

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**FIFTEENTH (15<sup>TH</sup>) CONGRESS**  
Second Regular Session



**1275**

**COMMITTEE REPORT NO. \_\_\_\_\_**

Submitted by the **COMMITTEE ON TRADE AND INDUSTRY** and the  
**COMMITTEE ON ENERGY** on **09 AUG 2011**

Re : **House Bill No. 5052**

Recommending its approval in substitution of House Bill Nos. 1418 and 3976.

Sponsors : Representatives Garcia A.R., Apacible, Yap S., and Ty

Mr. Speaker:

The **COMMITTEE ON TRADE AND INDUSTRY** and the **COMMITTEE ON ENERGY** to which were referred House Bill No. 1418, introduced by Representatives Yap S. and Teodoro, entitled:

**AN ACT**  
**TO ESTABLISH THE REGULATORY FRAMEWORK FOR THE**  
**SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS**  
**(LPG) INDUSTRY, PROVIDE ADDITIONAL POWERS TO THE**  
**DEPARTMENT OF ENERGY, DEFINE AND PENALIZE**  
**CERTAIN ACTS, AND FOR OTHER PURPOSES**

and House Bill No. 3976, introduced by Representatives Ty, Leonen-Pizarro, Tugna, Cabaluna, Garin S., Rivera, Alcover, Balocabe, Co, Garbin, Ting, Velasco, Payuyo, Sambar, Marcoleta, Magsaysay E., Mendoza R., Cua, Castelo, Magsaysay M., Calimbas-Villarosa and Sarmiento C. entitled:

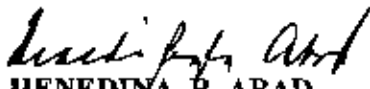
**AN ACT**  
**ESTABLISHING THE REGULATORY FRAMEWORK FOR**  
**CONDUCT OF BUSINESS AND THE SAFE OPERATIONS OF**  
**THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, DEFINE**  
**AND PENALIZE CERTAIN ACTS**

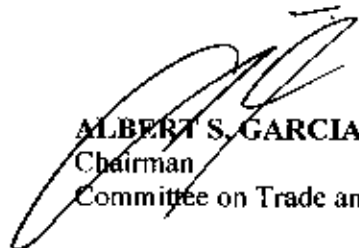
have considered the same and recommends that the attached House Bill No.  
**5052**, entitled:

**AN ACT  
ESTABLISHING THE REGULATORY FRAMEWORK FOR THE  
SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS  
(LPG) INDUSTRY, PROVIDE ADDITIONAL POWERS TO THE  
DEPARTMENT OF ENERGY, DEFINE AND PENALIZE  
CERTAIN ACTS, AND FOR OTHER PURPOSES**

be approved in substitution of House Bill Nos. 1418 and 3976 with Representatives Yap S., Teodoro, Ty, Leonen-Pizarro, Tugna, Cabaluna, Garin S., Rivera, Alcover, Batocabe, Co, Garbin, Ting, Velasco, Payuyo, Sambar, Marcoleta, Magsaysay E., Mendoza R., Cua, Castelo, Magsaysay M., Calimbas-Villarosa, Sarmiento C., Garcia A.R., Apacible, Duavit, Biron, Defensor, Alvarez A., Treñas, Casiño, Villarica, Mandanas, Fernandez, Garay, Teodoro, Del Rosario A.R., Sacdalan, Osmeña, Joson, Rodriguez I., Lacson-Noel, Yu, Ferrer J., Sahidulla, Lagdameo A., Bonoan-David, Mellana, Sakaluran, Quisumbing, Unabia, Colmenares, Haresco, Villar, Pancho, Enverga, Cojuangco E., Cajayon, Rodriguez R., Romualdez, Arroyo D., Gonzales A., Panotes, Bagasina, Abad, Cojuangco K., Puno, Andaya, Apostol, Belmonte V., Benaldo, Amatong, Limkaichong, Abaya, Golez, Garcia-Albano, Gomez, Ungab, Miraflores, Valencia, Lopez C.V., Espina, Salvacion, Del Rosario A.G., Loyola, De Venecia, Rivera, Jaafar, Benitez, Dy, Antonino, Barzaga, Dayanghirang, Salimbangon, Madrona, Enverga, Pacquiao, Bichara, Kho, Jalosjos C., Lopus, Ping-Ay, Lopez, C. J., Tieng, Ferriol, Violago, Ejercito, Villafuerte, Bagatsing, Evardone, Macapagal-Arroyo, Albano, Dimaporo, Mercado-Revilla, Celeste, Pangandaman and Padilla as authors thereof.

Respectfully Submitted:

  
**HENEDINA R. ABAD**  
Chairperson  
Committee on Energy

  
**ALBERT S. GARCIA**  
Chairman  
Committee on Trade and Industry

**THE HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES  
QUEZON CITY**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
QUEZON CITY

**FIFTEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 5052**  
(in substitution of House Bills No. 1418 and 3976 )

---

Introduced by Representatives Yap S., Teodoro, Ty, Leonen-Pizarro, Tugna, Cabaluna, Garin S., Rivera, Alcover, Batocabe, Co. Garbin, Ting, Velasco, Payuyo, Sambar, Marcoleta, Magsaysay E., Mendoza R., Cua, Castelo, Magsaysay M., Calimbas-Villarosa, Sarmiento C., Garcia A.R., Apacible, Duavit, Biron, Defensor, Alvarez A., Treñas, Casiño, Villarica, Mandanas, Fernandez, Garay, Teodoro, Del Rosario A.R., Sacedalan, Osmeña, Joson, Rodriguez I., Lacson-Noel, Yu, Ferrer J., Sahidulla, Lagdameo A., Bonoan-David, Mellana, Sakaluran, Quisumbing, Unabia, Colmenares, Haresco, Villar, Pancho, Enverga, Cojuangco E., Cajayon, Rodriguez R., Romualdez, Arroyo D., Gonzales A., Panotes, Bagasina, Abad, Cojuangco K., Puno, Andaya, Apostol, Belmonte V., Benaldo, Amatong, Limkaichong, Abaya, Golez, Garcia-Albano, Gomez, Ungab, Miraflores, Valencia, Lopez C.V., Espina, Salvacion, Del Rosario A.G., Loyola, De Venecia, Rivera, Jaafar, Benitez, Dy, Antonino, Barzaga, Dayanghirang, Salimbangon, Madrona, Enverga, Pacquiao, Bichara, Kho, Jalosjos C., Lopus, Ping-ay, Lopez, C. J., Tieng, Ferriol, Violago, Ejercito, Villafuerte, Bagatsing, Evardone, Macapagal-Arroyo J. M., Albano, Dimaporo, Mercado-Revilla, Celeste, Pangandaman, and Padilla

---

**AN ACT**  
**ESTABLISHING THE REGULATORY FRAMEWORK FOR THE SAFE**  
**OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY,**  
**PROVIDE ADDITIONAL POWERS TO THE DEPARTMENT OF ENERGY,**  
**DEFINE AND PENALIZE CERTAIN ACTS, AND FOR OTHER PURPOSES**

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

**CHAPTER I**  
**GENERAL PROVISIONS**

**SECTION 1. Short Title.** – This Act shall be known as the “*LPG Industry Regulation and Safety Act of 2011.*”

**SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to protect the interests of consumers, ensure their general welfare and to establish standards of conduct for business and industry.

