



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila



CIRCULAR LETTER

No. 2008-9

November 26, 2008

TO : Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government; Budget Officers; Heads of Accounting Units and All Others Concerned

SUBJECT : GUIDELINES IMPLEMENTING ADMINISTRATIVE ORDER (AO) NO. 228 AND THE PRESIDENT'S DIRECTIVE DATED MAY 31, 2008

1.0 Background

Energy efficiency and conservation has been an on-going effort of the Government, thru the implementation of the **Government Energy Management Program (GEMP)**. The GEMP was institutionalized under AO Nos. 103, 110,110-A, 126 and 183 and its IRR was jointly formulated by DOE and DBM dated May 30, 2008.

A.O. 228 dated June 2, 2008 was issued reiterating the energy conservation measures contained under said existing issuances. Prior to the issuance of A.O. 228, the President, in a memo dated May 31, 2008, authorizes government agencies to use **all savings under MOOE i.e., from electricity and fuel** to fund the grant of transportation and rice subsidy to their employees. Further, the PNOC and DBM are being tasked to monitor this program/submit a report to the President.

The IRR on the GEMP already prescribes the submission to DOE of monitoring reports, policy on use of generated savings arising from energy conservation, as well as the priorities in the use of such savings.

2.0 Purpose

- 2.1 To modify the existing reports in monitoring the GEMP in order to provide complete information on both, consumption savings (in kWh and liters) and corresponding peso savings;
- 2.2 To expand the funding source/authority to use savings that can be utilized by agencies to implement A.O. Nos. 103, 110,110-A, 126, 183 and 228 and OP directive dated May 31, 2008; and,
- 2.3 To clarify certain provisions of the IRR on the GEMP on the accumulation and use of savings to fund certain priorities including the grant of transportation and rice subsidy to employees of agencies which generated savings from their budgetary provisions for electricity and fuel.

3.0 General Guidelines

- 3.1 Agencies shall continue to implement the electricity and fuel saving measures provided under existing issuances, IRR of the GEMP and A.O. 228.

3.2 For purposes of implementing this Circular, **agency savings** pursuant to General Provision (GP) No. 60 of the 2008 GAA, shall refer to portions or balances of any programmed appropriation in this Act free from any obligation or encumbrance which are:

- still available after the completion or final discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized;
- from appropriation balances arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay; and,
- from appropriations balances realized from the implementation of collective negotiation agreements which resulted in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in this Act at a lesser cost.

3.3 Reporting Requirements

3.3.1 Section 2, Rule VI of the IRR on the GEMP prescribes the following reports to be submitted by the designated **Energy Conservation Officer (ECO)** of each agency to **DOE thru the Energy Audit Team (EAT)**:

Report	Submission date
Energy Conservation Program	On or before Jan. 15
Monthly Electricity Consumption Report) On or before the 15 th) day following the month
Monthly Fuel Consumption Report) reported

3.3.1.1 Energy Conservation Program – reflecting the energy conservation measures, target savings, motor vehicles inventory, other strategies, total annual electricity and fuel consumption and savings for one (1) year.

3.3.1.2 Monthly Electricity Consumption Report (MECR) - reflecting the average monthly consumption and savings in terms of kWh and percentage, related information on buildings i.e., description, gross area, number of occupants and air-conditioned area.

3.3.1.3 Monthly Fuel Consumption Report (MFCR) - reflecting the average monthly consumption of gasoline/diesel and savings for the month in terms of liters and percentage.

3.3.2 The MECR and MFCR cited under item nos. 3.3.1.2 and 3.3.1.3 above are hereby modified to include information on the **peso savings** corresponding to the consumption savings in kWh for electricity and liters for fuel. Thus, in lieu of said reports, agencies shall submit the following modified reports to the **Chairman, PNOC-DMC through DOE email address (doe_gemp_report@doe.gov.ph), copy furnished the DBM** on or before the 15th day following the month reported:

3.3.2.1 Monthly Electricity Consumption and Savings Report – modified format shown as **Annex A**; and,

3.3.2.2 Monthly Fuel Consumption and Savings Report – modified format shown as **Annex B**.

3.4 Use of agency savings under electricity and fuel

3.4.1 Section 3, Rule V of the IRR on the GEMP prescribes the following policy on use of consumption savings in kWh for electricity and liters for fuel, **accumulated by agencies from the 12-month period starting September 1, 2005** and every year thereafter:

3.4.1.1 For government entities which failed to attain the required minimum 10% savings, the use of its savings shall be limited to only 50% of their accumulated savings in kWh for electricity and liters for fuel.

3.4.1.2 For government entities which attained 10% savings or more, they may be allowed to use 100% of their accumulated savings in kWh for electricity and liters for fuel.

3.4.2 Consistent with the President's directive dated May 31, 2008, agencies are hereby authorized to use **all savings** generated from budgetary provisions for electricity and fuel. This effectively amends Section 3, Rule V of the IRR which provided certain limitations on the use of savings under said expenditure items.

3.4.3 Only **qualified agencies** i.e., those which generated savings from budgetary provisions for electricity and fuel corresponding to consumption reductions in kWh for electricity and liters for fuel, shall be authorized to grant transportation and rice subsidy to their employees.

3.4.4 Since most agencies may be able to generate minimal savings only from fuel and electricity given the volatile costs of these items, the authority to use savings per OP directive dated May 31, 2008 is hereby expanded. In cases where savings of qualified agencies are not sufficient to fund the grant of transportation and rice subsidy, they are hereby authorized to realign savings from other expenditure items of their budgets (consistent with the definition of savings provided under GP No. 60 of the 2008 GAA) to fund the grant of said incentives.

