

FIFTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

House Bill No. **3976**

Introduced by Honorables Arnel U. Ty, Catalina G. Leonen-Pizarro, Sherwin N. Tugna, Salvador P. Cabaluna III, Sharon S. Garin, Michael Angelo C. Rivera, Pastor M. Alcover, Jr., Rodel M. Batocabe, Christopher S. Co, Alfredo A. Garbin, Jr., Randolph S. Ting, Lord Allan Jay Q. Velasco, Ponciano D. Payuyo, Mark Aeron H. Sambar, Rodante D. Marcoleta, Eulogio R. Magsaysay, Raymond D. Mendoza, Dakila Carlo E. Cua and Winston t. Castelo

EXPLANATORY NOTE

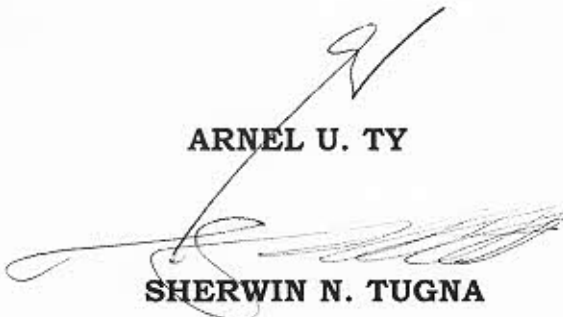
This bill seeks to establish the monitoring and supervisory framework for the Liquefied Petroleum Gas (LPG) Industry in order to strengthen and enhance existing standard and mechanism against deceptive and harmful practices and other hazards to public health and safety arising under a deregulated downstream oil industry.

This bill also seeks to address the problem posed by almost 6 million dilapidated, unsafe, substandard and defective LPG cylinders in the market (according to the data of LPG Industry Association Inc.) by creating a cylinder exchange program for the benefit of the consumers and to prevent and minimize fire incidents leading to loss of lives and properties. LPG is a widely used fuel commodity in the Philippines and most Filipino households use LPG for cooking.

This bill shall likewise give additional powers and functions to the DOE as the lead agency. The DOE in coordination with DTI, DILG, DOJ and LPG industry participants shall promulgate the implementing rules and regulation to establish the monitoring and supervisory framework to ensure compliance of national product quality of LPG Cylinders and to prevent illegal practices in the LPG industry for the benefit of the consumers.

This bill is consistent with the "Downstream Oil Industry Deregulation Act of 1998" promoting the State policy to liberalize and deregulate the downstream oil industry in order to ensure a truly competitive market and to promote and encourage the entry of new participants in the downstream oil industry.

In view of the foregoing, approval of this bill is earnestly requested.



ARNEL U. TY

SHERWIN N. TUGNA

SHARON S. GARIN



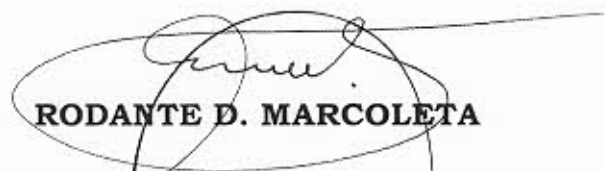
PASTOR M. ALCOVER, JR.

CHRISTOPHER S. CO



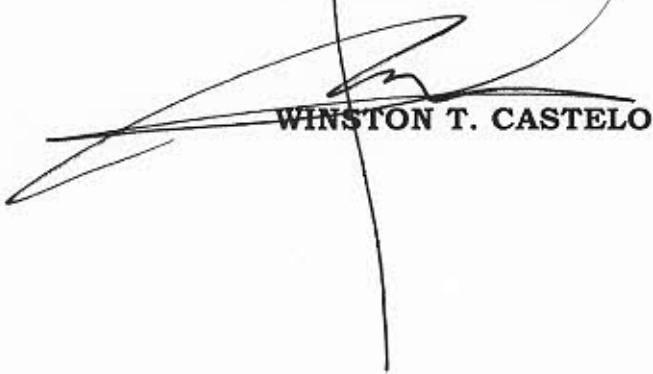
RANDOLPH S. TING

PONCIANO D. PAYUYO



RODANTE D. MARCOLETA

RAYMOND D. MENDOZA

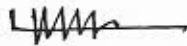


WINSTON T. CASTELO

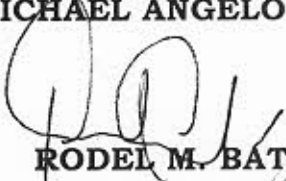


CATALINA G. DEONEN-PIZARRO

SALVADOR P. CABALUNA III



MICHAEL ANGELO C. RIVERA



RODEL M. BATOCABE



ALFREDO GARBIN, JR.



LORD ALLAN JAY Q. VELASCO

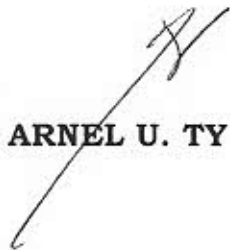


MARK AERON H. SAMBAR

EULOGIO R. MAGSAYSAY



DAKILA CARLO E. CUA



ARNEL U. TY

CATALINA G. LEONEN-PIZARRO

SHERWIN N. TUGNA

SALVADOR P. CABALUNA III



SHARON S. GARIN

MICHAEL ANGELO C. RIVERA

PASTOR M. ALCOVER, JR.

RODEL M. BATOCABE

CHRISTOPHER S. CO

ALFREDO GARBIN, JR.

RANDOLPH S. TING

LORD ALLAN JAY Q. VELASCO

PONCIANO D. PAYUYO



MARK AERON H. SAMBAR

RODANTE D. MARCOLETA

EULOGIO R. MAGSAYSAY

RAYMOND D. MENDOZA

DAKILA CARLO E. CUA

WINSTON T. CASTELO



MA. MARGARET MITOS MAGSAYSAY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 3976

Introduced by Honorables Arnel U. Ty, Catalina G. Leonen-Pizarro, Sherwin N. Tugna, Salvador P. Cabaluna III, Sharon S. Garin, Michael Angelo C. Rivera, Pastor M. Alcover, Jr., Rodel M. Batocabe, Christopher S. Co, Alfredo A. Garbin, Jr., Randolph S. Ting, Lord Allan Jay Q. Velasco, Ponciano D. Payuyo, Mark Aeron H. Sambar, Rodante D. Marcoleta, Eulogio R. Magsaysay, Raymond D. Mendoza, Dakila Carlo E. Cua and Winston t. Castelo

AN ACT

ESTABLISHING THE REGULATORY FRAMEWORK FOR CONDUCT OF BUSINESS AND THE SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, DEFINE AND PENALIZE CERTAIN ACTS.