1 Towards this end, the State shall:

2 a) Establish a regulatory framework for the refining, importation,  
3 refilling, transportation, distribution and marketing of liquefied petroleum gas (LPG),  
4 and the manufacture, requalification, exchange and swapping of LPG cylinders;

5 b) Establish standards of conduct and codes of practice for LPG  
6 businesses;

7 c) Address quality and safety concerns and uphold the right of consumers  
8 to freely choose the LPG brand they want to purchase; and

9 d) Rationalize all applicable laws and executive issuances on the LPG  
10 industry to strengthen and enhance existing mechanisms against hazards to health and  
11 safety and deceptive and unconscionable trade and practices within the industry.

12 **SEC. 3. *Scope and Application.*** This Act shall apply to the regulation,  
13 refining, importation, refilling, transportation, distribution and marketing of LPG,  
14 the manufacture, requalification, exchange and swapping of LPG cylinders and safe  
15 operations of the LPG industry, which cover all activities and businesses related to the  
16 use of LPG product for household, commercial, industrial or automotive (Auto-LPG)  
17 and cylinders or containers for LPG.

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

20 (a) *Accreditation* shall refer to the formal recognition given by the BPS  
21 that a re-qualifier of LPG cylinders has complied with the existing Philippine National  
22 Standards prescribing the General Requirements for the Competence of Testing and  
23 Calibration Laboratories, the Method of Requalification of Steel Cylinders for LPG  
24 and any other standard prescribed by the BPS;”

25 (b) *Alteration* shall refer to any act of converting, transforming or resizing  
26 of local or imported LPG cylinder or container from its original size or design  
27 including, but not limited to, replacement or removal of existing and embossed or  
28 stamped registered brand owner’s markings, grinding, flattening, application of putty,  
29 replacement of collar, revalving, unauthorized repainting, replacement of foot rings,  
30 re-labeling, or by any other means;

31 (c) *Ancillary Equipment* shall refer to such equipment, parts and other  
32 devices and accessories necessary and indispensable for the safe and proper operation  
33 of an LPG cylinder or container such as, but not limited to, LPG cylinder or container  
34 valves, hoses and regulators;

(d) *Auto-LPG* shall refer to LPG intended to fuel, propel or otherwise provide power to motor vehicles;

(e) *Auto-LPG Dispensing Station* shall refer to an outlet, facility or business establishment which retails Auto-LPG directly to individual end-users or to the motoring public; the same may be stand-alone or located within or operated with a liquefied petroleum product (LPP) retail outlet. It shall be deemed a dealer or retail outlet for purposes of this Act;

(f) *BFP* shall refer to the Bureau of Fire Protection, created under Republic Act No. 6975, otherwise known as the "Department of the Interior and Local Government Act of 1990," as amended;

(g) *BOC* shall refer to the Bureau of Customs, created under Philippine Administrative Act No. 355, as amended;

(h) *BPS* shall refer to the Bureau of Product Standards, created under Republic Act No. 4109, otherwise known as "Philippine Standardization Law;"

(i) *Brand Owner* shall refer to a person, owning the brand name, logo, color, mark or distinction as registered with the IPO of the DTI;

(j) *Bulk Consumer* shall refer to any person, 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;

(k) *Bulk Loader* shall refer to any person who engages in the transportation and carriage of LPG in large quantities in barges, rail or road tankers, bullet trucks and similar transportation facilities;

(l) *Bulk Supplier* shall refer to any person, who engages in the sale or distribution of LPG in large quantities as may be determined by the DOE;

(m) *Centralized LPG Distribution System* shall refer to a network of pipes or similar conduit use for the conveyance of LPG from the piped LPG provider to consumers confined within the same compound or establishment such as, but not limited to, shopping malls and condominiums;

(n) *Certification* shall refer to the written assurance given by the DTI that the LPG cylinder has complied with the existing PNS or any other standards issued by the BPS pursuant to Republic Act No. 4109, governing specifications and requirements for the repair of steel cylinders for LPG;

(o) *Consumer* shall refer to any person who purchases LPG for one's own consumption;

(p) *Container* shall refer to any portable pressure vessel for the storage of LPG for automotive use;

(q) *Cross Filling* shall refer to the filling of LPG 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 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 LPG cylinder in the manner prescribed by the DTI;

(t) *Cylinder Exchange* shall refer to the industry practice whereby a consumer who possesses an empty LPG cylinder may use the same to purchase the same or different brand of filled LPG cylinder;

(u) *Cylinder Swapping* shall refer to the exchange of LPG cylinders among industry players;

(v) *Dealer* shall refer to any person who is involved in the sale or trading of LPG in cylinders to consumers and/or retail outlets;

(w) *Defective Cylinder* shall refer to damaged, unsafe and dilapidated LPG cylinder due to corrosion or pitting, dents, cuts, gouges, digs, bulges, leaks and other similar defects that render the LPG cylinder unsafe for distribution in accordance with the guidelines set by the DTI, thus creating a substantial risk of injury to the public;

(x) *DENR* shall refer to the Department of Environment and Natural Resources, created under Executive Order No. 192, otherwise known as the "Reorganization Act of the Department of Environment and Natural Resources;"

(y) *DILG* shall refer to the Department of Interior and Local Government, created under Republic Act No. 6975, otherwise known as "Department of the Interior and Local Government Act of 1990;"

(z) *DOE* shall refer to the Department of Energy, created under Republic Act No. 7638, otherwise known as the "Department of Energy Act of 1992;"

(aa) *DOST* shall refer to the Department of Science and Technology, created under Executive Order No. 128;

(bb) *DOTC* shall refer to the Department of Transportation and Communications created under Executive Order No. 125-A

(cc) *DTI* shall refer to the Department of Trade and Industry, reorganized under Executive Order No. 292;

1 (dd) *Hauler* shall refer to any person who is involved in the distribution and  
2 delivery of LPG cylinders from one place to another;

3 (ee) *Importer* shall refer to any person who is engaged in the importation of  
4 LPG whether for processing, sale or own use;

