

**DEPARTMENT CIRCULAR NO. \_\_\_\_\_**

**PROMULGATING A REVISED RULES AND REGULATIONS  
GOVERNING THE BUSINESS OF RETAILING LIQUID FUELS**

**WHEREAS**, Republic Act (RA) 8479, otherwise known as the "Downstream Oil Industry Deregulation Act of 1998", mandates the Department of Energy (DOE) to promote fair trade practices, monitor marketing processes and quality of Liquid Fuels and stop the operation of businesses involved in the sale of Liquid Fuels not complying with the national standards of quality;

**WHEREAS**, Batas Pambansa Blg. (BP) 33, as amended by Presidential Decree No. (PD) 1865, and the Implementing Rules and Regulations therefor, define and penalize certain prohibited acts that are considered inimical to the public interest and national security, including illegal trading in petroleum or Liquid Fuels, hoarding of Liquid Fuels, adulteration and underdelivering, among others;

**WHEREAS**, DOE Department Circular Nos. 2003-11-010 and 2013-09-0021 prescribe the rules and regulations governing the quality of Liquid Fuels and thereby establish the minimum requirements for operation of Retail Outlets;

**WHEREAS**, Republic Act No. 9367, otherwise known as the Biofuels Act of 2006, and its Implementing Rules and Regulations, specifically Department Circular No. DC 2007-05-0006, Department Circular No. DC 2011-02-0001, and Joint Administrative Order No. 2008-1, Series of 2008, direct the use of biofuels, including the sale and distribution thereof, and define and prescribe the fines and penalties for violation thereof;

**WHEREAS**, there are persons engaged in the Retailing of Liquid Fuels that do not comply with safe and appropriate technologies, including the use of containers such as in "bote-bote", storage tanks and mobile Liquid Fuels dispensing pump;

**WHEREAS**, the Retailing of Liquid Fuels is subject to pertinent permits and licenses issued by government authorities such as, Department of Environment and Natural Resources, Bureau of Fire Protection, Bureau of Internal Revenue and Local Government Units;

**WHEREAS**, the safe and proper handling, transport, storage, installation and use of equipment and facilities in the downstream oil industry are governed by the pertinent provisions of the different national and international safety codes observed and adopted by the industry;

**WHEREAS**, the continued use of unsafe and substandard methods of retailing Liquid Fuels (i) exposes the consuming public to fire, danger, health and environmental risks; (ii) denies the public the proper quality and quantity of the Liquid Fuels they purchase; (iii) deprives legitimate Retail Outlets of additional sales volume; (iv) deprives the government of revenue derived from licensing fees, local business taxes and pump calibration charges, among others; and (v) encourages the marketing of Liquid Fuels sourced from illegal activities such as smuggling, pilferage, theft and the like;

**WHEREAS**, Department Circular No. 2003-11-010 and certain provisions of Department Circular No. 98-03-004, otherwise known as the Rules and Regulations Implementing RA 8479, and the Rules and Regulations in the Implementation of BP 33, as amended by PD 1865, need to be further clarified, updated, amended and/or repealed, particularly in the conduct of the Liquid Fuels Retailing business;

**NOW, THEREFORE**, in consideration of the foregoing premises, the following Rules are hereby promulgated to govern the Retailing of Liquid Fuels.

## **RULE I GENERAL PROVISIONS**

**Section 1. Title.** This Department Circular shall be known and cited as "Promulgating a Revised Rules and Regulations Governing the Business of Retailing Liquid Fuels" or "Revised Retail Rules".

**Section 2. Coverage.** The Revised Retail Rules shall apply to all persons engaged or intending to engage in the business of Retailing Liquid Fuels.

**Section 3. Definition of Terms.** Except as provided below, the terms used in these Revised Retail Rules shall have the same meaning as the terms used in Department Circular No. 98-03-004, as amended (Implementing Rules and Regulations of the Downstream Oil Industry Deregulation Act of 1998):

- a. **API** - shall refer to the American Petroleum Institute;
- b. **BFP** - shall refer to the Bureau of Fire Protection;
- c. **Bote-bote** - shall refer to the manner of retailing and dispensing of Liquid Fuels using soda bottles, plastic containers, jugs, aboveground tanks, portable tanks, road tankers or vehicles or other similar portable containers not intended for storage of flammable Liquid Fuels;
- d. **Calibration** - shall refer to the process of checking, adjusting, or determining by comparison with a standard the condition of the dispensing pump to ensure delivery of accurate quantity of Liquid Fuels;
- e. **Company** - as used in this Circular, shall refer to an oil company or an entity, engaged in any or a combination of activities in the Downstream Oil Industry, other than purely operating a Retail Outlet;
- f. **Dispensing** - shall refer to the act of transferring Liquid Fuels from the dispensing pump to the vehicles of motorists, end users or other consumers or to other containers such as "bote-bote", bottles, or drums;
- g. **Dispensing pump** - shall refer to an equipment used to deliver or dispense Liquid Fuels and which is installed in a forecourt/curb area within the Retail Outlet which is composed of a dispensing nozzle and a volumetric meter;
- h. **DENR** - shall refer to the Department of Environment and Natural Resources;
- i. **DOE** - shall refer to the Department of Energy;
- j. **Field Offices** - shall refer to the DOE Field Offices in Pangasinan (Luzon Field Office), Cebu (Visayas Field Office) and Davao (Mindanao Field Office);
- k. **LGU** - shall refer to Local Government Unit;
- l. **Liquid Fuels** - shall refer to gasoline, diesel, and kerosene;
- m. **Manually-operated Dispensing Station** - shall refer to a Retail Outlet that uses crank handle intended for manual operation to pump Liquid Fuels to a dispensing pump, or to a motorized vehicle;
- n. **NML** - shall refer to the National Metrology Laboratory of the Department of Science and Technology - Industrial Technology Development Institute;