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

CHAPTER I
GENERAL PROVISIONS

SEC. 1. Short Title. – This Act shall be known as the “LPG Business Industry Regulation and Safety Act of 2010.”

SEC. 2. Declaration of Policy. – It shall be the policy of the State to establish a regulatory framework for the refining, importation, (LPG cylinder exchange and swapping), refilling, requalification, distribution, and marketing of the Liquefied Petroleum Gas (hereinafter referred to as “LPG”) industry to promote the general welfare, encourage the establishment of standards of conduct and codes of practice for LPG businesses, and to ultimately address the quality and safety concerns under a deregulated downstream oil industry structure. Consequently the State shall uphold the right of consumers to freely choose the LPG brand they want to purchase,

rationalize all applicable laws and executive issuances on the LPG industry to strengthen and enhance existing mechanisms against hazards to health and safety, and deceptive and unconscionable trade and practices within the industry. To this end, the State shall undertake the implementation of this Act primarily through the Department of Energy, in coordination with the Department of Trade and Industry, the Department of Justice, the Department of Interior and Local Government, and other appropriate government agencies and instrumentalities.

SEC. 3. Construction and Interpretation Clause. – Any doubts in the interpretation of any provision in this Act shall be interpreted in favor of the interests of the consumers particularly to ensure access to reasonably priced LPG and the safety of the consumers and the general public.

SEC. 4. Definition of Terms. – For the purposes of this Act, the following terms are defined herein below:

- (a) "DENR" shall refer to the Department of Environment and Natural Resources;
- (b) "DILG" shall refer to the Department of Interior and Local Government
- (c) "DOE" shall refer to the Department of Energy
- (d) "DOST" shall refer to the Department of Science and Technology
- (e) "DTI" shall refer to the Department of Trade and Industry;
- (f) "LGU" and "LGUs" shall refer to a local government unit or local government units, respectively;
- (g) "PNP" shall refer to the Philippine National Police;
- (h) "SEC" shall refer to the Securities and Exchange Commission;
- (i) "Accreditation" shall refer to the formal recognition given by the DTI that a re-qualifier of LPG cylinders has complied with PNS 17025:2000, "General Requirements for the Competence of Testing and Calibration Laboratories," and PNS 03:2000, "Steel Cylinders for Liquefied Petroleum Gas," Part 2 - "Method of Requalification;"
- (j) "Ancillary Equipment" shall refer to such equipment, parts, and other devices necessary and indispensable for the safe and proper operation of an LPG system such as, but not limited to, valves, hoses, and regulators;

- (k) "Brand Owner" shall refer to a person, natural or judicial, owning the brand name, logo, color, mark, and/or distinction as registered with the DTI;
- (l) "Bulk Consumer" shall refer to any person or entity whose regular use or consumption of LPG is limited to its own use and requires bulk storage of LPG at a volume as may be determined by DOE;
- (m) "Bulk Loader" shall refer to any person or entity, which engages in transportation and carriage of LPG in large quantities in barges, rail or road tankers, bullet trucks and similar transportation facilities;
- (n) "Bulk Supplier" shall refer to any person who engages in the sale or distribution of LPG in such large quantities;
- (o) "Certification" shall refer to the written assurance given by DTI that the LPG cylinder has complied with PNS 03:2000, "Steel Cylinders for Liquefied Petroleum Gas", Part 1 - "Specification" and Part 3 - "Requirement for Repair,"
- (p) "Consumer" shall refer to any person who purchases LPG for one's own consumption;
- (q) "Cross Filling" shall refer to the filling of cylinders by a person other than by the brand owner;
- (r) "Cylinder" or "LPG Cylinder" shall refer to any portable pressure-vessel or container for LPG, designed for the transportation and storage of LPG;
- (s) "Cylinder Industry Participants" shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, sale and distribution of LPG cylinders and ancillary equipment, including but not limited to, cylinder and ancillary equipment manufacturers and importers, re-qualifiers, repairers, scrapping center, cylinder seal manufacturers and such other;
- (t) "Cylinder Owner" shall refer to the owner of the cylinder as shown by the brand, mark, trade name or business name embossed or engraved or otherwise permanently indicated on the cylinder in the manner prescribed by the DTI and the DOE;
- (u) "Cylinder Exchange" shall refer to the industry practice whereby a consumer who possesses an empty LPG cylinder may use the same

to purchase a different brand of filled LPG cylinder or bring such empty LPG cylinder to a refiller different from the owner of the brand appearing in the LPG cylinder.

- (v) "Cylinder Swapping" shall refer to the industry practice of exchanging LPG cylinders among industry players;
- (w) "Defective Cylinder" shall refer to damaged, unsafe and dilapidated cylinders due to corrosion or pitting, dents, cuts, gouges, digs, leaks and other similar defects that render the cylinder unsafe for distribution in accordance with the guidelines set by the DTI, thus creating a substantial risk of injury to the public;
- (x) "Dealer" shall refer to any person involved in the sale or trading of LPG in cylinders to consumers and/or retail outlets;
- (y) "Hauler" shall refer to any person involved in the distribution and delivery of LPG cylinders from one place to another, whether engaged in such activity for purposes of directly selling to consumers or otherwise;
- (z) "Importer" shall refer to any person engaged in the importation of LPG whether for processing, sale or own use;
- (aa) "Industry Participants" shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, distribution or sale of LPG, including, among others, Cylinder Industry Participants and LPG Industry Participants as defined in this Act;
- (bb) "LPG" shall refer to liquefied petroleum gas, which consists of commercial propane gas, commercial butane gas or mixture of the two gases, with properties conforming to the standards set forth in the PNS 22;
- (cc) "LPG Industry Participants" shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, sale and distribution of LPG, including but not limited to LPG refiners, LPG importers, re-fillers; piped LPG providers, haulers, dealers, service stations, retail outlets and seal manufacturers;
- (dd) "Marketer" shall refer to any person, whether natural or judicial, engaged in the sale of LPG, whether in bulk or retail;