5 (ff) *IPO* shall refer to the Intellectual Property Office, created under  
6 Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the  
7 Philippines;"

8 (gg) *LGU* or *LGUs* shall refer to a local government unit or local  
9 government units, respectively;

10 (hh) *LPG* shall refer to liquefied petroleum gas which consists of  
11 commercial propane gas or commercial butane gas or a mixture of the two gases, with  
12 properties conforming to the standards set forth in the existing PNS or any other  
13 standards prescribed by the BPS;

14 (ii) *LPG Industry Participants* shall refer to persons who are engaged in  
15 activities or businesses related to:

16 i. refining, manufacturing, importing, exporting, shipping,  
17 transporting, hauling, storing, refilling, distributing, marketing and selling of  
18 LPG for household, commercial or industrial use;

19 ii. refining, manufacturing, importing, exporting, shipping,  
20 transporting, hauling, storing, refilling, distributing, marketing and selling of  
21 LPG for automotive use (auto-LPG); and/or

22 iii. manufacturing, importing, transporting, distributing and selling  
23 of LPG cylinders and ancillary equipment including, but not limited to, LPG  
24 cylinder or container and ancillary equipment manufacturers and importers, re-  
25 qualifiers, repairers, scrapping centers, LPG cylinder or container seal  
26 manufacturers and such other similar persons or entities;

27 (jj) *Marketer* shall refer to any person who is engaged in the sale of LPG,  
28 whether in bulk or retail under its own brand name;

29 (kk) *OIMB* shall refer to the Oil Industry Management Bureau of the  
30 Department of Energy;

31 (ll) *Person* shall refer to an entity such as an individual or group of  
32 individuals incorporated under law with certain legal rights and responsibilities;

33 (mm) *Petroleum products* shall refer to the products formed in the course of  
34 refining crude petroleum through distillation, cracking, solvent refining and chemical

1 treatment coming out as primary stocks from the refinery such as, but not limited to,  
2 LPG, naphtha, gasoline, solvent, kerosene, aviation fuels, oils, waxes and petrolatum,  
3 asphalt, bitumen, coke and refinery sludge, or such refinery petroleum fractions  
4 which have not undergone any process or treatment as to produce separate  
5 chemically-defined compounds in a pure or commercially pure state and to which  
6 various substances may have been added to render them suitable for particular uses,  
7 provided that the resultant product contains not less than fifty percent (50%) by  
8 weight of such petroleum products;

9 (nn) *PNP* shall refer to the Philippine National Police, created under  
10 Republic Act No. 6975, otherwise known as the "Department of the Interior and  
11 Local Government Act of 1990;"

12 (oo) *Philippine National Standards* or *PNS* shall refer to the standards  
13 promulgated by the BPS of the DTI relating to product specifications, test methods,  
14 terminologies and standardization procedures, guidelines or practices;

15 (pp) *Piped LPG Provider* shall refer to any person who is engaged in the  
16 business of supplying or distributing LPG to consumers through a Centralized LPG  
17 Distribution System, including operators of central storage compounds for piped LPG  
18 or reticulated system facilities;

19 (qq) *Primary Storage Facilities* shall refer to the plant, depot, equipment  
20 and other attendant facilities, such as underground caverns, refrigerated tanks and  
21 pressurized steel tanks, used for the storage of LPG;

22 (rr) *Qualified LPG Serviceperson* shall refer to an individual who has been  
23 trained, qualified and certified by the DOE or any deputized agency thereof, or to an  
24 individual who has successfully completed an approved training course for LPG  
25 servicemen in a training school duly recognized and accredited by the Philippine  
26 government;

27 (ss) *Refiller* shall refer to (1) a service provider authorized by an LPG  
28 cylinder owner to refill LPG cylinders on the latter's behalf, or (2) any person, who  
29 refills LPG into one's own LPG cylinders;

30 (tt) *Refilling Plant* shall refer to any installation that is used for refilling  
31 LPG into cylinders and has LPG bulk storage and refilling facilities thereof;

32 (uu) *Refiner* shall refer to any person, who refines LPG through distillation,  
33 conversion and treatment of crude oil and other naturally occurring petroleum  
34 hydrocarbons;

(vv) *Re-qualification* shall refer to the method or procedure by which an LPG cylinder is subjected to inspection and re-evaluation by the BPS in accordance with the prescribed specifications and any other standard prescribed by the BPS governing the method of requalification of steel cylinders for LPG to determine its acceptability for continuous use and distribution and subsequent repair or scrapping, where appropriate;

(ww) *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;

(xx) *Repair* shall refer to the removal from 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, distribution and use;

(yy) *Repairer* shall refer to any person who is duly certified by the DTI to engage in the business of repairing LPG cylinders;

(zz) *Retail Outlet* shall refer to any entity that sells LPG in cylinders directly to a consumer in quantities as may be determined by the DOE;

(aaa) *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;

(bbb) *Scrapping* shall refer to the destruction of defective LPG cylinders declared by a re-qualifier of the DTI to be unfit for use;

(ccc) *Scrapping Center* shall refer to any person who is engaged in the business of disposing defective LPG cylinders;

(ddd) *Seal* shall refer to the protective cover placed on the valve of an LPG cylinder; and

(eee) *SEC* shall refer to the Securities and Exchange Commission, reorganized under Presidential Decree No. 902-A;

(fff) *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

1        **SEC. 5. *Lead Agency.*** – The DOE shall be the primary government agency  
2 responsible for the implementation and enforcement of this Act unless otherwise  
3 expressly stated in this Act that a particular function shall be the responsibility of  
4 another government agency. The DOE shall regulate, supervise and monitor the LPG  
5 industry, persons and entities engaged in any activity or business therein to ensure  
6 compliance with national product quality, environmental and worker safety, and  
7 consumer welfare standards.

