area
 - The cost to the producer, manufacturer, distributor or seller including but not limited to:
 - The exchange rate of the peso to the foreign currency with which the products or any component, ingredient or raw material thereof was paid for;
 - Any increase in the cost of transporting the fuels to the area of destination.
- 4.2 If the conditions allow, the DOE will recommend to the President of the Philippines the imposition of a mandated price ceiling of kerosene and LPG, subject to the prevailing demand and supply conditions and prevailing market prices.
- 4.3 During the transition period from the end of the fifteen (15) day price freeze to the approval of the President for the imposition of the mandated price ceiling, the prevailing market prices by the dealers shall be effected.

Section 5. Fines and Sanctions. Consistent with Sections 15 and 16 of RA 7581, as amended, the following fines and sanctions shall be imposed:

- 5.1 Against any person found violating or to have violated the price ceiling (automatic or mandated), imprisonment for a period of one (1) year to ten (10) years, or a fine of Five Thousand Pesos (P5,000.00) to One Million Pesos (P1,000,000.00) or both, at the discretion of the court.
- 5.2 Against any person found committing or to have committed illegal price manipulation, imprisonment for a period of five (5) to 15 years, and a fine of Five Thousand Pesos (P5,000.00) to Two Million Pesos (P2,000,000.00).

The above-mentioned fines and sanctions shall be without prejudice to any administrative action that may be taken, or any administrative fine that may be imposed by the DOE against any person or establishment found in violation of RA 7581, as amended.

Section 6. Separability Clause. If any provision of this Circular is declared invalid by any court of law or any competent authority, those provisions not affected shall remain valid and effective.

Section 7. Effectivity. This Circular shall take effect upon publication in two (2) newspapers of general circulation.

Issued at Energy Center, Bonifacio Global City, Taguig City.


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Secretary



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