- o. **OIMB** - shall refer to the Oil Industry Management Bureau of the Department of Energy;
- p. **Person** - shall refer to any person, whether natural or juridical, who is engaged in any activity of the downstream oil industry;
- q. **PNS** - shall refer to the Philippine National Standard;
- r. **Retailing** - shall refer to the act of selling and/or dispensing Liquid Fuels directly to motorists, end-users or other consumers;
- s. **Retail Outlet** - shall also refer to a dispensing station, refilling station facility or business establishment which sells or dispenses Liquid Fuels directly to motorists, end-users or other consumers;
- t. **Retail Outlet Official** - shall refer to the dealer, operator, owner or proprietor of the Retail Outlet or in their absence, the cashier or any responsible person acting as such;
- u. **Tank Truck** - shall refer to any single self-propelled motor vehicle with or without a trailer, equipped with a cargo tank mounted thereon or built as an integral part thereof, and used for the transportation or handling of Liquid Fuels; otherwise known as lorry and road tanker;
- v. **Test Measure** - shall refer to a calibration bucket that is used to measure the quantity of Liquid Fuels; and
- w. **UGT** - shall refer to underground tank.

## **RULE II**

### **Certificate of Compliance**

#### **Section 4. Issuance of Certificate of Compliance (COC).**

a.) No person shall engage or be engaged in the business of Retailing Liquid Fuels without first securing a valid Certificate of Compliance (COC) from the Oil Industry Management Bureau (OIMB) or its counterparts in the Field Offices. Those engaged in the business but have not secured or have not submitted the complete requirements necessary for the issuance of a valid COC under the Retail Rules or DOE DC 2003-11-010 shall be considered as new applicants and shall be covered by this Rules.

The OIMB or the Field Offices shall issue a COC for each Retail Outlet upon the complete submission of and full compliance by the Retail Outlet with the requirements provided in the provisions of this Circular and payment of the required fees. Prior to the issuance of COC, the OIMB or the Field Offices shall have the authority to verify, validate, authenticate and inspect all documents and information required from, given by or obtained from such person for compliance with all applicable laws, rules and regulations.

b) In situations where an LGU shall require a COC as a prerequisite to a Mayor's or Business Permit, a provisional Authority to Operate or Certification may be issued to a new Retail Outlet solely for that purpose of obtaining the Mayor's or Business Permit: *Provided*, That an authenticated copy of the Mayor's or Business Permit is submitted to the OIMB or the Field Offices within thirty (30) days from issuance of the provisional Authority to Operate or Certification otherwise, the latter shall be deemed automatically revoked and the Retail Outlet shall immediately cease to operate.

**Section 5. Validity of the COC.** The COC shall have a validity of three (3) calendar years reckoned from the date of its effectivity and shall be in full force and effect unless sooner

revoked or suspended pursuant to the provisions of this Circular.

**Section 6. Documentary Requirements.** A prior notice, through an application for the issuance of COC for each Retail Outlet, shall be accomplished under oath and filed with the OIMB or the Field Offices by the applicant and shall contain the following information and supporting documents which shall be submitted in their original forms for verification, or if the submission of the original copy is not possible or warranted, in duly certified true copies by the issuing agency. Only applications with complete and valid supporting documents shall be accepted and processed.

**a) Application**

- (i) Business name, address, telephone/fax number and e-mail address of the business office;
- (ii) Complete address of the Retail Outlet;
- (iii) Name of dealer or retailer in case of single proprietorship, or partners in case of partnership, or authorized representative in case of corporation; and
- (iv) Type of Retail Outlet, e.g. Company-Owned Company-Operated (COCO), Company-Owned Dealer-Operated (CODO), Dealer-Owned Dealer-Operated (DODO), etc.

**b) Supporting Documents**

- (i) Dealership/Retailership Agreement and/or Certification from the concerned oil company on the supply of Liquid Fuels;
- (ii) Supplier's Certificate from an OIMB-registered distributor or supplier for independent-owned Retail Outlet;
- (iii) Notarized Statement on Compliance with Reference Standards or Codes for Facility, Design and Operation duly signed by a licensed engineer or architect;
- (iv) List of dispensing pumps and UGTs with corresponding capacities;
- (v) Scaled layout plan showing the island/dispensing pumps, underground tanks, cashier's booth and other facilities of the Retail Outlet;
- (vi) Latest pictures (in 5R size) showing the full/front, right and left side views including price display board, safety and informational signs and required stickers/labels for RON, E-10, B2 of the Retail Outlet, among others;
- (vii) Registration of Business with the Department of Trade and Industry (DTI) or the Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA);
- (viii) Mayor's or Business Permit;
- (ix) Fire Safety Inspection Certificate for Occupancy;
- (x) DOE COC Clearance of No Pending Case, as applicable and;
- (xi) Such other requirements as may be required by the OIMB.