8        **SEC. 6. *Additional Powers and Functions of the DOE.*** – To effectively  
9 implement the provisions of this Act and in addition to its powers and functions under  
10 existing laws, the DOE shall have the following powers and functions:

11        a) Administer and supervise the enforcement and implementation of this  
12 Act, including the promulgation of the Implementing Rules and Regulations (IRR)  
13 thereof, and issuance of other regulations, orders or circulars necessary to implement  
14 this Act;

15        b) Issue rules and regulations to implement safety and quality standards  
16 as well as promote fair trade practices in the LPG industry;

17        c) Formulate and implement policies, programs and regulations for the  
18 LPG industry, including the importation, exportation, stockpiling, storage, shipping,  
19 transportation, refining, processing, marketing and distribution of LPG, whether  
20 distributed in cylinders, through centralized LPG distribution systems, or other means,  
21 to ensure that product quality, environmental and worker safety, and consumer  
22 welfare standards are met;

23        d) Implement safety standards for refilling plants, depots, storage areas,  
24 transportation facilities and other facilities or business premises of the owners thereof  
25 and exercise visitorial powers in order to inspect and evaluate whether such refilling  
26 plants, depots, storage areas, transportation facilities and other facilities or business  
27 premises comply with safety standards. During such inspection, the DOE may  
28 scrutinize the records of the concerned LPG industry participants and confiscate  
29 filling heads and other equipment, facility and conveyance that are found being used  
30 in illegal operations;

31        e) Inspect LPG cylinders in circulation, whether filled or unfilled, or  
32 after any sale by refiners, importers, marketers, brand owners or refillers, or such LPG  
33 cylinders that are for distribution to dealers and retail outlets to determine

1 conformity to established quality and safety standards for LPG cylinders developed  
2 and established by the BPS;

3 f) Confiscate substandard LPG and LPG cylinders in circulation that do  
4 not conform to established quality and safety standards for LPG cylinders developed  
5 and established by the BPS;

6 g) Investigate, *motu proprio* or upon report of any person, possible  
7 infractions of this Act by concerned LPG industry participants, initiate the necessary  
8 actions warranted under the circumstances and file the necessary complaints with the  
9 proper court or government agency and enforce administrative sanctions as provided  
10 under this Act;

11 h) Implement the LPG Cylinder Exchange, Swapping and Rehabilitation  
12 Program;

13 i) Direct LPG brand owners, refillers, dealers and retail outlets to  
14 periodically submit cylinders for requalification and to secure proper proof of  
15 compliance therewith in accordance with the requirements of the DTI;

16 j) Issue and grant License to Operate to concerned LPG industry  
17 participants in accordance with Chapter III of this Act, and suspend or revoke the  
18 same after due notice and hearing for violating any provision of this Act;

19 k) Issue closure or cease and desist orders, as the case may be, to any  
20 person found in violation of this Act;

21 l) Impose and collect administrative fines for any violation of the  
22 provisions of this Act, as well as fees or similar charges for its services, including the  
23 processing of applications for Licenses to Operate;

24 m) Create and maintain a central database of concerned LPG industry  
25 participants, and an inventory of existing and projected LPG supply levels in the  
26 country which shall be updated monthly on its own initiative or through reports of  
27 said participants;

28 n) Investigate and keep a record of incidents of injury or damage to  
29 person or property caused by or attributable to the improper production, refilling,  
30 storage, handling or dispensing or use of LPG for purposes of prosecuting or filing the  
31 appropriate administrative or criminal complaints against responsible persons;

32 o) Establish and develop research and training programs to develop new  
33 uses for LPG, promote improved and innovative methods and technologies for safe

1 and efficient production, storage, handling or use of LPG, and to foster public  
2 awareness thereof:

3 p) Consult and coordinate, on a regular basis, with LPG industry  
4 participants, associations and consumers concerned in furtherance of the objectives of  
5 this Act;

6 q) Coordinate with other government agencies, bodies and  
7 instrumentalities and deputize other agencies to ensure the effective implementation  
8 of this Act;

9 r) Investigate, prosecute, and impose penalties for dumping activities or  
10 unauthorized filling of bulk tanks installed in industrial LPG consumers by bulk  
11 suppliers other than the owner of the tanks; and

12 s) Exercise such other powers and functions as may be necessary or  
13 incidental to attain the objectives of this Act.

14 **SEC. 7. Powers and Functions of the DTI.** - To help effectively implement  
15 the provisions of this Act, the DTI shall have the following exclusive powers and  
16 functions:

17 (a) Develop, formulate, promulgate, review and revise the PNS for LPG,  
18 LPG cylinders and other ancillary equipment;

19 (b) Inspect and evaluate LPG cylinders, whether manufactured locally or  
20 imported, prior to any sale or distribution to LPG refiners or re-fillers and certify to  
21 their conformity to the PNS and their fitness for public and sale distribution;

22 (c) Inspect and evaluate ancillary equipment, whether manufactured  
23 locally or imported and certify to their conformity to PNS and their fitness for public  
24 sale and distribution;

25 (d) Grant accreditation and certification of conformity to PNS to re-  
26 qualifiers, repairers, scrapping centers, LPG cylinder and seal manufacturers and  
27 other independent, competent, private persons and entities that provide products and  
28 services to ensure compliance by LPG industry participants with the PNS for LPG  
29 cylinders and ancillary equipment, in accordance with Chapter III of this Act and to  
30 revoke the same, if warranted; and

31 (e) Extend all necessary assistance to the DOE in the implementation of  
32 measures in furtherance of the objectives of this Act.

33 **SEC. 8. Powers and Functions of the DILG.** - To help effectively implement  
34 the provisions of this Act, the DILG shall have the following powers and functions:

1 (a) Coordinate with LGUs and the PNP for the orderly and effective  
2 implementation of this Act and of the orders, rules and regulations and issuances  
3 pursuant thereto, including recommendations for the suspension or revocation of  
4 business permits or licenses of LPG industry participants found to be in violation of  
5 this Act;

6 (b) Coordinate with the DOE and the DTI in the dissemination of  
7 information particularly to the LGUs and the PNP relevant to the implementation of  
8 this Act; and

9 (c) Extend all necessary assistance to the DOE with respect to the  
10 enforcement of measures to attain the objectives of this Act.

11 **SEC. 9. Powers and Functions of LGUs.** – LGUs pursuant to their powers  
12 provided by law especially under Republic Act No. 7160, otherwise known as the  
13 “Local Government Code of 1991,” or, upon recommendation of the DOE and upon  
14 due notice and hearing, shall have the power to suspend or revoke the business permit  
15 or license of any LPG industry participant within the respective areas of jurisdiction  
16 for violation of the provisions of this Act: *Provided*, That upon the issuance by the  
17 DOE of a notice of revocation of the License to Operate of an LPG industry  
18 participant in accordance with Chapter III of this Act, the LGU shall immediately  
19 revoke the business permit or license of said LPG industry participant.

20 In case of conflict between the decision of the DOE and the LGU involving  
21 matters such as, but not limited to, violations covered by this Act, the decision of the  
22 court shall prevail.

23  
24 **SEC. 10. Technical Working Group.** - The DOE shall be authorized to  
25 convene a Technical Working Group (TWG) to assist the DOE in the thorough review  
26 and evaluation of the rules and regulations, policies, safety standards and PNS  
27 affecting the LPG industry. The TWG shall be composed of not less than ten (10) nor  
28 more than fifteen (15) representatives of the pertinent implementing government  
29 agencies and the private sector particularly LPG industry participants and consumer  
30 groups. Private sector representation in the TWG shall, upon consultation with the  
31 LPG industry participants, be determined and appointed by the Secretary of Energy;  
32 *Provided*, That said representatives shall be equitably distributed among LPG industry  
33 participants.