- (ee) "Petroleum products" shall refer to the products formed in the course of refining crude petroleum through distillation, cracking, solvent refining and chemical treatment coming out as primary stocks from the refinery such as but not limited to LPG, naphtha, gasoline, solvent, kerosene, aviation fuels, oils, waxes and petrolatum, asphalts, bitumen, coke and refinery sludge, or such refinery petroleum fractions which have not undergone any process or treatment as to produce separate chemically-defined compounds in a pure or commercially pure state and to which various substances may have been added to render them suitable for particular uses, provided that the resultant product contains not less than fifty percent (50%) by weight of such petroleum products;
- (ff) "Philippine National Standards" or "PNS" shall refer to the standard promulgated by the Bureau of Product Standard (BPS) of the DTI relating to product specifications, test methods, terminologies and standardization procedures, guidelines or practices;
- (gg) "Piped LPG Provider" shall refer to any person engaged in the business of supplying or distributing LPG to consumers through a pipeline system, including operators of central storage compounds for piped LPG or reticulated system facilities;
- (hh) "Pipeline System" shall refer to a network of pipes or similar conduit use for the conveyance of LPG from the piped LPG provider to consumers;
- (ii) "Primary Storage Facilities" shall refer to the plant, depot, equipment and other attendant facilities, such as underground caverns, refrigerated tanks, and pressurized steel tanks, used for storage of LPG;
- (jj) "Qualified LPG Serviceman" shall refer to an individual who has been trained, qualified and certified by the DOE or any deputized agency thereof, or to an individual who has successfully completed an approved training course for LPG servicemen in a training school duly recognized and accredited by the Philippine government;
- (kk) "Refiller" shall refer to (1) a service provider authorized by a cylinder owner to refill cylinders on the latter's behalf, or (2) any person or entity who refills LPG into one's own cylinders;

- (ll) "Refilling Plant" shall refer to any installation that is used for refilling LPG into cylinders and has LPG bulk storage and refilling facilities thereof;
- (mm) "Refiner" shall refer to any person who refines LPG through distillation, conversion and treatment of crude oil and other naturally occurring petroleum hydrocarbons;
- (nn) "Re-qualification" shall refer to the method or procedure by which a cylinder is subjected to inspection and reevaluation by DTI in accordance with the specifications set forth in the PNS 03-2000, "Steel Cylinders for Liquefied Petroleum Gas", Part 2- "Method of Requalification to determine its acceptability for continuous use and distribution and subsequent repair or scrapping, where appropriate;"
- (oo) "Re-qualifier" shall refer to any person duly accredited by the DTI pursuant to this Act to engage in the business of re-qualifying LPG cylinders;
- (pp) "Repair" shall refer to the removal and replacement of parts or attachments of LPG cylinders or the performance of any other necessary corrective and restorative measures pursuant to the PNS, to restore the fitness of LPG cylinders for refilling and distribution;
- (qq) "Repairer" shall refer to any person or entity duly certified by the DTI to engage in the business of repairing LPG cylinders;
- (rr) "Retail Outlet" shall refer to any entity that sells LPG cylinders directly to a consumer in quantities as may be determined by the DOE;
- (ss) "Reticulated System" shall refer to a means of supplying LPG through a pipeline network from a centralized cylinder bank or bulk installation to multiple customers situated in a common locality;
- (tt) "Scrapping" shall refer to the destruction of defective LPG cylinders declared by a re-qualifier of the DTI to be unfit for use;
- (uu) "Scrapping Center" shall refer to any person or entity engaged in the business of disposing defective LPG cylinders;
- (vv) "Seal" shall refer to the protective cover placed on the valve of an LPG cylinder;

- (ww) "Service Station" shall refer to a retail establishment engaged in the business of selling LPG in cylinders as a retail outlet and in distributing and dispensing of LPG to consumers for automotive use. It shall be deemed a dealer or retail for purposes of this Act; and
- (xx) "Tare weight" shall refer to the net weight of the LPG cylinder excluding its contents, as engraved in the collar and painted in the body thereof and shall be expressed in kilograms in accordance with the specifications as may be prescribed by the DTI.

CHAPTER II

IMPLEMENTING AGENCIES

SEC. 5. Lead Agency. – Unless expressly stated in this Act that a particular function shall be the responsibility of another government agency, the DOE shall be the primary government agency responsible for the implementation and enforcement of this Act. The DOE shall supervise and monitor the LPG industry and its participants to ensure compliance with national product quality, environmental and worker safety, and consumer welfare standards.

SEC. 6. Additional Powers and Functions of the DOE Secretary. – In connection with the enforcement of this Act and in addition to his/her powers and functions under existing laws, the DOE Secretary shall have the following powers and functions:

- (a) Administer and supervise the enforcement and implementation of this Act, including the promulgation of Implementing Rules and Regulations, and issuance, from time to time, of other regulations, orders or circulars necessary to implement this Act;
- (b) Formulate and implement policies, programs and regulations on the LPG industry, including the importation, exportation, stockpiling, storage, shipping, transportation, refining, processing, marketing and distribution of LPG, whether distributed in cylinders, through pipelines or other means, to ensure that product quality, environmental and worker safety, and consumer welfare standards are met;
- (c) Implement the LPG cylinder Exchange, Swapping and Rehabilitation Program;