**Section 7. Renewal of COC.**

- a) The Retail Outlet shall file the application for the renewal of the COC not later than one (1) month before the expiration date. The following shall be submitted to the OIMB or the Field Offices:

- (i) Updated Dealership/Retailership Agreement and/or Certification from the concerned oil company on the supply of Liquid Fuels;
- (ii) Updated Supplier's Certificate from an OIMB-registered distributor or supplier for independent-owned Retail Outlet;
- (iii) Updated Business Registration with DTI, SEC or CDA, if expired;
- (iv) Updated Mayor's or Business Permit;
- (v) DOE COC Clearance of No Pending Case, as applicable and;
- (vi) Payment of fee.

After the expiration of the maximum 30 day period allowed for extension, any application to operate the Retail Outlet shall be treated as an application for a new COC.

- b) A change in the dealership, retailership, ownership or proprietorship of a Retail Outlet shall not automatically transfer the COC of the previous Retail Outlet Official to the new one. The new Retail Outlet Official shall file for a new COC, submit the pertinent documents pursuant to this and pay the required fees.
- c) As part of reportorial requirements, the Retail Outlet shall submit annually the documents as listed in this Section and any other reports as may be required by the OIMB.

**Section 8. Non-Issuance, Non-Renewal, Revocation or Suspension of COC.** The OIMB or the Field Offices shall have the authority to deny the issuance or renewal of a COC or to revoke or suspend the same on any of the following grounds:

- a) Refusal to allow inspection by OIMB or the Field Offices;
- b) Failure to present required records during inspection, or upon order by the OIMB e.g., calibration record, record of product deliveries to the Retail Outlet showing the supplier, product details and date;
- c) Submission of falsified documents;
- d) Failure to submit reportorial requirements after final demand by the OIMB;
- e) Failure to pay fines imposed by the DOE;
- f) Commission of the same prohibited act for at least a second time; or
- g) Failure to comply with circulars and administrative issuances promulgated by the DOE.

A Retail Outlet that continues to operate/engage in the business of retailing Liquid Fuels after an Order or Notice of Cessation of business has been issued by the DOE shall be deemed to be committing a prohibited act. As a consequence of the revocation of the COC, the DOE may recommend to the concerned Local Government Unit the revocation or suspension of the permits or licenses of the Retail Outlet.

**Section 9. Posting of COC.** The COC shall be prominently displayed in the Retail Outlet in a conspicuous location for easy viewing/inspection by its customers and the public. The failure to post COC shall constitute Illegal Trading.

### **RULE III STANDARDS AND REQUIREMENTS**

**Section 10. Mandatory Standards and Requirements for New Retail Outlets.** The applicant for COC shall strictly comply with all the standards and requirements prescribed in the PNS and the following features that include the following:

- a) **Underground Storage Tank (UGT).** All Liquid Fuels shall be stored in UGTs, along with a fill sump and monitoring wells.
  - (i) Distance to property line and adjoining structure shall not be less than 1.0 metre;
  - (ii) Distance between tanks shall be 0.45 metres minimum;
  - (iii) Vent lines (3.65 metres minimum), monitoring wells and fill sump (rain tight) shall be present;
  - (iv) Tank openings, fill pipes, caps and tubes shall be normally 0.13 metres or 4 inches in diameter; and
  - (v) Submersible pumps designed with the capacity to meet the normal layout and operation requirements of Retail Outlet are built with 0.10 metres (4 inches) tank openings.
- b) **Fixed and Permanent Dispensing Pump**
  - (i) Dispensing pumps shall be located six (6) metres from any potential source of

- ignition;
  - (ii) There shall be no open flame within 15 metres;
  - (iii) Dispensing hose shall have a maximum length of 5.5 metres (18 ft.); and
  - (iv) Dispensing pump shall accurately display both the volume of Liquid Fuels dispensed (in litres) and the corresponding amount (in Pesos), up to two (2) decimal places.
- c) **Forecourt**
- (i) Pump Island (Single pump)
    - 1) Minimum dimension shall be 3.5 metres x 1.2 metres;
    - 2) Edge to edge distance between pump island shall be 6 metres measured along the lane and 6 metres from side to side;
    - 3) Lane-oriented pump should have a minimum distance of 0.05 metres from fixed object; and
    - 4) Pump guard, or its equivalent (e.g. column post), serving as safety barrier and can withstand vehicular impact for the dispensing devices shall be present.
  - (ii) Turning Radius
    - 1) The minimum safe turning radius of tank truck delivering to the Retail Outlet shall be suitable for a 10 KL (10,000-litres) tank truck; and
    - 2) The type of vehicles to be served by the Retail Outlet and the size of tank truck serving the same shall determine the minimum parameter of the lot of the Retail Station to ensure that the said vehicles are within the premises of the Retail Outlet at all times.
  - (iii) Ingress / Egress
 

