



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2013-06-0011

IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 10516

**RULE 1
GENERAL PROVISIONS**

Section 1. **Title.** These rules shall be referred to as the Rules and Regulations to Implement Republic Act No. 10516 entitled, "An Act Expanding the Utilization of the Industrial Estate In Lamao, Limay, Bataan For Businesses Engaged in Energy and Energy-Related Infrastructure Projects and Other Gainful Economic Activities in Addition to Petrochemical and Related Industries, Amending for the Purpose Presidential Decree No. 949."

Section 2. **Declaration of Principles and Policies.**

2.1 *Achieving Best Economic Use* - within the framework and subject to the mandate of the Constitution and existing laws and regulations, it is hereby declared the policy of Philippine National Oil Company (PNOC), to develop the Industrial Estate located in Lamao, Limay, Bataan into a self-sustaining industrial and commercial estate to help attract and promote productive local and foreign investments therein.

2.2 *Private Sector Participation* - the PNOC shall promote and encourage private sector investment in the development of energy projects, petrochemical industries, and all other gainful industrial and commercial activities/enterprises in said Industrial Estate.

2.3 *Respect of Existing Private Rights* - private rights, if any, over the Industrial Estate described in Presidential Proclamation No. 361 dated March 6, 1968 as amended by Proclamation No. 630 shall be respected subject to Rule 3 herein.

2.4 *Non-Impairment of Obligations of Contracts* - all locators, lessees and sub-lessees, now operating in the above cited Industrial Estate shall be allowed to continue with its usual business operations, transactions and activities as authorized by law subject to such rules and regulations as PNOC may prescribe.

2.5 *Sustainable Development* - PAFC, in order to achieve sustainable development and to protect public health and welfare shall implement its environmental protection measures and regulations that conform to those environmental policies and standards established by the National Government.

The environmental management policies include but shall not be limited to natural resources conservation and protection, water supply, waste water treatment, solid waste/toxic and hazardous management, waste transport, environmental monitoring, air quality management, pollution control, training and education, and contingency and emergency planning.

2.6 *Water Resources Planning* - Consistent with the National Government policies and PAFC's Programmatic Environmental Compliance Certificate (PECC), PAFC shall formulate and implement policies and programs to ensure sustainable water resources for the Industrial Park. This program shall include the determination of the allowable rate and quantity of water withdrawal, and reporting on water consumption.

Section 3. **Definition of Terms.** For purposes of these Rules, the following terms shall mean:

- 3.1 Department of Energy or DOE – refers to the government agency created pursuant to RA 7638.
- 3.2 Philippine National Oil Company or PNOC – the Government Owned and Controlled Corporation created under Presidential Decree No. 334.
- 3.3 PNOC-Alternative Fuels Corporation or PAFC – a Government Owned and Controlled Corporation and a wholly-owned subsidiary of the PNOC.
- 3.4 Commercial Activities - any activity or series of activities regularly engaged in as a means of livelihood or with a view to profit.
- 3.5 Energy Projects – refer to activities or projects relative to the exploration, extraction, production, importation-exportation, processing, transportation, marketing, distribution, utilization, conservation, stockpiling, or storage of all forms of energy products and resources.
- 3.6 Energy-Allied Activities – refer to energy marketing, distribution and engineering;
 - (a) Energy marketing – includes trading and/or storage/stockpiling of fuel sources, such as, coal, crude, petroleum products, natural gas products, agri-based and other alternative and renewable energy sources;
 - (b) Energy distribution – includes transporting and conveying fuels like petroleum products, natural gas products, agri-based and other alternative and renewable energy sources;
 - (c) Energy engineering – includes the fabrication, manufacturing and installation of equipment and facilities used in energy exploration and development.
- 3.7 Energy-Related Infrastructure Projects – refer to projects, activities, undertakings concerned with the transportation of energy to consumers and include facilities that turn raw natural resources into useful energy products.
- 3.8 Industrial Estate – refers to the parcel of land described in Presidential Proclamation No. 361 dated March 6, 1968 as amended by Proclamation No. 630 and covered by RA 10516.
- 3.9 Industrial Park – refers to the Industrial Estate and all other parcels of land belonging to PAFC (i.e. land under PD 1803 S.1981) situated in Limay and Mariveles, Bataan.
- 3.10 Lessee – a tenant under a lease agreement with PAFC.
- 3.11 Locator Agreement – the agreement between PAFC and a proponent for the latter's establishment and operation of its project, business, activity in PAFC's Industrial Park.
- 3.12 Locator – The holder of a locator agreement as purchaser or lessee of a parcel of land for the purpose of establishing any of the allowable projects, industries, activities.