- (d) Inspect and evaluate LPG and LPG cylinders in circulation in coordination with the Department of Trade and Industry, at any time from and after its purchase by a refiner, marketer, or refiller, and while it is in circulation or intended for distribution to the public, for purposes of determining conformity to established quality and safety standards for LPG cylinders developed and established by the Bureau of Product Standards (BPS);
- (e) Establish safety standards for refilling plants, depots, storage, areas, transportation and other facilities of LPG industry players and inspect and evaluate refilling plants, depots, storage areas, transportation and other facilities or business premises of LPG Industry Participants to ensure compliance to safety standards;
- (f) Direct LPG brand owners, re-fillers, dealers and retail outlets to periodically submit cylinders for re-qualifications, and to secure proper proof of compliance therewith in accordance with the requirements of DTI;
- (g) Investigate, *motu proprio* or upon report of any person, possible infractions of this Act by participants, and initiate the necessary actions warranted under the circumstances, the filing of charges with the proper court or government agency, and the enforcement of administrative sanctions as provided under this Act;
- (h) Recommend to the concerned LGUs the suspension or revocation of the business permits or licenses of LPG industry participants who violate the provisions of this Act.
- (i) Impose and collect administrative fines for violation of this Code, as well as fees or similar charges for its services, and collection of administrative fines for violations of this Act;
- (j) Create and maintain a central database of industry participants, and inventory of existing and projected LPG supply levels in the industry, which shall be updated monthly through its own initiative and through reports of LPG industry participants;
- (k) Investigate and keep a record of incidents of injury or damage to person or property, caused by or attributable to the improper production, storage, handling or use of LPG for purposes of prosecuting or filing the appropriate action against responsible persons;

- (l) Establish and develop research and training programs to develop new uses for LPG, promote improved and innovative methods and technologies for safe and efficient production, storage, handling or use of LPG, and to foster public awareness thereof;
- (m) Consult and coordinate, on a regular basis, with LPG industry participants, associations and consumers in furtherance of the objective of this Act;
- (n) Coordinate with other government agencies, bodies and instrumentalities to ensure the effective implementation of this Act, which shall include the power to deputize other agencies to assist the DOE in implementing its mandate under this Act.
- (o) Exercise such other powers and functions as may be necessary or incidental to attaining the objectives of this Act; and
- (p) Investigate, prosecute, and impose penalties for dumping activities or unauthorized filling of bulk tanks installed in industrial LPG consumers by bulk suppliers other than the owner of the tanks.

SEC. 7. Powers and Functions of DTI. - Under this Act, DTI shall have the following exclusive powers and functions:

- (a) Develop, formulate, promulgate, review and revise the PNS for LPG, LPG cylinders, and other ancillary equipment;
- (b) Inspect and evaluate LPG cylinders, whether manufactured locally or imported, prior to any sale or distribution to LPG refiners or re-fillers, and certify to their conformity to the PNS and their fitness for public and sale distribution;
- (c) Inspect and evaluate ancillary equipment, whether manufactured locally or imported and certify to their conformity to PNS and their fitness for public sale and distribution;
- (d) Grant accreditation and certification of conformity to PNS to re-qualifiers, repairers, scrapping centers, cylinder and seal manufacturers and other independent, competent, private persons and entities that provide products and services to ensure compliance by industry participants with the PNS for LPG cylinders and ancillary equipment, in accordance with Chapter III of this Act, and to revoke the same; and
- (e) Extend all necessary assistance to the DOE in the implementation of measures in furtherance of the objectives of this Act.

SEC. 8. Powers and Functions of DILG. - Under this Act, the DILG shall have the following powers and functions:

- (a) Coordinate with LGUs and the PNP for the orderly and effective implementation of this Act, and of the orders, rules, and regulations and issuances pursuant thereto, including recommendations for the suspension or revocation of business permits or licenses of LPG industry participants found to be in violation of this Act;
- (b) Coordinate with the DOE and the DTI in the dissemination of information relevant to the implementation of this Act, particularly to the LGUs and the PNP; and
- (c) Extend all necessary assistance to the DOE with respect to the enforcement of measures in furtherance of this Act.

SEC. 9. Power and Functions of LGU's. - LGU's pursuant to their powers provided by law especially under Republic Act No. 7160, otherwise known as the Local Government Code, or, upon recommendation of the DOE, and upon due notice and hearing, shall have the power to suspend or revoke the business permit or license of any LPG industry participants within their respective areas of jurisdiction for violation of the provisions of this Act:

SEC. 10. Technical Working Group. - The DOE shall be authorized to convene a Technical Working Group to assist the DOE in the thorough review and evaluation of the rules and regulations, policies, safety and PNS affecting the LPG industry. The Technical Working Group shall be composed of not less than ten (10) nor more than fifteen (15) representatives of the pertinent implementing government agencies and the private sector particularly LPG industry participants and consumer groups. Private sector representation in the Technical Working Group shall be equitably distributed among LPG industry participants.

CHAPTER III

MONITORING AND ENFORCEMENT MECHANISMS

SEC. 11. Ownership of LPG Cylinders. - The brand owner whose permanent mark appears on the LPG cylinder shall be presumed the owner thereof, irrespective of the party in custody or possession of the cylinder, and regardless of whether or not such cylinder is or continues to be properly

marked, stamped or identified to contain its LPG brand, or whether or not such cylinder is in compliance with or continues to comply with any other product or quality standard prescribed under law or by the DTI pursuant to this Act, unless otherwise there is any unequivocal proof or indication that such cylinder was sold, alienated, or otherwise disposed of by the refiner or importer to an unrelated third party under written instrument.

The brand owner through its authorized dealer or outlet, shall refund the amount of the deposit of a cylinder when the consumer returns the cylinder with or without the deposit slip or receipt. If the receipt is available, the cost shall be that appearing in the receipt. If the receipt is unavailable, it shall be at such price fixed by the DOE. For this purpose, the DOE is mandated to issue a price list within ninety (90) days from the effectivity of this Act and to update the same after every 3 years. Any authorized dealer or outlet that refuses to refund the amount of deposit shall be dealt with administratively.

The brand owner shall have the obligation to ensure that its cylinder comply with all required quality and safety standards and specifications before they are released for distribution: Provided, That receipt by the DOE of a verified notice or report from the brand owner regarding any lost, stolen or missing LPG cylinders shall relieve the cylinder owner of the obligation to ensure the quality and safety of such LPG cylinder.

SEC. 12. Standard Compliance Certificate. –

a) Requirement Prior to Engaging in Business – Any person or entity intending to engage in business involving LPG, LPG cylinders or ancillary equipment or in any activity that shall render it an industry participant as defined in this Act shall secure its Standard Compliance Certificate from the DOE prior to commencement of commercial operations and annually thereafter. For those subject to Section 7 (b), (c), and (d) which requires an accreditation or certificate of conformity to PNS issued by the DTI, submission of such accreditation or certificate of conformity shall be a requirement prior to the issuance of a Standard Compliance Certificate by the DOE.