The minimum width for the ingress and egress of the Retail Outlet shall be 7.00 metres (23 feet) for each.
- d) **Facilities**
- (i) There shall be Office/Cashier's booth;
  - (ii) Canopy shall have a minimum height of 4.5 metres from floor line to canopy ceiling;
  - (iii) Boundary walls shall be made of hollow concrete blocks or cyclone fence;
  - (iv) A master switch shall be installed at a central control point that will disconnect the electric power to all dispensing pumps in case of emergency; and
  - (v) There shall be Restrooms.
- e) **Signages and Labels**
- (i) Outlet's identification shall display the oil company's brand or trade name and trademark;
  - (ii) Price display board shall contain and display updated prices of each Liquid Fuels sold in the Retail Outlet, pursuant to Rule V, Section 18a (1) of Department Circular No. 98-03-004;
  - (iii) Pump labels on Liquid Fuels type such as RON, E10 and Bx shall be posted;
  - (iv) Consumer safety and informational signs shall be displayed and posted; and
  - (v) Other safety signs as may be required by the OIMB, other government agencies and relevant LGUs shall be posted and displayed.

**Section 11. Minimum Facility Requirements for Existing Retail Outlets.** All existing and operating Retail Outlets shall comply with the following mandatory requirements:

- a) Underground Storage Tank (UGT). All Liquid Fuels shall be stored in UGTs, along with a tank sump able to contain spills and leakage, and monitoring wells;
- b) Dispensing pump shall be fixed and permanent; and
- c) Minimum lot area shall be 100 sq. metres.

Failure by the Retail Outlet to comply with the minimum standards and facility requirements prescribed in Sections 10 and 11 shall constitute **ILLEGAL TRADING** and shall be a ground for non-issuance of the COC.

**Section 12. Fuel Storage, Handling, Transfer and/or Dispensing.** The storage, handling, transfer and/or dispensing of Liquid Fuels shall be subject to the following:

- a) Liquid Fuels shall be dispensed at all times only within the business premises of a Retail Outlet;
- b) Liquid Fuels shall be transferred only from UGT by means of fixed dispensing pumps designed and equipped to allow the controlled flow of the Liquid Fuels and prevent leakages or accidental discharges;
- c) Liquid Fuels shall not be dispensed from aboveground tanks, portable tanks, road tankers or vehicles, drums, barrels, bottles or "bote-bote", or similar containers into the fuel tanks of motor vehicles;
- d) Liquid Fuels shall not be dispensed into drums, barrels, bottles or "bote-bote", or such similar containers;
- e) Liquid Fuels shall not be sold in drums, barrels, bottles or "bote-bote", or such similar containers;
- f) Liquid Fuels shall not be discharged into any street, highway, drainage canal or ditch, storm drain or flood control channel, lake or tidal waterway, or directly into the ground;
- g) Liquid Fuels shall be sold and dispensed to customers regardless of quantity and amount, directly to the vehicles' fuel tank;
- h) An official receipt shall be issued after every sale of Liquid Fuels; and
- i) Liquid Fuels shall be sold consistent with the price indicated in the dispensing pump and the price display board.

A violation of any of the above shall constitute **ILLEGAL TRADING**. In addition, a Retail Outlet or company or any entity/person supplying Liquid Fuels to any person selling or dispensing such Liquid Fuels to drums, barrels, bottles, or "bote-bote", shall be deemed to be committing Illegal Trading.

#### **RULE IV OTHER TYPES OF RETAIL OUTLET AND THEIR REQUIREMENTS**

**Section 13. Types and Facility Requirements.**

- a) As may be necessary and practicable, the following types of Retail Outlets may be exempted by the DOE from compliance with the mandatory standards and requirements provided in Section 10:
  - (i) A Gasoline Station located in Mountainous Areas which is characterized with hilly or sloping terrain. It shall be allowed to use an aboveground storage tank, but exclusively for storage of Automotive Diesel Oil products, *Provided:* That the size of the tank shall have a maximum capacity of up to 30,000 litres and is enclosed with bund walls on all sides with an enclosure volume of at least 120% of the net capacity of the largest tank and the bund should be made of impervious material.

- (ii) A Manually-Operated Dispensing Station which shall still be required to have UGTs and its filling apparatus properly calibrated and sealed annually by the NML.
- (iii) A Marine Refilling Station, which is constructed near the shoreline and intended exclusively to serve the fuel requirements of marine vessels such as small motor boats and bancas. It shall cater exclusively to marine vessels and it may be exempted from the UGT requirement, Provided that the aboveground storage tank shall be constructed using materials and technology that can withstand sea-water or corrosive atmosphere and actions of waves on the shoreline, Provided further, That the size of the tank shall have a maximum capacity of up to 20,000 litres, and is enclosed with bund walls on all sides with an enclosure volume of at least 120% of the net capacity of the largest tank and the bund walls should be made of impervious material (i.e., concrete).
- (iv) A Temporary Emergency Retail Outlet, which the DOE, upon its discretion, may allow to operate in areas declared as under a state of emergency or calamity and where no regular Retail Outlet can operate as a result of the prevailing circumstances under emergency or calamity.