### 34 CHAPTER III

## LICENSES, PERMITS AND OTHER BUSINESS REQUIREMENTS

### SEC. 11. *License to Operate.* -

(a) *Requirement Prior to Engaging in Business.* - Any person intending to engage in any activity or business involving LPG shall secure its License to Operate from the DOE prior to commencement of construction and commercial operations. The License to Operate shall be valid for three (3) years or any such period as may be determined by the DOE.

For purposes of this Act, the License to Operate shall certify that such person has complied with all the documentary requirements, and 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 concerned LPG 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:

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

No person intending to engage in any activity or business involving LPG shall engage in business without first having duly secured a License to Operate from the DOE. Any such person that subsequently engages in an activity or business outside of the scope of its License to Operate shall duly notify the DOE and secure the appropriate License to Operate for the said new activity or business.

The DOE shall prescribe specific guidelines for compliance of retail outlets, dealers and haulers in remote areas outside Metro Manila, in which case the verified undertaking required under this Chapter may be submitted through registered mail, without prejudice to the conduct of a standards compliance inspection.

(b) *Persons Already Engaged in LPG Business.* - Subject to the provisions of Section 41 of this Act, any person already legally engaged in any activity or business involving LPG upon the effectivity of this Act shall obtain a License to Operate within six (6) months from such effectivity or prior to the renewal of its local business

license/Mayor's permit, whichever comes first, but in any case, not less than three (3) months from said effectivity in accordance with the rules, regulations, and guidelines to be issued by the DOE.

(c) *Required Submissions for License to Operate.* - A License to Operate shall only be issued upon a satisfactory finding of the applicant's compliance with the provisions of this Act and submission of requirements, which may include the following, where applicable:

i) Certification of compliance of applicant's facilities with fire safety laws and regulations from the BFP;

ii) Environmental Compliance Certificate (ECC) from the DENR;

iii) Product liability insurance certificate from an insurer duly registered with and licensed by the Insurance Commission;

iv) Permits on suitability, safety and soundness of plant and facilities for the proposed or existing operation;

v) Compliance with the provisions of Republic Act No. 9514, otherwise known as the "Revised Fire Code of the Philippines of 2008", and/or Pamphlet 58 of the National Fire Protection Association (NFPA 58), otherwise known as the "Liquefied Petroleum Gas Code"; and

vi) Such other documents or requirements which the DOE may prescribe as necessary for the effective implementation of this Act.

(d) *Renewal and Posting of License to Operate.* - The License to Operate shall be renewed within three (3) years or any such period as the DOE may prescribe and shall be prominently posted or displayed in a public, accessible and conspicuous area within the business premises of the concerned LPG industry participant.

**SEC. 12. Certificate of Non-Coverage (CNC).** - Any person whose principal business requires consumption of LPG in bulk and which business operation does not include, in any way, the distribution or retail of LPG to consumers, such as, but not limited to, Garage-Based Auto-LPG Stations and Centralized LPG Distribution Systems, shall secure a CNC from the DOE. For purposes of this Act, a Garage-Based Auto-LPG operation shall refer to the operation of a motor vehicle fleet with a number of vehicle units as may be determined by the DOE and which vehicle units are parked and serviced in a confined area or garage. The DOE shall prescribe such other conditions in order that an Auto-LPG dispensing activity shall be deemed as a garage-based operation.

1 Bulk suppliers shall ensure that their bulk consumers have secured the  
2 necessary CNC prior to entering into any supply contract or agreement with said bulk  
3 consumers. A copy of such contract shall be submitted to the DOE within ten (10)  
4 days from the execution thereof.

5 The CNC does not in any way preclude compliance to applicable PNS,  
6 requirements of the BFP and other concerned government agencies.

7 **SEC. 13. Undertaking to Comply with Requirements.** - Any person who  
8 intends to engage in any activity or business involving LPG which shall render it an  
9 LPG industry participant as defined in this Act shall be required to comply with the  
10 provisions of this Act, its IRR, and such other issuances of the DOE, under a verified  
11 instrument to be executed in such form as shall be required by the DOE. Due filing of  
12 the verified undertaking shall be a condition precedent for the issuance of the License  
13 to Operate required under this Act: *Provided*, That submission of such undertaking  
14 does not exempt such person or entity from securing any other certification of quality,  
15 health, safety, security, or environmental clearance from the proper governmental  
16 agencies or instrumentalities as may be provided by other laws.

17 **SEC. 14. Suspension or Revocation of License to Operate.** - Pursuant to its  
18 power to issue License to Operate, the DOE shall likewise have the power to suspend  
19 or revoke, after due notice and hearing, the License to Operate of any person engaged  
20 in any activity or business involving LPG for the commission of any of the prohibited  
21 acts under Chapter XIV of this Act, and for violation of any provision of this Act and  
22 its IRR, except those which fall under the jurisdiction of the DTI and other concerned  
23 government agencies.

24 **SEC. 15. Mandatory Requirement Prior to LGU's Issuance or Renewal of**  
25 **Local Government Business License or Mayor's Permit.** - The License to Operate  
26 provided under Section 11 of this Act shall be a mandatory requirement for the grant  
27 or renewal of any local government business license or Mayor's permit to engage in  
28 business involving LPG regardless of whether such products or activities constitute  
29 the entire or a portion of the business for which a business license is sought by the  
30 applicant.

31 Non-compliance herewith shall be ground for the cancellation of any license  
32 or permit issued by the LGU.

33 **SEC. 16. Action of LGUs on Suspended or Revoked License to Operate.** -  
34 Upon written notice by the DOE of suspension or revocation of the License to

1 Operate of a concerned LPG industry participant, the LGU shall immediately suspend  
2 or revoke the local government business license or Mayor's permit of said LPG  
3 industry participant.

4 The LGU shall formally communicate to the DOE the fact of such suspension  
5 or revocation within five (5) working days from receipt of the written notice of  
6 revocation of License to Operate from the DOE.

7 **SEC. 17. *Certificate of Accreditation for Manufacturers, Re-qualifiers,***  
8 ***Repairers of LPG Cylinders and Cylinder Seal Manufacturers.*** - Prior to the  
9 commencement of its operations and annually thereafter, any person who intends to  
10 engage in the business of manufacturing, re-qualifying, or repairing LPG cylinders,  
11 shall obtain a Certificate of Accreditation from the DTI prior to the commencement of  
12 its operations and annually thereafter.