For purposes of this Act, the Standard Compliance Certificate shall certify that such person or entity has complied with the safety rules and regulations prescribed by the DOE and other pertinent government agencies: Provided, That such other endorsements by other government agencies applicable to the particular classification of the industry participant as defined and stated in this Act shall have been fully complied

with: Provided further, That a brand owner shall be responsible for the following:

- 1) Proper manufacture, maintenance, and re-qualification of all its cylinders prior to the release thereof to the public, in accordance with this Act;
- 2) Proper filling of cylinders;
- 3) Assurance that LPG is readily available at his refilling plant/s for refilling into his own cylinders; and
- 4) Refilling of his own cylinders, unless authorized by another brand owner.

No industry participant shall engage in business without first having duly secured a Standard Compliance Certificate. Any industry participant that subsequently engages in an activity or business involving LPG or LPG cylinders outside of the scope of its Standard Compliance Certificate shall duly notify the DOE and secure the proper Standards Compliance Certificate from the DOE for the said new activity or business, where deemed necessary by the DOE.

b) Persons or Entities Already Engaged in LPG Business – Subject to the provisions of Section 23 of this Act, any industry participant already legally in business upon effectivity of this Act shall obtain a Standards Compliance Certificate prior to the renewal of its business license and annually thereafter, in accordance with the rules, regulations and guidelines issued by the DOE.

c) Bulk Consumers – A bulk consumer shall be required to secure a Standard Compliance Certificate from the DOE prior to its storage of LPG, and annually thereafter prior to its renewal of business permit: Provided, That if the bulk consumer has secured a similar certificate from the Bureau of Fire Protection (BFP), such certificate shall be deemed substantive compliance under this Act.

d) Renewal and Posting of Standard Compliance Certificate – The Standard Compliance Certificate shall be renewed annually and shall be prominently posted or displayed in a public, accessible and conspicuous area within the business premises of the industry participant.

SEC. 13. Requirement for Business Permit. – The Standard Compliance Certificate provided under the preceding Section of this Act shall be a mandatory requirement for the grant or renewal of any local

government license or permit to engage in business involving LPG, LPG cylinders, or ancillary equipment, regardless of whether such products or activities constitute the entire or a portion of the business for which a business license is sought by the applicant.

SEC. 14. Certificate of Accreditation for Manufacturers, Re-qualifiers, Repairers of LPG Cylinders and Cylinder Seal Manufacturers.

- Prior to the commencement of its operations and annually thereafter, any person who intends to engage in the business of manufacturing, re-qualifying, or repairing LPG cylinders, shall obtain a Certificate of Accreditation from the DTI prior to the commencement of its operations and annually thereafter.

Any person already engaged in the business of re-qualification, repair, scrapping of cylinder and seal manufacturing upon the effectivity of this Act shall apply for a Certificate of Accreditation from the DTI prior to the renewal of its business permit.

SEC. 15. Monitoring and Inspection. - The DOE shall monitor the refining, importation and distribution of LPG and conduct annual inspections of refinery, storage, hauling, transportation, refilling, or installation facilities and equipment to ensure that clean, environmentally-safe and worker-benign technologies are applied, and to ensure conformity with quality and safety standards and other mandatory requirements under this Act. The DTI shall monitor the facilities and equipment of LPG cylinder industry participants.

SEC. 16. Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous. - When the DOE and DTI jointly find that an LPG cylinder is defective, unsafe or dangerous and hence, may cause possible injuries, it shall, after due notice and hearing, issue the appropriate order for its immediate confiscation, recall, seizure, impoundment or prohibition from public sale or distribution, in which case the cylinder owner shall be afforded a hearing, within forty-eight (48) hours from issuance of such order, for the purpose of determining the propriety of the recall and seizure of the cylinders.

SEC. 17. Weighing Devices. -

(a) **Calibrated and Scaled Weighing Devices Required in Premises.**- All refiners, importers, re-fillers, hauler, dealers and retail outlets shall maintain, at all times, in all their establishments or outlets and within the sales areas accessible to the public, suitable weighing devices duly calibrated annually and sealed by the City or Municipal Treasurer, the

DOST, or any other government agency authorized to officially calibrate the same. The weighing devices shall accurately measure LPG cylinders up to one-tenth (0.1) of one kilogram.

(b) Checking of LPG Cylinder Content by Dealers, Retail Outlets and Haulers. – All dealers, retail outlets and haulers that sell directly to consumer shall weigh the LPG cylinders prior to being placed in the sales areas and also in the presence of the customers prior to sale, to afford the latter an opportunity to verify the correctness of the weight of the cylinders and the LPG contents thereof.

SEC. 18. Cylinder Sealing. - All LPG cylinders shall be provided with seals after filling, which conform to the specifications of the DOE: Provided, That the DOE, after consultation with the concerned brand owners, shall establish such specifications: Provided, further, That the cylinder owner and its authorized re-filler shall be jointly responsible for ensuring that LPG cylinders are properly sealed before the cylinders leave the filling or refilling plants: Provided, finally, That LPG cylinders with tampered or broken seals shall not be sold or distributed.

Cylinder seal manufacturers shall not sell seals of a LPG brand Owner to any brand owner, unless allowed by both the brand owner itself and the DOE. Seals are to be registered with the DOE.

SEC. 19. Labeling Requirements for LPG Cylinders. – LPG cylinders shall comply with labeling requirements provided under this Section.

- a) For LPG Cylinder Collar. – All LPG cylinders, whether imported or manufactured locally, shall have, among others, the following information stamped on the cylinder collar:
- 1) The manufacturer's registered trade name or brand name, trademark and business name;
 - 2) For imported brand new cylinders, the name and address of the importer in the Philippines;
 - 3) Product Standard (PS) or Import Commodity Clearance Certification (ICC) marks, as applicable;
 - 4) Specific standard used;
 - 5) Date of testing or requalification;
 - 6) Thickness of plate;

- 7) Cylinder water capacity;
- 8) Tare weight;
- 9) Design and test pressure; and
- 10) Serial number.