The operation of Retail Outlet in the area shall be covered by Special Permit issued by the DOE Secretary, for a specific and limited time frame, renewable subject to application and justification by the Retail Outlet, and an endorsement by the LGU and BFP.

b) Notwithstanding the exception to minimum facility requirements, the Retail Outlet mentioned in this Section shall still observe the following minimum safety requirements:

- (i) Minimum lot area requirement of the above outlets shall not be less than one hundred (100) square metres except for marine stations;
- (ii) No other commercial establishment shall be installed/constructed within the Retail Outlet other than those necessary for its operation;
- (iii) The vehicle being serviced and the delivery of the Liquid Fuels by the Tank Truck shall at all times be inside the business premises;
- (iv) One (1) metre set back distance shall be maintained in the following:
  - 1) Cashier's booth or dispensing pump to firewalls; and
  - 2) During the supply operation of tank truck, there should be one (1) metre working distance that should be maintained from the truck to firewalls.

The Manually-Operated Dispensing Station and Marine Refilling Station shall not be exempt from applying for a COC. Non-compliance with the minimum safety requirements of Section 13.b above shall constitute Illegal Trading.

## **RULE V OIMB MONITORING AND INSPECTION**

**Section 14. Conduct of Inspection.** Duly-authorized inspectors from the OIMB or the Field Offices shall undertake random and unannounced inspections to conduct, among others, checking/testing of dispensing pumps, sample taking and product testing on-site or at the DOE laboratory.

The Retail Outlet Official shall maintain a responsible person who shall be present in the Retail Outlet at all times and, for this purpose, the Retail Outlet cashier or any person acting as such shall be considered as a responsible person before whom the duly-authorized inspectors can present their proper identifications and under whose authority the inspection shall proceed.



Refusal to allow the conduct of the inspection and sampling shall constitute a prohibited act.

**Section 15. Sample Taking by the OIMB or by the Field Offices for Testing at the DOE Laboratory.**

- a) Authorized inspectors from the OIMB or the Field Offices shall be allowed to gather at least one (1) litre sample of Liquid Fuels which the Retail Outlet is offering for sale directly from the dispensing pumps, for product quality testing at the DOE laboratory to ensure compliance with quality standards.
- b) Laboratory test results indicating non-compliance with quality standards pursuant to the PNS and the Biofuels Act of 2008 and its Implementing Rules and Regulations shall constitute **ADULTERATION**.

**Section 16. Sample Taking by the OIMB or by the Field Offices for On-site Product Sampling and Testing.** On-site sampling and testing of Liquid Fuels samples using the DOE's Mobile Monitoring and Testing Laboratory and the consequent penalties and sanctions shall be governed by the provisions of DC No. DC-2015-06-0006.

**Section 17. Retention of Product Samples.** The Retail Outlet Official shall retain its own duplicate samples of the samples obtained by the inspectors from the OIMB or the Field Offices during the inspection for purposes of its own product quality testing. It shall be responsible for providing his own sampling bottle..

**Section 18. Discrepancy in Results of Testing and Resolution Thereof.** In case the Retail Outlet Official and/or Retail Outlet opts to contest the results of the DOE laboratory, or to subject its retained fuel samples to a simultaneous testing, it may do so at its own expense within the three (3) months validity period of the retained fuel samples reckoned from the date the samples are endorsed/turned over to the DOE laboratory, and with an accredited testing laboratory acceptable to the DOE and in the industry.

**Section 19. Underdelivering in Dispensing Pumps.**

- a) The quantity of Liquid Fuels delivered at a Retail Outlet, as measured by the dispensing pump, shall not be less than 50 millilitres for every 10 litres as verified using the OIMB Test Measure. Each pump delivering less than the tolerable limits shall be deemed to be UNDERDELIVERING.
- b) The Retail Outlet Official shall have the right to examine that the OIMB Test Measure has the updated seal and issued by the NML.
- c) The particular dispensing pump shall be immediately closed by the inspectors of OIMB or by the Field Offices by posting an "Out-of-Order" sign to prevent the said pump from further dispensing products to the public until it is re-calibrated. The said sticker can only be removed by the Authorized Calibrating Entity as provided in Section 22 of this Rules.
- d) The unauthorized removal of an "Out-of-Order" sign or padlock locking the pump that is found underdelivering shall constitute a presumption that the pump is actually being used to sell Liquid Fuels. A dispensing pump found with broken or no seal and with no "Out-of-Order" sign or padlock placed/posted/pasted on it shall constitute UNDERDELIVERING.

In addition, the absence of an "Out-of-Order" sign or padlock shall give rise to the presumption that the Retail Outlet is actually selling Liquid Fuels and shall be deemed committing the offense of ILLEGAL TRADING.