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

17 **SEC. 18. *Monitoring and Standards Compliance Inspection.***

18 (a) *Monitoring of Facilities and Equipment.* - The DOE shall monitor the  
19 refining, importation and distribution of LPG and conduct annual inspections of  
20 refinery, storage, hauling, transportation, refilling, or installation facilities and  
21 equipment to ensure that clean, environmentally-safe and worker-benign technologies  
22 are applied and to ensure conformity with quality and safety standards and other  
23 mandatory requirements under this Act.

24 (b) *Standards Compliance Inspection.* - The DOE shall not issue a License to  
25 Operate unless it is shown, upon proper conduct of standards compliance inspection,  
26 that the LPG industry participant has complied with this Act and such other rules and  
27 regulations as may be prescribed by the DOE.

28 (c) *Frequency of Standards Compliance Inspection.* - The DOE may, *motu*  
29 *proprio* or upon a verified statement or complaint by any person, conduct regular or  
30 random inspections of the refinery, storage, hauling, transportation or installation  
31 facilities and equipment of LPG industry participants as it may deem reasonable and  
32 necessary to implement the purposes of this Act.

33 (d) *Conduct of Standards Compliance Inspection.* - The DOE shall prescribe  
34 guidelines for the proper conduct of the standards compliance inspection, including

but not limited to the scope of the relevant premises and records as may be subject to inspection.

(e) *Power to Deputize.* - The DOE may deputize such government agencies it deems necessary to assist its functions as provided in this section.

#### SEC. 19. *Issuance of Receipts.*

(a) *Transactions in Bulk.* - All transactions involving the sale or transfer of LPG in bulk must be covered by a form bearing, in addition to other requirements under applicable laws, the following information:

- i) registered name of the seller;
- ii) address of the seller;
- iii) date of the transaction;
- iv) quantity or volume of the product;
- v) plate number of transporting trucks or registered name of transporting barge;
- vi) serial/tracking number of brand owner
- vii) total price of the transaction; and
- viii) such other information as may be prescribed by the DOE with the concurrence of affected industry players.

(b) *Transactions in LPG Cylinders.* - All transactions involving the sale or transfer of LPG from dealers to retail outlets and to direct consumers must be covered by an official receipt or sales invoice bearing, in addition to other requirements under applicable laws, the following information:

- i) registered name of the seller;
- ii) address of the seller;
- iii) date of the transaction;
- iv) brand of LPG;
- v) serial/tracking number of brand owner
- vi) net weight or weight of the LPG contained in the cylinder;
- vii) unit price per LPG cylinder;
- viii) total price of the transaction; and
- ix) such other information as may be required by the DOE.

All other transactions involving the sale or transfer of possession or ownership of LPG from one LPG industry participant to another must likewise be covered by an

1 official receipt or other written instrument bearing the above information. as  
2 applicable.

#### 3 CHAPTER IV

#### 4 AUTO-LPG

5 **SEC. 20. *Retailing of Auto-LPG.*** – Any person who is operating or intending  
6 to operate an Auto-LPG Dispensing Station shall comply with the following  
7 requirements and such other requirements as may be provided in the IRR of this Act:

8 a) An Auto-LPG Dispensing Station shall conform to the existing  
9 standards for the construction and safety operation of Auto-LPG Dispensing Stations  
10 and other standards prescribed by the BPS;

11 b) An Auto-LPG Dispensing Station shall only refill LPG containers for  
12 automotive use which conform to the specifications prescribed in the existing PNS  
13 and installed in vehicles complying with the existing Code of Practice For the Use of  
14 Liquefied Petroleum Gas (LPG) System in Internal Combustion Engines” and other  
15 standards prescribed by the BPS; and

16 c) An Auto-LPG Dispensing Station shall not refill LPG cylinders for  
17 household or commercial use.

18 **SEC. 21. *Training and Qualification of Personnel of Auto-LPG Dispensing***  
19 ***Stations.*** - Auto-LPG Dispensing Station Personnel shall as a minimum requirement.  
20 undergo training and qualification conducted by any government recognized or  
21 accredited training institution for the proper handling and retailing of Auto-LPG.  
22 Such proof of training shall be submitted to the DOE prior to its initial operation and  
23 subsequent renewal of its License to Operate.

#### 24 CHAPTER V

#### 25 OWNERSHIP OF LPG CYLINDERS AND CONTAINERS FOR 26 AUTOMOTIVE USE

27 **SEC. 22. *Ownership of LPG Cylinders.*** - The LPG brand owner whose  
28 permanent mark appears on the LPG cylinder shall be presumed the owner thereof.  
29 irrespective of the party in custody or possession of the LPG cylinder and regardless  
30 of whether or not such LPG cylinder is or continues to be properly marked, stamped  
31 or identified to contain its LPG brand, or whether or not such LPG cylinder is in  
32 compliance with or continues to comply with any other product or quality standard  
33 prescribed under law or by the BPS pursuant to this Act. unless otherwise there is any  
34 unequivocal proof or indication that such LPG cylinder was sold, alienated, or

1 otherwise disposed of by the refiner or importer to an unrelated third party under a  
2 written instrument.

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

11 The LPG brand owner shall have the obligation to ensure that its LPG  
12 cylinders comply with all required quality and safety standards and specifications  
13 before they are released for distribution: *Provided*, That receipt by the DOE of a  
14 verified notice or report from the LPG brand owner regarding any lost, stolen or  
15 missing LPG cylinders shall *prima facie* relieve the LPG cylinder owner of the  
16 obligation to ensure the quality and safety of such LPG cylinders. Such report may  
17 be rebutted by contrary evidence.

18 **SEC. 23. Ownership of LPG Containers for Automotive Use.** - Containers of  
19 LPG for automotive use are permanently installed inside the vehicles and are  
20 therefore inherent and integral parts of the vehicle. As such, ownership of these  
21 containers is that of the vehicle owner.

## 22 CHAPTER VI

### 23 MONITORING AND ENFORCEMENT MECHANISMS

24 **SEC. 24. Undertaking to Comply with Requirements.** - Any person who  
25 intends to engage in any business or activity which shall render it an LPG industry  
26 participant as defined in this Act shall be required to comply with the provisions of  
27 this Act, its implementing rules and regulations and such other issuances of the DOE,  
28 under a verified instrument to be executed in such form as required by the DOE. Due  
29 filing of the verified undertaking shall be a condition precedent for the issuance of the  
30 License to Operate required under this Act: *Provided*, That submission of such  
31 undertaking does not exempt such person from securing any other certification of  
32 quality, health, safety, security, or environmental clearance from the proper  
33 governmental agencies or instrumentalities as may be provided by other laws.

1 Any person intending to import or export LPG or LPG cylinders shall, in  
2 addition to the requirement for a verified undertaking, furnish a report to the DOE  
3 prior to every importation or exportation: *Provided*, That all LPG and LPG cylinder  
4 importations shall be in accordance with the law, including international agreements  
5 to which the Philippines is a signatory.