The above requirements shall form part of the cylinder collar, without danger of being erased or detached under ordinary handling of the cylinder.

b) For LPG Cylinder Body. - All LPG cylinders, whether manufactured locally or imported, shall bear the following information on the shoulder of the cylinder:

- 1) The registered brand name, trade name or trademark of the LPG product;
- 2) Tare weight; and
- 3) Net weight.

The brand name, trade name or trademark of the LPG product shall be embossed on the shoulder of the cylinder and shall form an integral part of the body of the cylinder, without danger of being erased or detached under ordinary handling of the cylinder.

All cylinders shall be painted with color, registered with the DOE, which distinguishes the brand owner of the LPG it contains.

SEC. 20. Direct Sales by Haulers. - Subject to guidelines and requirements as may be promulgated by the DOE, haulers who engage in direct selling of LPG to consumers shall be treated as dealers for purposes of this Act and shall observe the standards and requirements for dealers under this Act.

SEC. 21. LPG Cylinder Exchange, Swapping and Rehabilitation. - Immediately upon the effectivity of this Act, the Department of Energy shall organize all industry participants to form and become part of the Alliance System in the LPG industry for the implementation of the LPG Cylinder Exchange, Swapping and Rehabilitation Program. LPG refiners, importers, bulk suppliers, bulk consumers and re-fillers shall be classified into either a mother or a daughter entity and form alliances to which every LPG dealer and retail outlet in the LPG industry shall enter into a contract of affiliation. Thereafter, all industry participants shall submit to the DOE particulars of affiliation and/or proof of compliance in the formation of alliances.

It is mandatory upon all LPG industry players to participate in the LPG cylinder Exchange, Swapping and Rehabilitation Program of the government. Deliberate refusal to participate in this program shall be dealt with administratively.

The Oil Industry Management Bureau (OIMB) of the Department of Energy is in-charge of the implementation of the LPG Cylinder Exchange, Swapping and Rehabilitation Program and shall perform the following functions:

- 1) Get from the Bureau of Product Standards (BPS) information re: cylinder service providers;
- 2) Gather and consolidate information on the alliance;
- 3) Appoint exchange centers;
- 4) Promulgate issuances and operationalize the program;
- 5) Provide list of participants;
- 6) Establish "Committee", "Sub-committee, and "Cylinder Exchange Task Force"
- 7) Ensure proper training of Task Force before the start of program; and
- 8) Organize and provide list of information/complain centers.

The Committee established is composed of representatives from LPG and LPG cylinder industries, DOE-OIMB, DTI-BPS, DILG-CIDG/BFS/BLG, DOJ-NBI/SPO, DOF-BOC and it shall perform the following functions:

- 1) Request assistance fund, when necessary;
- 2) Finalize implementation scheme and schedule, which will include the area and duration, collectors and exchange centers;
- 3) Determine special marking on the cylinder for the program;
- 4) Finalize and execute IEC Plan and report card;
- 5) Organize area for sub-committee;
- 6) Monitor and report on the progress of the project; and
- 7) Assess overall project implementation.

The Sub-committee established is composed of local representatives from the same entities as the committees, as well as the LGUs and it shall perform the following functions:

- 1) Monitor and investigate implementation of the LPG Cylinder Exchange, Swapping and Rehabilitation Program, including problems encountered;
- 2) Assess project implementation for outcome and benefits; and
- 3) Submit to the Committee a quarterly progress report of the project for area covered, to include problems and possible solutions/recommendations.

The LPG Cylinder Exchange Enforcement Task Force formed is composed of police and NBI agents, under the direct supervision of the DOE Director of the OIMB/Field Offices and it shall perform the following functions:

- 1) Monitor and investigate the refilling plants (re: alliance scheme), exchange centers, and cylinder manufacturing plants;
- 2) Monitor disposition of exchanged cylinders, especially those for scrapping to ensure these are not put back in circulation; and
- 3) Confiscate non-compliant (sub-standard) cylinders after exchange period.

CHAPTER IV

PROHIBITED ACTS

SEC. 22. Engaging in Business without Standard Compliance Certificate. - Any industry participant who engages in business without securing a Standard Compliance Certificate from the DOE as required under Chapter III of this Act shall be penalized with a fine of One Thousand Pesos (Php1,000.00) for an individual and Two Thousand Pesos (Php2,000.00) for a corporation, for each day of operation without a certificate of accreditation: Provided, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 23. Engaging in Business without Accreditation. - Any person who engages in the business of manufacturing cylinder seals or of re-qualifying, repairing or scrapping LPG cylinders without first securing a

certificate of accreditation from the DTI as provided under this Act, shall be penalized with a fine of One Thousand pesos (Php1,000.00) for an individual and Two Thousand Pesos (Php2,000.00) for a corporation, for each day of operation without a certificate of accreditation: Provided, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 24. Obstruction of Inspection. - Any industry participant who refuses, prevents or obstructs the inspection of its premises and as provided under Chapter III of this Act shall be penalized with a fine of Twenty Thousand Pesos (Php20,000.00) for an individual and Fifty Thousand Pesos (Php50,000.00) for a corporation, for each instance of violation.

SEC. 25. Failure to Submit Reportorial Requirements. - An industry participant who fails to submit periodic reports as may be required by the DOE, within a reasonable period and in the manner prescribed by the DOE, shall be penalized with a fine not exceeding Five Thousand Pesos (Php5,000.00) for each instances of violation.

SEC. 26. Illegal Storage. - A refiner, importer, re-filler, hauler, dealer, retail outlet or bulk consumer who stores LPG in bulk without obtaining the standards Compliance Certificate required under Chapter III of this Act shall, upon conviction, be penalized with a fine of not less than Ten Thousand Pesos (Php10,000.00) but not more than One Hundred Thousand Pesos (Php100,000.00), or imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of the court: Provided, That the second and subsequent violations shall be penalized with both fine and imprisonment as provided herein.