**Section 20. Posting of Signages and Labels.**

- a) Retail Outlet shall have posted or displayed prominently and conspicuously and at the

immediate sight of the motorist the following signages and labels:

- (i) Price display board with updated prices for each Liquid Fuels;
  - (ii) Price display board with the same updated prices in the dispensing pump;
  - (iii) Product quality label, such as RON, E10 and Bx, posted at the dispensing pumps;
  - (iv) Biodiesel blend (Bx) and the phrase "This diesel contains X% CME", where X shall refer to the % biodiesel in the fuel; and
  - (v) E-Gasoline Fuel specifications
    - 1) Regular grade - 91 RON, Minimum - Green
    - 2) Premium grade - 95 RON, Minimum - Red
    - 3) Premium plus grade - 97 RON, Minimum - Blue
- b) Retail Outlet shall likewise have posted in strategic and appropriate locations within the premises of the Retail Outlet the following consumer safety and informational signs:
- (i) Switch-off cellular phones;
  - (ii) No smoking;
  - (iii) Switch-off engine while filling;
  - (iv) No straddling (motorbike/tricycle); and
  - (v) Other safety signs as may be required by the OIMB and other government agencies.

Failure to display any or all of the above shall constitute **ILLEGAL TRADING**.

## **RULE VI LIQUID FUELS QUANTITY STANDARD**

**Section 21. Calibration and Sealing of Dispensing pumps.** To ensure that facilities and equipment used in the operation of Retail Outlets remain accurate, calibration shall be mandatory. All dispensing pumps used in Retail Outlets to dispense Liquid Fuels sold to the public must be properly calibrated once every ninety (90) days, and after calibration immediately sealed by an authorized entity. Immediate calibration shall also be conducted if the dispensing pump is found underdelivering, as provided under Section 19 or during the weekly calibration verification, as provided under Section 23.c.

The failure of the Retail Outlet Official and of Retail Outlet to have the dispensing pumps calibrated shall constitute UNDERDELIVERING notwithstanding the fact that the dispensing pumps are actually not underdelivering.

**Section 22. Authorized Calibrating Entities and its Roles.** The authorized calibrating entities are the City or Municipal Treasurer, or in their absence or incapacity, the National Metrology Laboratory (NML) of the Industrial Technology Development Institute (ITDI), Department of Science and Technology (DOST) or, in its absence, the oil company or a third party contractor.

In case that calibration shall be done by the oil company or a third party contractor, it shall obtain a certification from the City or Municipal Treasurer or NML ITDI DOST that the latter are unavailable or incapable of doing the calibration.

**Section 23. Test Measure Requirement in All Retail Outlets.**

- a) OIMB or the Field Offices shall inspect and verify the dispensing pump using a valid Test Measure to check for possible underdelivering.
- b) All Retail Outlets shall maintain a 10-litre Test Measure, which must be inspected, calibrated, verified, adjusted, as necessary and resealed once every twelve (12) months by the NML of the ITDI, DOST and DOST regional calibration laboratories.

- c) The Retail Outlet Official shall verify the accuracy of the dispensing pump using a valid Test Measure and keep a written record or logbook of its weekly readings. The periodic calibration by the Retail Outlets shall guide them as to whether they have to request for the LGU calibration earlier than their schedule. The written record or logbook shall be duly-signed by the authorized calibrating entity and countersigned by the Retail Outlet Official or his authorized representative and shall be maintained at all times in the Retail Outlet premises and presented to OIMB or the Field Offices and to the public upon demand thereof.
- d) The Retail Outlet Official shall ensure that the authority performing the calibration shall install a seal after calibration to guard against unauthorized adjustment of the dispensing pump meter, which seal shall not be broken until the next calibration by an authorized entity. Breaking the seal for the purpose of calibration by an entity other than the LGU shall have prior authorization by the LGU otherwise, unauthorized breaking of the seal shall constitute the offense of **UNDERDELIVERING**.

Failure to maintain a NML calibrated and sealed Test Measure, or the duly documented and signed and countersigned written record or logbook, or maintaining or using dilapidated, unserviceable, expired or uncalibrated Test Measure notwithstanding the fact that the dispensing pumps are not actually underdelivering shall constitute **UNDERDELIVERING**.

**Section 24. Sealing of the Dispensing Pump by the LGU.**

- a) Only the LGU or the authorized persons enumerated in Section 22 can affix the seal after the calibration, and conversely to break the seal. Calibration and the breaking of the seal by an entity other than the LGU or those enumerated in Sec. 23 shall constitute UNDERDELIVERING.
- b) The seal shall be installed either in the metering unit and mechanical or electronic adjustment device by the authorized persons performing the calibration to guard against the unauthorized adjustment of the dispensing pump.
- c) The Retail Outlet or Retail Outlet Official shall ensure to sell and dispense Liquid Fuels to customers regardless of quantity and amount, directly to their vehicles' fuel tank.

**RULE VII  
LIQUID FUELS QUALITY STANDARDS**

**Section 25. Product Quality.** Only Liquid Fuels complying with the Philippine National Standard (PNS) and Biofuels Law shall be sold in a Retail Outlet.