- 3.13 Petrochemicals – compounds and polymers derived directly or indirectly from petroleum and used in the chemical market.
- 3.14 Petrochemical related industries – Include those industries and activities:
- (a) that utilize petrochemicals and/or its derivatives in their manufacturing process;
 - (b) whose end products contain petrochemicals and/or its derivatives but cannot be classified as petrochemical downstream industry;
 - (c) whose products and/or services are direct or indirect outputs in processing petrochemicals and their derivatives such as industrial gasses and power to run the plants;
 - (d) that re-process, treat, recycle, destroy petrochemicals, its derivatives and other industrial wastes;
 - (e) that handle, process, destroy, recycle, convert products with petrochemical components as well as waste coming from manufacturing processes of industries within the Park.
- 3.15 Programmatic Environmental Compliance Certificate or PECC -- refers to PECC No. 0104-178-104 dated September 13, 2002 issued by the Department of Environment and Natural Resources (DENR) and subsequent amendments, supplements and substitutes thereto.

RULE 2 OPERATION, MANAGEMENT & ADMINISTRATION

- Section 4. **PNOC.** The PNOC, pursuant to its duty to manage, operate and develop the subject parcel of land as an industrial zone has organized PAFC (formerly PNOC-Petrochemicals Development Corporation) and has assigned ownership of the above Industrial Estate to PAFC via Deed of Assignment dated August 11, 1994.
- Section 5. **PAFC.** PAFC, as owner of the Industrial Estate shall manage, operate and develop the Industrial Estate property in accordance with RA 10516 and these Implementing Rules and Regulations. For this purpose, PAFC shall be responsible for the updating and revision of the Industrial Estate's Development/Land Use Plan consistent with the Purpose of Land Use as provided for under Section 2 of RA 10516 and these rules, provided such update and revision shall be approved by the PNOC.
- Section 6. **Processing of Applications.** The processing of applications for lease/locatorship shall be in accordance with policies, rules and regulations set by PAFC and those stipulated in its Industrial Park Guidebook provided that they are consistent with that of PNOC.
- Section 7. **Specific Prohibitions.** The following projects, industries, activities shall not be permitted on any property subject to this IRR:
- 7.1 Commercial excavation of construction materials;
 - 7.2 Unauthorized stockyards, storage, slaughter houses, junkyards;
 - 7.3 Farming, Crop Planting, Poultry raising, livestock raising/grazing and all other agricultural activities;

- 7.4 Other acts or activities which may be considered illegal or reasonably prohibited by PAFC from time to time in accordance with existing laws, rules and regulations.

RULE 3 EXPROPRIATION

- Section 8. PNOC may, upon recommendation of PAFC exercise its right of eminent domain under Section 5(o) of Presidential Decree No. 334 as amended, over any private rights existing on the above parcel of land as provided for under Section 1 of RA 10516.

RULE 4 POWER TO AMEND RULES

- Section 9. The DOE and PNOC may amend, alter, supplement, suspend, modify or revoke these Rules or any portion thereof as may be necessary; provided, however, that parties directly affected thereby shall have been properly notified and given the opportunity to present their views.

RULE 5 FINES AND PENALTIES

- Section 10. PAFC shall impose administrative fines and penalties against any person, party or industry/locators for any violation of all the rules set for the establishment, management and operation of the Park.


RULE 6 SEPARABILITY

- Section 11. If any provision of these rules is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

RULE 7 EFFECTIVITY

- Section 12. These rules shall take effect thirty (30) calendar days after its publication in a Newspaper of General Circulation and upon filing with the University of the Philippines Law Center.

Signed this ____ day of June 2013 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig, Metro Manila.


CARLOS JERICHO L. PETILLA
Secretary of Energy

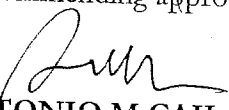


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Recommending approval:


ANTONIO M. CAILAO
PNOC President & CEO

JUN 06 2013