SEC. 27. Adulteration. - A refiner, importer, refiller, piped gas provider, dealer or retail outlet who mixes LPG with another finished or unfinished petroleum product or stock or in the failure of the LPG to meet the required product specifications of the DOE, shall upon conviction be penalized with a fine of Two Thousand Pesos (Php2,000.00) for an individual and Five Thousand Pesos (Php5,000.00) for a corporation, for each cylinder containing adulterated LPG, or imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of the court: Provided, That the second and subsequent violations shall be penalized with both fine and imprisonment: Provided, further, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 28. Underfilling. - When the net quantity of LPG contained in cylinders sold, transferred, delivered or filled by refillers is less than the

cylinder content required by the government at the filling plant, the refiller shall, upon conviction, be penalized with a fine of One Thousand Pesos (Php1,000.00) for an individual and Two Thousand Pesos (Php2,000.00) for a corporation for each underfilled cylinder or with imprisonment of at least six months but not more than two (2) years or with both fine and imprisonment at the discretion of the court: Provided that the second and subsequent violations shall be penalized with both fine and imprisonment: Provided, further, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation. When the net quantity of LPG for sale in cylinders sold, transferred, delivered or filled by dealers or retail outlets is less than three tenths of one kilogram (0.30 kg.) or the government-required cylinder content, quantity, the dealer or retail outlet shall be penalized with the same fines mentioned earlier in this paragraph.

A broken, tampered, absent or removed seal shall give rise to a presumption that the cylinder is underfilled. A cylinder containing less than the required LPG quantity which is not so identified and set apart or taken out from the sales area by dealers or retail outlets is presumed to be for sale.

SEC. 29. Illegal Refilling. - The following shall constitute illegal refilling of LPG cylinders under this Act:

- (a) Refilling of LPG cylinders by a person or entity other than the rightful owner thereof, unless specific permission is granted by the owner for such refilling as evidence by a written contract or similar instrument;
- (b) Refilling of LPG cylinder which is due for repair, re-qualification or scrappage as provided in this Act, or is subject to the recall or prohibition order of the DOE;
- (c) Backyard refilling of cylinders other than in properly designed LPG refilling plants.
- (d) Filling cylinders with products or substance other than LPG in an effort to achieve the correct weight;
- (e) Unauthorized loading of bulk LPG tanks in industrial accounts.

It shall be prohibited for any marketer, dealer or retail outlet to knowingly sell illegal refilled cylinders.

An industry participant found guilty of illegal refilling under this Section shall, upon conviction, be penalized with a fine of One Thousand Pesos (Php1,000.00) for an individual and Two Thousand Pesos (Php2,000.00) for a corporation, for each illegally filled cylinder, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: Provided, That second subsequent violation shall be penalized with both fine and imprisonment: Provided Further, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 30. Hoarding. - Any LPG industry participant who, before a price increase or in times of tight supply, unduly accumulates LPG products beyond his normal inventory levels or unreasonably limits or refuses to dispose of, sell, or distribute LPG products to the general public, even if the buyer or consumer has the ability to pay in cash for the LPG products, shall, upon conviction, be penalized with a fine of at least One Hundred Thousand Pesos (Php100,00.00) but not more than One Million Pesos (Php1,000,000.00) and imprisonment of at least six (6) months but not more than two (2) years.

For purposes of this Act, it shall be considered as prima facie evidence of hoarding when an LPG participant has stocks of LPG products fifty percent (50%) higher than his usual inventory and unreasonably limits, refuses, or fails to sell the same to the general public at the time of discovery of the stocks. The determination of an LPG participant's usual inventory shall be reckoned from the third month immediately preceding the discovery of the stocks in case the LPG participant has been engaged in the business for at least three (3) months; otherwise, it shall be reckoned from the time he started his business.

SEC. 31. Tampering of LPG Cylinders and Similar Acts. - Any person who tampers, alters, or modifies LPG cylinders through any means such as but not limited to, changing the cylinder valve, repainting, and re-labeling, by any person other than the cylinder owner shall, upon conviction, be penalized with a fine of One Thousand Pesos (Php1,000.00) for an individual and Two Thousand Pesos (Php2,000.00) for a corporation, for each tampered or altered LPG cylinder, or imprisonment of at least six (6) months but not more than two (2) year, or both, at the discretion of the court: Provided, That second and subsequent violation shall be penalized with both fine and imprisonment: Provided, further, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 32. Illegal Possession of LPG Cylinder Seal. - Any person found in possession of LPG cylinder seals, including the seals already used in the cylinders without authority from the cylinder owner or its authorized refiller shall, upon conviction, be penalized with a fine of Five Hundred Pesos (Php500.00) for an individual and One Thousand Pesos (Php1,000.00) for a corporation for each LPG seal found in its or his possession, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: Provided, That second and subsequent violations shall be penalized with both fine and imprisonment: Provided, further, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 33. Failure to Comply with Weighing Device Requirements. - A refiner, importer, refiller, dealer or retail outlet who fails to comply with the requirements pertaining to weighing devices under Chapter III, shall be penalized with a fine of Ten Thousand Pesos (Php10,000.00) for an individual or Twenty Thousand Pesos (Php20,000.00) for a corporation.

SEC. 34. Overloading. - A hauler who loads and transports, or permits the loading and transportation of LPG cylinders quantities greater than the rated capacity of the vehicle or in such a manner that endangers the life and safety of its passengers or the public, shall be penalized with a fine of Twenty Thousand Pesos (Php20,000.00) for an individual and Fifty Thousand Pesos (Php50,000.00) for a corporation: Provided, That the penalties provided herein shall be without prejudice to its liability under other laws for any damage or injury to person or property.

SEC. 35. Importation of Used or Second-Hand LPG Cylinders. - Any person who imports used or second-hand LPG cylinders or containers, without securing authority to import from DTI, shall, upon conviction, be penalized with a fine of One Hundred Thousand Pesos (Php100,000.00) or Three Thousand Pesos (Php3,000.00) per cylinder or container whichever is higher, and imprisonment of at least six (6) months and one (1) day to two (2) years.

SEC. 36. Sale or Distribution to Non-complying Persons or Entities. - A cylinder manufacturer, refiner, importer, refiller, dealer or retail outlet who knowingly sells or distributes LPG or LPG cylinders, or LPG Seals to persons or entities committing any of the prohibited acts provided in this Act and in such other issuances or orders to be issued by the DOE, shall upon conviction, be penalized for each sale or distribution with a fine of not less than One Hundred Thousand Pesos (Php100,000.00) but not

more than Five Hundred Thousand Pesos (Php500,000.00) or imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of the court.