3.4.5 The availability of savings under electricity and fuel should be consistent with two-year validity period of allotments under MOOE and CO as provided under GP No. 66 of the FY 2008 GAA. Thus, cumulative savings of agencies in electricity and fuel covered with lapsed allotments shall no longer be valid for availment as of effectivity date of this Circular. (Example of lapsed allotments are those issued from the period September 1, 2005 to December 31, 2006).

3.4.6 Consistent with GP No. 17 of the FY 2008 GAA, savings generated from electricity and fuel after taking into consideration the agency's full year requirements, may be realigned only in the last quarter of the year.

3.5 Priorities in the use of savings under electricity and fuel

3.5.1 Agency savings under electricity and fuel shall only be used to fund the following order of priorities as enumerated under Section 4 of Rule V of the IRR:



- 3.5.1.1 Improvements in energy efficiency of the government entity/facility;
 - 3.5.1.2 Upgrade/lease/purchase of vehicles to be used by employees as shuttle service;
 - 3.5.1.3 Purchase/lease of service vehicles to replace the old and inefficient units assigned to officials;
 - 3.5.1.4 Citations or recognitions; and,
 - 3.5.1.5 Grant of other benefits to employees, consistent with the Collective Negotiation Agreement (CNA).
- 3.5.2 **Transportation subsidy** cited in the May 31, 2008 OP directive is already part of the existing non-wage benefits given by agencies to their employees. This incentive falls under item no. 3.5.1.2 above i.e., upgrade/lease/purchase of vehicles to be used by employees as shuttle service.
- 3.5.3 The grant of **rice subsidy** authorized per OP directive dated May 31, 2008 shall be subject to the respective CNA of agencies, consistent with item 3.5.1.5 above.

4.0 Procedural Guidelines

- 4.1 Agencies that have generated savings from budgetary provisions for electricity and fuel corresponding to their consumption reductions in kWh and liters shall submit to **DOE thru the EAT** for verification and recommendation, their proposal to avail of the use of such savings.
- 4.2 Consistent with the IRR of the GEMP, the EAT- DOE shall verify the energy conservation programs/measures adopted by the concerned agency and validate the reported consumption savings in kWh and liters, as basis for its recommendation on whether the agency is qualified to avail the use of savings.
- 4.3 Based on favorable recommendation of the EAT - DOE, the qualified agency shall submit to DBM on or before **November 15** of the year, a request for realignment of generated savings under electricity and fuel to fund any of the priorities cited in the IRR including the grant of transportation and rice subsidy to its employees. In cases where savings generated from electricity and fuel is not sufficient, the agency concerned shall identify other sources of funds i.e., savings from other expenditure items under its approved budget, provided still within the 2-year validity period of allotment.
- 4.4 DBM shall validate the savings requested for realignment by the qualified agency, from its submitted accountability reports i.e., latest Statement of Allotments, Obligations and Balances and/or Financial Report of Operation.
- 4.5 DBM shall issue SARO to cover said realignment of savings in favor of qualified agencies i.e., **from** savings under electricity and fuel or other expenditure items **to** appropriate expense item(s) to fund any of the priorities cited in the IRR including the grant of transportation and rice subsidy.

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4.6 Agencies are likewise reminded of the following rules and regulations on the use of savings for the grant of transportation subsidy i.e., upgrade/lease/purchase of motor and service vehicles:

- 4.6.1 Dispose first unserviceable motor vehicles prior to the purchase of new ones. Proceeds from the sale of unserviceable vehicles shall be utilized for the purchase of new ones pursuant to Section 12 of the General Provisions of R.A. 9498.
- 4.6.2 Adhere to the provisions of NBC 446 and 446-A on motor vehicle classification and specification guide as well as A.O. 233 on strict prohibition of acquisition and use of luxury vehicles.

5.0 **Effectivity**

This Circular shall take effect immediately.

ROLANDO G. ANDAYA, JR.
Secretary

ELECTRICITY CONSUMPTION AND SAVINGS REPORT

For the Month of _____, 2008

Agency :
 Address:
 Telephone Nos.
 Fax Nos.

A	B	C	D	E	F	G	H	I
B u i l d i n g				kWh Consumption		Monthly Savings		
Description	Gross Area	Air-conditioned Area	Number of Occupants	Average Monthly Jan.-June, 2004	This Month of _____	Monthly Savings		
	(Square meters)					kWh	Percent	Pesos

(Add rows when necessary)

To compute savings:

(G) kWh Savings = E less F (Ave. Monthly kWh Consumption less This Month's kWh Consumption)

(H) % Savings = $\frac{G}{E} \times 100$ (kWh Savings over Ave. Monthly kWh Consumption times 100)

(I) Peso Savings = Actual monthly peso savings from budgetary provision for electricity.

Prepared by:

 Energy Conservation Officer

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FUEL CONSUMPTION AND SAVINGS REPORT

For the Month of _____, 2008

Agency :
 Address:
 Telephone Nos.
 Fax Nos.

Average Monthly Fuel Consumption January to June, 2005		Monthly Fuel Consumption This Month _____		Monthly Savings					
Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel
Liters				Liters		Percent		Pesos	

To compute the Monthly Savings in:

Liter

Gasoline = Jan.-June 2005 Ave. Monthly Gasoline Consumption **less** This Month's Gasoline Consumption.Blended Diesel = Jan.-June 2005 Ave. Monthly Diesel Consumption **less** This Month's Blended Diesel Consumption.

Percentage

Gasoline or Diesel = $\frac{\text{Monthly Consumption Savings in liters for gasoline or diesel}}{\text{Jan.-June 2005 Ave. Monthly Gasoline or Diesel Consumption}} \times 100$

Pesos

Gasoline or Diesel = Actual monthly peso savings under budgetary provision for fuel.

Prepared by:

 Energy Conservation Officer
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