6 **SEC. 25. Reports and Disclosures to the DOE** - The DOE shall have the  
7 power and authority to require LPG industry participants to submit written, electronic  
8 or other form of reports or disclosures, as the DOE may deem reasonable and  
9 necessary to perform their functions under this Act. Any LPG industry participant  
10 who fails to submit any such report or disclosure within the period and in the manner  
11 prescribed by the DOE shall be penalized under Section 44 of this Act.

12 **SEC. 26. Central Database of LPG Industry Participants.** - The central  
13 database of LPG industry participants shall include their corporate or business name  
14 or trade name; list of all directors and officers; principal office or business address;  
15 primary purpose or nature of business; registered brand name or logo for LPG, LPG  
16 cylinder, facilities and equipment; haulers, dealers, retail outlets and LPG cylinder  
17 seal manufacturers; violations committed or incidents relating to such violations, if  
18 any; agreements with other LPG industry participants, such as for cross-filling and  
19 similar arrangements; list of lost, stolen or missing LPG cylinders; and such other  
20 relevant information as may be determined by the DOE. The central database shall be  
21 created by the DOE within one (1) year from the effectivity of this Act. This central  
22 database shall be updated on a monthly basis and shall be made available to the public  
23 and through the internet subject to reasonable fees and charges and during office  
24 hours.

25 **SEC. 27. Monitoring and Standards Compliance Inspection.** --

26 a) **Monitoring of Facilities and Equipment.** - The DOE shall monitor the  
27 facilities and equipment of concerned LPG industry participants to ensure that clean,  
28 environmentally-safe and worker-benign technologies are applied and to ensure  
29 conformity to quality, health, environmental and safety standards, fair trade  
30 regulations and other mandatory requirements under this Act;

31 b) **Monitoring of Operations and Activities.** - The DOE and the DTI shall  
32 require from LPG industry participants under their respective areas of jurisdiction  
33 such information as may be necessary such as, but not limited to, activities engaged in

1 the installation of facilities and equipment used in the business; supply, demand and  
2 inventory of LPG. LPG cylinders or containers; and periodic and special reports;

3 c) *Standards Compliance Inspection.* - The DOE shall not issue a  
4 License to Operate unless it is shown, upon proper conduct of standards compliance  
5 inspection, that the LPG industry participant has complied with the requirements of  
6 this Act and such other rules and regulations as may be prescribed by the DOE;

7 d) *Frequency of Standards Compliance Inspection.* - The DOE may, *motu*  
8 *proprio* or upon a verified statement or complaint by any person, conduct regular or  
9 random inspections of the refinery, storage, hauling, transportation or installation  
10 facilities and equipment of concerned LPG industry participants as it may deem  
11 reasonable and necessary to implement the purposes of this Act;

12 e) *Conduct of Standards Compliance Inspection.* - The DOE shall  
13 prescribe guidelines for the proper conduct of the standards compliance inspection,  
14 including but not limited to the scope of the relevant premises and records that may be  
15 subject to inspection;

16 f) *Power to Deputize.* - The DOE may deputize such government  
17 agencies it deems necessary to assist it with its functions provided in this section.

## 18 **CHAPTER VII**

### 19 **DECLARATION OF LPG CYLINDER AS INJURIOUS, UNSAFE OR** 20 **DANGEROUS**

#### 21 **SEC. 28. Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous.** -

22 When the DOE or DTI finds, *motu proprio* or upon petition of any person, that an  
23 LPG cylinder is defective and hence, possibly injurious, unsafe or dangerous, it shall,  
24 after due notice and hearing, issue the appropriate order for its immediate  
25 confiscation, recall, seizure, impoundment or prohibition from public sale or  
26 distribution: *Provided,* That, in the sound discretion of the DOE or DTI, it may  
27 declare an LPG cylinder to be imminently injurious, unsafe or dangerous and order its  
28 immediate recall, seizure and impoundment, in which case the LPG cylinder owner  
29 shall be afforded a hearing, within forty-eight (48) hours from issuance of such order,  
30 for the purpose of determining the propriety of the recall and seizure of the LPG  
31 cylinders: *Provided, further,* That such a declaration shall be limited to instances  
32 when the LPG cylinder is already filled and already sealed inside a refilling plant;  
33 dealer's showroom; retail outlets; or LPG cylinder transporter.

1 For cases initiated *motu proprio* by the DOE or DTI, it shall make a final  
2 determination as to whether or not an LPG cylinder is injurious, unsafe or dangerous  
3 within thirty (30) days from termination of administrative proceedings: *Provided*,  
4 That in the absence of such determination upon expiration of the prescriptive period,  
5 the DOE shall thereafter release custody of the LPG cylinders to the LPG industry  
6 participant in custody thereof prior to the order for recall, impoundment or prohibition  
7 from public sale or distribution.

8 **SEC. 29. Procedure for Petition for Declaration of LPG Cylinder as**  
9 ***Injurious, Unsafe or Dangerous.*** - Any interested person may, upon payment of the  
10 appropriate filing fee prescribed by the DOE, petition the DOE for an order declaring  
11 an LPG cylinder injurious, dangerous or unsafe. In case the DOE, acting on such  
12 petition or on its own initiative and upon due notice and hearing, determines an LPG  
13 cylinder to be injurious, dangerous or unsafe, it shall so notify the LPG cylinder  
14 owner of such finding and order the recall, prohibition or seizure of the LPG cylinder.

15 **SEC. 30. Recall, Seizure, Impoundment and Prohibition of Defective LPG**  
16 ***Cylinders.*** The order for recall, seizure, impoundment or prohibition issued by the  
17 DOE shall contain a prohibition against the refilling, sale or distribution of the  
18 recalled or banned LPG cylinder. The LPG cylinder owner against whom the order for  
19 recall, prohibition or seizure is issued shall be required to subject the recalled, banned  
20 or seized LPG cylinder to repair or re-qualification processes to render the same  
21 compliant with appropriate PNS, or, where repair or re-qualification is not possible or  
22 practicable, to present proof of scrapping thereof.

23 The LPG cylinder owner against whom the order for recall, seizure or  
24 prohibition is issued may petition for the revocation of the order. The DOE shall  
25 revoke the order for recall, prohibition or seizure upon a finding that the subject LPG  
26 cylinder has been repaired or otherwise made compliant with the required PNS, or has  
27 been replaced with a like or equivalent LPG cylinder which conforms to the  
28 appropriate PNS.

29 The LPG cylinder owner shall not charge a consumer who avails of the  
30 remedy as provided above of any expenses or costs that may be incurred in the course  
31 of repair and re-qualification.