SEC. 37. Pilferage of LPG. - Any person who pilfers LPG, upon conviction, shall be penalized with a fine of Fifty Thousand Pesos (Php50,000.00) for an individual and One Hundred Thousand Pesos (Php100,000.00) for a corporation or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: Provided, That second and subsequent violations shall be penalized with both fine and imprisonment: Provided, further, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation.

SEC. 38. Imposition of Administrative Penalty. - The DOE may, in addition to or in lieu of the institution of a criminal action in a court of law, impose an administrative penalty within the range of Ten Thousand Pesos (Php10,000.00) up to One Hundred Thousand Pesos (Php100,000.00) for each offence in this Chapter and such other violation of this Act.

SEC. 39. "Strike Three" Penalty. - Any person convicted with finality of violation the provisions of this Act for Three (3) consecutive instances shall be perpetually disqualified from engaging in any activity in the LPG industry.

SEC. 40. Refusal to Refund the Deposit. - Any authorized dealer or outlet that refuses to refund the deposit on the LPG cylinder to any consumer shall be administratively charged and upon proper proof, shall be imposed a fine of One Thousand Five Hundred Pesos (Php1,500.00) for each LPG cylinder and a warning that its registration and Standard Compliance Certificate shall be cancelled: Provided, That second and subsequent violation shall be imposed a fine of Three Thousand Pesos (Php3,000.0) per cylinder and cancellation of its registration and Standard Compliance Certificate.

SEC. 41. Non-participation in the LPG Cylinder Exchange, Swapping, and Rehabilitation Program. - Any LPG industry player that deliberately refuses to participate in the LPG Cylinder Exchange, Swapping and Rehabilitation Program of the Department of Energy shall be administratively charged and upon proper proof, its registration and Standard Compliance Certificate shall be cancelled.

SEC. 42. Publication of Persons Convicted of Violations of This Act. – The DOE shall, on a quarterly basis, publish in a newspaper of general circulation, the names of industry players convicted with finality of violation of this Act.

SEC. 43. Violations by Judicial Entities. - If the violation is committed by a corporation, partnership, association or other judicial entity, the penalty of imprisonment shall be imposed on the responsible directors or officers thereof. If the offender is an alien, he shall be deported immediately without further proceedings, after service of sentence.

SEC. 44. Prosecution Under Separate Laws. – Prosecution under this Act shall be without prejudice to any liability for violation of any provision of the Revised Penal Code, Republic Act No. 9514, otherwise known as the “Revised Fire Code of the Philippines of 2008,” Republic Act No. 8293, otherwise known as the “Intellectual Property Code of the Philippines,” and other applicable laws. The fines provided in this Chapter shall be without prejudice to any legal claims or damages which any injured party suffers as a result of any of the enumerated prohibited acts under this Chapter.

CHAPTER V

EDUCATION AND RESEARCH

SEC. 45. Usage Requirements for Customers and End-Users. – The DOE and the DTI shall jointly undertake educational and information dissemination activities to enhance customer awareness among LPG consumers and end-users. In addition to such educational program, the DOE and/or the DTI, after consultation with the LPG industry participants, may prescribe rules and regulations in relation to the following:

- (a) For industrial or large end-users, installation of sign at storage facilities;
- (b) Use of only branded, legally-filled and certified LPG cylinders; and
- (c) Installation of LPG appliances and devices approved by the DTI: Provided, That such appliances and devices shall be installed only by qualified servicemen as provided in this Act.

SEC. 46. Public Information Campaign. - The DOE, in coordination with the Philippine Information Agency, the DILG and such other appropriate government agencies, shall jointly develop and implement an

effective strategy for the dissemination of information to the public about LPG cylinder quality and safety.

SEC. 47. Development Research. – The DOE, in coordination with the DOST and the DTI, shall conduct study and research for the purpose of developing more efficient methods of providing safe, clean, and hazard-free LPG consumers.

CHAPTER VI

FINAL PROVISIONS

SEC. 48. Implementing Rules and Regulations. – Unless otherwise provided in this Act, the DOE, in consultation with the DTI, other appropriate agencies, the LPG industry participants and consumer groups, shall be the lead agency with the responsibility to formulate, issue and promulgate the necessary implementing rules and regulations within ninety (90) days from the effectivity of this Act.

SEC. 49. Transition Phase. - In order to provide a smooth implementation of the monitoring and supervisory mechanisms provided herein, the industry participants shall be given a grace period of one hundred eighty (180) days from the effectivity of this Act, within which to comply with the provision hereof: Provided, That during the transition period, the industry participants shall continue to be bound and made liable under the provisions of existing laws, rules and regulations not otherwise repealed by this Act. Industry participants already legally engaged in business upon the effectivity of this Act and who are required to secure a Standards Compliance Certificate prior to the renewal of their business licenses as provided in Section 15 of this Act, shall not be required to obtain a Standards Compliance Certificate for the duration of the grace period.

SEC. 50. Joint Congressional Oversight Committee. – There is hereby created a joint congressional oversight committee to monitor the implementation of this Act. The committee shall be composed of five (5) senators and five (5) representatives to be appointed by the Senate President and the Speaker of the House of Representatives, respectively. The oversight committee shall be chaired by a senator and a representative designated by the Senate President and the Speaker of the House of Representatives, respectively.

The mandate given to the joint congressional oversight committee under this Act shall be without prejudice to the performance of the duties

and functions by the respective existing oversight committees of the Senate and the House of Representatives.

SEC. 51. Legal Assistance to Public Officials. - Public officials or other authorized persons acting under the direction of the Secretaries of the DOE, the DTI, the DILG and other concerned government agencies shall be provided with free legal assistance, liability insurance and other forms of protection and indemnification for all costs and expenses reasonably incurred by such persons, in connection with any civil and/or criminal action, suit or proceeding to which they may be or have been made a party by reason of the performance of their functions or duties, unless they are finally adjudged in such action or proceeding to be liable for gross negligence or misconduct or grave abuse of discretion.

Sec. 52. Separability Clause. - If for any reason, any chapter, section or provision of this Act shall be declared unconstitutional, illegal, or invalid, such parts not affected thereby shall remain in full force and effect.

SEC. 53. Repealing Clause. - All laws, decrees, executive orders, proclamations and administrative regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SEC. 54. Effectivity Clause. - This Act shall take effect after fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.