

BY THE PRESIDENT OF THE PHILIPPINES

MFN 14D 12201

EXECUTIVE ORDER NO. 290

**IMPLEMENTING THE NATURAL GAS VEHICLE PROGRAM  
FOR PUBLIC TRANSPORT**

**WHEREAS**, Republic Act No. (RA) 7638, otherwise known as the "Department of Energy Act of 1992", declares that it is the policy of the State to ensure continuous, adequate and economic supply of energy through the integrated and intensive exploration, production, management and development of the country's indigenous energy resources, with due regard to ecological concerns;

**WHEREAS**, RA No. 8749, also known as the "Philippine Clean Air Act of 1999", declares as a policy the promotion and protection of the environment against pollution from mobile sources;

**WHEREAS**, the Malampaya Gas-to-Power Project represents the beginning of the natural gas industry in the Philippines with three gas-fired power plants with a total installed capacity of 2,760 MW as initial customers;

**WHEREAS**, apart from its application in the power sector, natural gas may be used as fuel for vehicles in the transport sector and as a source of energy in the industrial and commercial sectors;

**WHEREAS**, the launching on October 16, 2002 of the Natural Gas Vehicle Program for Public Transport saw the unveiling of a portfolio of incentives to encourage active participation of the private sector to provide the necessary support, logistics and infrastructure;

**WHEREAS**, the NGVPPT is envisioned to enhance energy supply security in the transport sector through fuel diversification using indigenous natural gas;

**WHEREAS**, natural gas is a clean burning alternative fuel for vehicles which has the potential to produce substantially lower pollutant emissions and can provide a solution to the pressing environmental problems in urban areas.

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Program Objectives.** The Natural Gas Vehicle Program for Public Transport (NGVPPT) shall have the following objectives:

- 1.1 To enhance energy supply security in the transport sector through fuel diversification using indigenous natural gas; and



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- 1.2 To use compressed natural gas (CNG) as a clean alternative fuel for transport.

**Sec. 2. Coverage.** The NGVPPT, as an integral part of the Philippine Natural Gas Industry, shall cover the following key components:

### 2.1 *Gas Supply*

Natural gas shall be supplied as CNG in the transport sector through: i) the use of indigenous gas resource, i.e. the Malampaya gas from Palawan, for the NGVPPT and other local gas that will be explored for additional demand; and ii) the importation of liquefied natural gas (LNG) from gas producers around the world to supplement existing indigenous gas supply.

### 2.2 *Infrastructure development*

CNG refueling stations and all related facilities shall be established in strategic locations along major thoroughfares in Metro Manila and Luzon to serve the fuel needs of CNG-powered public utility vehicles (PUVs).

The CNG refueling stations may involve a combination of a "mother-daughter" system and/or an on-line station where the required gas pipeline is already available.

In the absence of a pipeline at the initial phase of the NGVPPT, the refueling set up shall be a "mother-daughter" scheme where a high pressure mother station shall be built inside the Malampaya Onshore Gas Plant (MOGP) and the daughter stations shall be established in identified strategic locations.

### 2.3 *Market development*

The public transport sector, which includes public utility buses (PUBs), public utility jeepneys (PUJs), taxis and other PUVs, shall be encouraged to use natural gas as fuel.

### 2.4 *Technology*

Existing NGV technology in the world for refueling systems and transport vehicles shall be adopted locally in compliance with applicable local and international standards.

For transport vehicles, available NGV technology shall include Original Equipment Manufactured (OEM)-NGVs, retrofit system and conversion options.



The use of OEM-NGVs shall be strongly recommended as the technology to be adopted during the initial phase of the NGVPPT followed by the retrofit system and conversion option when the same shall have become technically and commercially feasible.

#### 2.5 *Incentives and Financial Assistance*

The NGVPPT shall develop and offer incentive packages for all NGV industry stakeholders.

#### 2.6 *Manpower development*

Local technical capability and expertise on NGV retrofitting; conversion; fabrication of conversion systems; NGV and refueling station operation and maintenance; and other related activities as well as the capability to locally produce NGV chassis, bodies and engines shall be pursued through technology transfer and training.

#### 2.7 *Standards and other regulatory concerns*

The standards, codes of practice and other regulatory procedures shall be established by the relevant agencies to ensure the integrity of the NGVPPT and public safety.

#### 2.8 *Information Education Communication (IEC)*

An IEC program shall inform and educate stakeholders and the general public on the benefits of using natural gas particularly in the transport sector.