**Section 26. Testing and Retention of Samples of Liquid Fuels by the Retail Outlet.** In order to protect against the delivery of adulterated products, a Retail Outlet may do either of the following:

- a) The Retail Outlet shall take at least one (1) litre sample from the Tank Truck of each Liquid Fuels delivered to his Outlet. The samples shall be placed in an OIMB-specified container and sealed in the presence of the Tank Truck driver who shall verify the taking of the sample by signing on the invoice. The sample shall be safely stored by the Retail Outlet for at least one (1) month or until the third delivery thereafter, whichever is shorter. A record of the Certificate of Quality per delivery of Liquid Fuels shall also be maintained.
- b) By using a hydrometer, the Retail Outlet shall take the American Petroleum Institute (API) gravity or density and obtain the corrected API gravity at 60 degrees Fahrenheit or specific gravity at 15 degrees Celsius and compare this against the API gravity at 60 degrees Fahrenheit or density at 15 degrees Celsius as indicated in the product invoice. For this purpose, oil companies shall indicate the API gravity at 60

degrees Fahrenheit or density at 15 degrees Celsius of all deliveries of Liquid Fuels in the corresponding invoice. A Retail Outlet may refuse to accept the shipment if the API gravity difference exceeds by 0.6 degrees API or the density difference exceeds by 0.0024. Both the oil company's and Retail Outlet's specific gravity or density readings should be recorded in a logbook specifically kept for this purpose.

The Retail Outlet shall provide its own sampling bottle for purposes of retaining a duplicate sample for its own product quality testing for verification for every delivery from its supply source and for OIMB's or the Field Offices' inspection and sampling.

## **RULE VIII PROHIBITED ACTS**

**Section 27. Illegal Trading.** The following shall constitute Illegal Trading:

- a) **Engaging in the Business without COC**, where the Retail Outlet Official and/or Retail Outlet engages in business without securing a COC from OIMB, or continues to operate the Retail Outlet upon expiration of the COC, or after being directed by the DOE or OIMB or the Field Offices to cease and desist in operating the Retail Outlet.
- b) **Failure to Post COC**, where a Retail Outlet does not or fails, or refuses to post the COC in the premises.
- c) **Refusal or Failure to Pay Fine/Penalty within the Period Prescribed by DOE.**
- d) **Sale of Liquid Fuels Dispensed from or into "bote-bote" or Soda Bottles, Plastic Containers, Jugs, Aboveground Tanks, Portable Tanks, Road Tankers or Vehicles, Drums, Barrels or Other Similar Portable Containers** not intended for storage of flammable liquid fuels into the fuel tanks of motor vehicles.
- e) **Failure to Comply with the Mandatory Standards and Requirements as provided in this Circular.**
- f) **Failure to Comply with Test Measure Requirements.**
- g) **Posting of Wrong Research Octane Number.**
- h) **Posting of conflicting prices in the dispensing pumps and in price display board.**
- i) **Non-posting of price display board with updated prices for each Liquid Fuels.**
- j) **Non-posting of product quality label, such as Research Octane Number, E10 and Bx, at the dispensing pumps.**
- k) **Non-posting of Consumer Safety and Informational Signs in the business premises.**
- l) **Sale of Liquid Fuels from dispensing pump with broken or no seal and without "Out-of-Order" sign or padlock.**
- m) **Continuing to engage in the business of retailing Liquid Fuels after an Order Notice of Cessation of business has been issued by the DOE.**

**Section 28. Adulteration** is committed through the possession of Liquid Fuels that do not conform with the Philippine National Standard and Biofuels Act on quality, or by the refusal of a Retail Outlet to give samples of Liquid Fuels to OIMB or the Field Offices. The possession and

sale of Liquid Fuels that do not conform to the Biofuels Act shall be governed and sanctioned by that Act and its Implementing Rules and Regulations.

**Section 29. Underdelivering** is committed through any of the following:

- a) Quantity of Liquid Fuels delivered by dispensing pumps is more than negative fifty (-50) millilitres for every ten (10) litres; or
- b) A dispensing pump that is not calibrated or sealed;
- c) A dispensing pump with a broken or with no seal; or
- d) Failure to comply with Test Measure requirements; or
- e) Failure to maintain a written record or logbook.

**Section 30. Hoarding**, which is committed when, before a price increase or in times of tight supply:

- a) Retail Outlet refuses, or fails to sell the Liquid Fuels to the general public even when supply is available, and customer offers to pay in cash; or
- b) Retail Outlet has unjustifiable increase in inventory, which stocks are fifty percent (50%) higher than his usual inventory as reckoned from the third (3<sup>rd</sup>) month immediately preceding the date that the said Retail Outlet refuses or fails to sell.

**Section 31. Refusal/Obstruction of Inspection and Sampling**, where a Retail Outlet refuses, prevents or obstructs the inspection of its premises, facilities and records, as well as sampling of Liquid Fuels. Failure by the Inspectors from the OIMB or the Field Offices to conduct inspection despite reasonable efforts to secure the consent of the Retail Outlet Official to do so, or the circumstances described in Section 14, shall be deemed as Refusal of Inspection. Such refusal shall likewise constitute prima facie evidence of the commission of the Prohibited Acts in Sections 28, 29 and 30 of this Circular.

