



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
Third Regular Session

HOUSE BILL NO. 5969



Introduced by Honorable Rodante D. Marcoleta

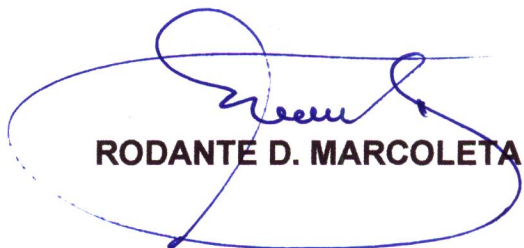
EXPLANATORY NOTE

Since the passage of RA 8479 deregulating the price of petroleum products, including Liquefied Petroleum Gas (LPG), the price of the latter has more than doubled. Even as the law mandated the Department of Energy (DOE) to monitor the international and domestic prices of crude and petroleum products, the pricing is left to the oil/LPG companies and their dealers and retail outlets.

While the DOE has lately been successful in persuading most companies to implement price adjustments of liquid petroleum products in small increments, the situation is not true for all players in the LPG business. Some players have been noted to implement the full impact of increases in the benchmark monthly contract price (CP) in Saudi Arabia at the beginning of the month, but only smaller increments are implemented during times of downward CP movements.

It seems that LPG domestic prices are made to depend on the price obtaining in the international market and the peso exchange rate. However, certain mechanisms may have to be put in place to protect the welfare of the consuming public from abuse by unscrupulous local LPG industry players.

Even as liberalization of the downstream oil industry has been the policy adopted by our government, the urgent passage of this bill is earnestly sought to provide a mechanism to ensure reasonable and timely price adjustments for LPG.


RODANTE D. MARCOLETA



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**AN ACT TO PROTECT THE FILIPINO CONSUMERS
FROM ARBITRARY INCREASES IN THE PRICES OF LIQUEFIED
PETROLEUM GAS (LPG) BEING CHARGED BY THE PLAYERS OF THE
LPG INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 19 AND 14
OF R.A. 8479, OTHERWISE KNOWN AS THE DOWNSTREAM OIL INDUSTRY
DEREGULATION LAW OF 1998**

SECTION 1. Section 19 of Republic Act No. 8479 is hereby amended by adding another paragraph to read as follows:

"Provided further, that effective immediately, the price of LPG has to be guided by an Automatic Pricing Mechanism (APM). Such APM shall be determined by the Energy Regulatory Commission (ERC), after prior notice and hearing, within six (6) months from the effectivity of this bill."

SECTION 2. The functions of the Department of Energy-Department of Justice (DOE-DOJ) Task Force shall be transferred to the ERC. Thus, Sec. 14 (d) of the same law is hereby amended to read as follows:

*"Any report from any person of an unreasonable rise in the prices of LPG shall be immediately acted upon. For this purpose, the ERC is hereby mandated to determine within thirty (30) days the merits of the report and initiate the necessary actions warranted under the circumstances; *Provided*, that nothing herein shall prevent the ERC from investigating and/or filing the necessary complaint motu proprio."*

SECTION 3. *Implementing Rules And Regulations* - The ERC, in coordination with the DOE and other concerned government agencies, shall formulate and issue the necessary implementing rules and regulations within sixty (60) days after the effectivity of this Act.

SECTION 4. *Repealing Clause* - All laws, Presidential Decrees, executive orders, issuances, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. *Effectivity* - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,