**Sec. 3. Lead Implementing Agency.** Consistent with Executive Order No. 66, series of 2002, designating the DOE as the lead agency in developing the Philippine natural gas industry, the DOE shall be the lead implementing agency for the NGVPPT. In coordination with different government agencies, institutions and the private sector, the DOE shall:

- (i) Take the lead in implementing the NGVPPT, including pilot projects to spur accelerated development, to encourage the use of CNG-powered PUVs and establishment of the necessary refueling infrastructure;
- (ii) Develop an implementation plan to ensure the success, synergy and continuity of all activities related to the NGVPPT;
- (iii) Develop and implement the necessary guidelines for the accomplishment of the objectives of this Executive Order;



- (iv) Develop a CNG Masterplan in coordination/cooperation with concerned government agencies/institutions and in consultation with all stakeholders; and
- (v) Facilitate program participants' access to privileges and incentives.

**Sec. 4. Co-Implementing Agencies.** The following government agencies/institutions shall work with the DOE to implement the NGVPPT:

- 4.1 The Department of Environment and Natural Resources (DENR), through its Environmental Management Bureau (EMB), shall fast track the issuance of Environmental Compliance Certificates (ECC) for NGV facilities and refueling stations and shall formulate emission standards for CNG.
- 4.2 The Department of Finance (DOF) shall create a pricing environment conducive to the use of CNG vis-à-vis diesel and shall formulate tax policies relative to the NGVPPT, and through
  - (i) The Bureau of Internal Revenue (BIR), develop revenue regulations for the implementation of time-bound tax incentives for CNG, NGVs and related facilities and infrastructure; and
  - (ii) The Bureau of Customs (BOC), implement guidelines on reduced tariffs on NGVs, NGV engines and other NGV industry related equipment, facilities parts and components duly certified by the DOE.
- 4.3 The Department of Science and Technology (DOST) shall develop and promote locally manufactured NGV conversion kits, parts and components; develop training modules on NGV conversion, operation and maintenance and refueling station operation and maintenance; and establish testing centers for NGV systems, components and related equipment and facilities together with the DOE.
- 4.4 The Department of Trade and Industry (DTI), through
  - (i) The Bureau of Product Standards (BPS), shall establish Philippine National Standards for Natural Gas Utilization in the Transport Sector and certify the safety of CNG fuel, NGVs, NGV systems and components and related equipment and facilities; and
  - (ii) The Board of Investments (BOI), shall enhance existing incentive packages for land transportation using CNG, conversion shops, terminals with CNG refueling stations and the manufacture/assembly of NGVs and provide incentives to other NGV industry related activities.



- 4.5 The Department of Transportation and Communications (DOTC) shall work with the DOE to develop an implementation plan for a gradual shift to CNG fuel utilization in PUVs and promote NGVs in Metro Manila and Luzon through the issuance of directives/orders providing preferential franchises in present day major routes and exclusive franchises to NGVs in newly opened routes, compliance with emission standards and other preferential incentives through
- (i) The Land Transportation Office (LTO), which shall issue Certificates of Compliance (COC) with emission standards to NGVs;
  - (ii) The Land Transportation Franchising and Regulatory Board (LTFRB), which shall grant preferential and exclusive Certificates of Public Convenience (CPC) or franchises to operators of NGVs based on the results of the DOTC surveys.
- 4.6 The Department of Interior and Local Government (LTFRB) shall formulate safety measures relative to NGV industry practices and apprehend violators of standards and safety rules and regulations.
- 4.7 The Metro Manila Development Authority (MMDA) shall provide regulatory and administrative support and introduce traffic schemes favoring NGVs to enhance the use of such NGVs in Metro Manila, and shall integrate the location of CNG refueling stations within the overall plan/rationalization of its intermodal terminal program.
- 4.8 The Tariff Commission (TC) shall reduce tariffs on NGVs, NGV engines, conversion kits/systems, refueling equipment and other NGV industry related equipment, facilities, parts and components.
- 4.9 The Technical Education and Skills Development Authority (TESDA) shall develop training modules and conduct training for NGV conversion/retrofit/maintenance engineers, mechanics and technicians and certify the same after the training.
- 4.10 Government financing institutions (GFIs) such as, but not limited to, the Development Bank of the Philippines (DBP), Landbank of the Philippines (LBP), Trade and Investment Development Corp. of the Philippines (TIDCORP) and the Small Business Guarantee Fund Corporation (SBGFC) shall develop separate financing windows for the NGV industry which provide affordable and commercially tenable financing to NGV, refueling station and related infrastructure operators.
- 4.11 The Philippine National Oil Company (PNOC), together with its subsidiary, PNOC-Exploration Corporation, shall provide the necessary support for infrastructure development such as, but not limited to, the gas supply for performance testing of demo NGVs.