**RULE IX  
ADMINISTRATIVE FINES AND SANCTIONS**

**Section 32. Fines/Sanctions Against Prohibited Acts.** In addition to the right and authority of the OIMB or the Field Offices to suspend and revoke the COC as provided in this Circular, the Retail Outlet Official and/or Retail Outlet that commits the prohibited acts shall be imposed the following penalties:

Prohibited Act	Penalty		
	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
A. Illegal Trading 1. Non-compliance with Section 6 Rule II for NEW Retail Outlets	P250,000.00 and/or non-issuance of COC	P250,000.00 and Recommend revocation or suspension of the permits or licenses to LGU	
2. Non-compliance with Section 10 Rule III on Mandatory Standards and Requirements	250,000.00 and/or non-issuance of COC	P250,000.00 and Recommend revocation or suspension of the permits or licenses to LGU	

Prohibited Act	Penalty		
	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
3. Engaging in the Business without a COC	250,000.00	P250,000.00 and Recommend revocation or suspension of the permits or licenses to LGU	
4. Failure to Post COC in a conspicuous place	10,000.00	20,000.00	Revocation of COC
5. Non-compliance with Section 20 Rule IV on posting requirements <ul style="list-style-type: none"> <li>- Non-posting of RON, E10 and Bx stickers at the dispensing pump</li> <li>- Posting of wrong RON</li> <li>- Posting of updated prices in price display board for each Liquid Fuels</li> <li>- Posting of conflicting prices in the dispensing pump and in price display board</li> <li>- Non-posting of consumer safety and informational signs in the business premises</li> </ul>	10,000.00	20,000.00	Revocation of COC
6. Non-compliance with Section 12 Rule III on Liquid Fuels storage, handling and dispensing	250,000.00	P250,000.00 and Recommend revocation or suspension of the permits or licenses to LGU	
7. Failure to maintain a calibrated and sealed dispensing pump	20,000.00	20,000.00	Revocation of COC
8. Failure to Comply with Test Measure Requirements	20,000.00	20,000.00	Revocation of COC
9. Refusal to sell and dispense Liquid Fuels to customers regardless of quantity and amount, directly to their vehicles' fuel tank	20,000.00	20,000.00	Revocation of COC
10. Non-issuance of official receipt after every sale of Liquid Fuels	20,000.00	20,000.00	Revocation of COC
11. Refusal or Failure to Pay Fine/Penalty within the period prescribed by DOE	Revocation of COC		

Prohibited Act	Penalty		
	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
B. Adulteration 1. Non-compliance with quality standards pursuant to the PNS and Biofuels Law	200,000.00	300,000.00	Revocation of COC and Recommend revocation or suspension of the permits or licenses to LGU
2. Refusal of a Retail Outlet to give samples of Liquid Fuels	20,000.00	30,000.00	Revocation of COC and Recommend revocation or suspension of the permits or licenses to LGU
3. Refusal of a Retail Outlet to give samples of Liquid Fuels	20,000.00	30,000.00	Revocation of COC and Recommend revocation or suspension of the permits or licenses to LGU
C. Underdelivering	20,000.00	20,000.00	Revocation of COC
D. Refusal/Obstruction of Inspection and Sampling	50,000.00	100,000.00	Revocation of COC
E. Hoarding	500,000.00	Revocation of COC	
F. Continuing to operate after an Order or Notice of cessation of operation of business has been issued by the DOE	10,000.00 per day of operation	Revocation of COC	

**Section 33. Initiation of Administrative Proceedings.** Any individual or group may initiate administrative proceedings with the DOE against the Retail Outlet Official and/or Retail Outlet committing any of the prohibited acts defined or provided in this Department Circular in accordance with DOE Circulars; *Provided:* That, the DOE may, motu proprio, proceed administratively against any Retail Outlet who does not comply with this Department Circular pursuant to said DOE Circulars.

**Section 34. Initiation of Criminal Action.** The initiation of an administrative action or the imposition of any fine against any Retail Outlet who violates or does not comply with this Department Circular shall be without prejudice to the filing of any criminal action against such Retail Outlet pursuant to BP 33, as amended and RA 8479, and other applicable laws, rules and regulations.

**RULE X  
FINAL PROVISIONS**

**Section 35. Separability Clause.** Should any provision herein be declared invalid or unconstitutional by a court of competent jurisdiction, the same shall not affect the validity of the other provisions not so declared.

**Section 36. Repealing Clause.** DOE Circular No. 2003-11-010 is hereby deemed repealed. All other DOE Circulars, issuances, and rules and regulations inconsistent with this Circular or any part hereof, are hereby deemed repealed or modified accordingly.

**Section 37. Effectivity.** This Department Circular shall take effect fifteen (15) days from the date of its complete publication in two (2) newspapers of general circulation.

Done this \_\_\_\_\_, Energy Center, Bonifacio Global City, Taguig City.

**ALFONSO G. CUSI**  
Secretary