**Sec. 5. Privileges.** The following privileges and incentives may be availed of by the NGVPPT participants:

- 5.1 Income tax holiday for pioneering projects qualifying under the BOI's Investments Priorities Plan;
- 5.2 One percent (1%) rate of duty on imported NGVs, NGV engines and other NGV industry related equipment, facilities, parts and components as certified by the DOE;
- 5.3 Issuance by the LTO of Certificates of Compliance with Emissions Standards to NGVs;
- 5.4 Preferential and exclusive franchises from the LTFRB for NGVs to newly opened routes;
- 5.5 Accelerated issuance by the DENR of ECC for NGV facilities and refueling stations;
- 5.6 Affordable and commercially tenable financial packages from GFIs;
- 5.7 Manpower development and capability building through training and technology transfer programs;
- 5.8 Attractive CNG prices which translate to a discount to diesel price;
- 5.9 Other privileges and incentives that may be subsequently provided.

**Sec. 6. Pilot Project.** A Pilot Project shall be established to demonstrate and showcase the initial operation of natural gas buses for public transport in the Batangas-Manila and/or Metro Manila routes using indigenous natural gas from the MOGP in Batangas.

The overall objective of the Pilot Project is to promote the use of CNG as an indigenous clean alternative fuel to diesel and improve air quality. The Pilot Project will evaluate the commercial viability, technical requirements, market demand, impact of incentives and public acceptance for natural gas in the public transport sector.

The components of the Pilot Project include i) launching of 100 OEM natural gas buses; ii) construction/operation of mother-daughter CNG refueling stations; iii) application/operationalization of newly designed incentives and financing packages; and iv) IEC campaigns.

**Sec. 7. Creation of the Executive Forum.** A NGVPPT Executive Forum (Executive Forum) is hereby created to function as a regular and permanent body to provide effective leadership, coordination and proper direction in the implementation of the NGVPPT.



## **Sec. 8. Composition of the Executive Forum.**

- 8.1 The Executive Forum shall be composed of the lead implementing and co-implementing agencies with the Undersecretary of the Department of Energy as Chairperson and senior officials of the co-implementing agencies as members.
- 8.2 Representatives from the private sector may be invited to serve as members and/or resource participants of the Forum to promote an environment conducive to active private sector participation in the NGVPPT. Such private sector representatives may include representatives from infrastructure developers, refueling station operators, the transport sector, non-governmental organizations and other similar entities.
- 8.3 The Chairperson and each of the members shall designate a permanent alternate.

## **Sec. 9. Powers and Functions.**

- 9.1 The Executive Forum shall accelerate, integrate and coordinate interagency activities that include the implementation of existing privileges and incentives and formulation of additional fiscal and non-fiscal incentives, financial packages and standards;
- 9.2 The Executive Forum shall formulate its own programs, plans and activities in pursuit of the objectives of this Executive Order, monitor the implementation of agency actions and recommendations arising therefrom and recommend the necessary measures that will enhance competitiveness of the NGV industry;
- 9.3 The Executive Forum shall develop its own internal rules that shall govern the conduct of its meetings and other deliberations or proceedings;
- 9.4 The Executive Forum shall meet as often as necessary but in no case less than once every quarter to discuss or deliberate on any action, recommendation and/or proposal.

**Sec. 10. Secretariat.** Technical and secretariat support to the Executive Forum shall be provided by the DOE.

**Sec. 11. Separability Clause.** In the event that any of the provisions of this Executive Order is declared unconstitutional with finality by a court of competent jurisdiction, the validity of the other provisions shall not be affected by such declaration.

**Sec. 12. Effectivity.** This Executive Order shall take effect immediately.



**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the seal of the Republic of the Philippines to be affixed.

**DONE** in the City of Manila, this 24<sup>TH</sup> day of FEB , in the year of Our Lord, Two Thousand and Four.

*Glenn Arroyo*

By the President:



*Alberto G. Romulo*

**ALBERTO G. ROMULO**  
Executive Secretary