32 **SEC. 31. Disposition of Recalled, Banned or Seized LPG Cylinders.** - The  
33 DOE shall formulate rules for the disposition of recalled, banned or seized LPG  
34 cylinders: *Provided*, That it shall initially adopt and enforce the rules for disposition

of recalled, banned or seized LPG cylinders established by the DTI: *Provided further*,  
That it may amend the same as it deems necessary.

**SEC. 32. Removal from Circulation of Unqualified or Violative LPG Cylinders by the DOE.** – LPG cylinders, filled or unfilled within the filling area of refilling plants and trading area of dealers and retail outlets that obviously do not conform to the standards and regulations enforced by the DOE and the DTI shall be removed from circulation in the market for the protection and welfare of consumers: *Provided*, That the DOE and the DTI may exercise administrative forfeiture and shall dispose of LPG cylinders removed from circulation without the necessity of court procedure: *Provided, further*, That the DOE shall, upon consultation with the LPG industry participants and other government agencies concerned, formulate and issue the guidelines and procedures to implement this section.

**SEC. 33. Impounding of Confiscated LPG Cylinders.** – LPG cylinders confiscated by the DOE, DTI or law enforcement agencies in connection with the commission of any of the prohibited acts under Chapter XIV of this Act for the purpose of preserving evidence during the pendency of the administrative and/or criminal case/s, shall be impounded. Filled LPG cylinders that are found by the OIMB to pose an imminent threat or danger of exploding shall be disposed of without the necessity of serving prior notice to the owner/s thereof: *Provided*, That the OIMB shall notify the violator, owner or respondent of such fact within five (5) days after such disposition.

The DOE shall promulgate guidelines on safety procedures for and disposition of impounded LPG cylinders.

## **CHAPTER VIII**

### **WEIGHING DEVICES**

#### **SEC. 34. Weighing Devices.**

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

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

## 6 CHAPTER IX

### 7 LPG CYLINDER SEALING

8 SEC. 35. *LPG Cylinder Sealing.* – All LPG cylinders shall, after filling, be  
9 provided with seals which conform to the specifications of the DOE: *Provided, That*  
10 *the DOE shall, after consultation with the concerned brand owners, establish such*  
11 *specifications: Provided, further, That the LPG cylinder owner and its authorized re-*  
12 *filler shall be jointly responsible for ensuring that LPG cylinders are properly sealed*  
13 *before the LPG cylinders leave the filling or refilling plants: Provided, finally, That*  
14 *LPG cylinders with tampered or broken seals shall not be sold or distributed.*

15 LPG cylinder seal manufacturers shall sell seals only to the registered LPG  
16 brand owner, unless otherwise allowed by both the said registered LPG brand owner  
17 and the DOE.

18 All seals shall be registered with the DOE.

## 19 CHAPTER X

### 20 LABELING REQUIREMENTS

21 SEC. 36. *Labelling Requirements for LPG Cylinders.* – LPG cylinders shall  
22 comply with the labelling requirements as provided for under the PNS, this section  
23 and as may be further prescribed by the BPS.

24 a) *For LPG Cylinder Collar.* – All LPG cylinders, whether imported or  
25 manufactured locally, shall have, among others, the following information embossed  
26 or stamped on the LPG cylinder collar:

27 i) The manufacturer's registered trade name or brand name,  
28 trademark and business name;

29 ii) For imported brand new LPG cylinders, the name and address  
30 of the importer in the Philippines;

31 iii) Product Standard (PS) or Import Commodity Clearance  
32 Certification (ICC) marks, as applicable;

33 iv) Specific standard used;

34 v) Date of testing or requalification;

- vi) Thickness of plate;
- vii) - LPG cylinder water capacity;
- viii) Tare weight;
- ix) Design and test pressure; and
- x) Serial number.

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

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

- i) The registered brand name, trade name or trademark of the LPG product;
- ii) Tare weight; and
- iii) Net weight.

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

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

## CHAPTER XI

### DELIVERY VEHICLES, DRIVERS AND ATTENDANTS

**SEC. 37. *Delivery Vehicles, Drivers and Attendants.*** - All trucks and other vehicles used for transporting and delivering LPG cylinders shall be open and the same shall be registered with the DOE, in accordance with the guidelines to be promulgated by the DOE, in consultation with the LPG industry participants and other agencies concerned. All haulers shall display on their delivery trucks or vehicles a prominent DOE signage. Failure to register the delivery vehicle shall give rise to a presumption that the vehicle is not duly authorized to transport LPG.

Vehicles not registered and without the appropriate DOE signage shall be seized or impounded by the DOE. Guidelines for the accreditation of drivers and attendants for LPG-delivery vehicles shall be prescribed by the DOE upon prior

1 consultation with the LPG industry participants and other government agencies  
2 concerned.

## 3 CHAPTER XII

### 4 LPG CYLINDER EXCHANGE, SWAPPING AND REHABILITATION

#### 5 SEC. 38. *LPG Cylinder Exchange, Swapping and Rehabilitation.* –

6 Immediately upon the effectivity of this Act, the DOE shall organize all LPG refiners,  
7 importers, bulk suppliers, refillers, dealers and retail outlets, hereinafter referred to as  
8 the "Program Participants", to form and become part of an Alliance System for the  
9 implementation of the LPG Cylinder Exchange, Swapping and Rehabilitation  
10 Program, hereinafter referred to as the "Program". Under the Alliance System, the  
11 Program Participants shall enter into exclusive Contracts of Affiliation: *Provided,*  
12 That, at the retail level, the DOE, after due consideration, may allow the affiliation to  
13 be non-exclusive. Thereafter, the Program Participants shall submit to the DOE  
14 particulars of affiliation and/or proof of compliance in the formation of alliances. The  
15 Program is mandatory upon all Program Participants. Deliberate refusal to participate  
16 in the Program shall be dealt with administratively.

17 The DOE shall, in consultation with the DTI, Program Participants, concerned  
18 government agencies and other stakeholders, formulate the appropriate rules  
19 necessary to govern the Program, including appropriate sanctions for violation  
20 thereof: *Provided,* That the Program shall be governed by the following principles and  
21 standards:

22 (a) The safety of the cylinder for the benefit of the consumer shall be the  
23 priority concern. Any procedure in the implementation of the Program which may  
24 significantly increase the retail costs of a LPG cylinder, shall be subject to  
25 consultations with consumer groups and Program Participants by the DOE; and

26 (b) The Program shall take into consideration the following factors:

27 i) The prevailing economic conditions of the LPG industry,  
28 including but not limited to, the supply of LPG including the levels of import  
29 and domestic production of LPG adjusted for applicable foreign exchange  
30 rates, the demand for LPG including the levels of household and bulk use, as  
31 well as the prevailing prices of LPG, among others;

32 ii) The number of LPG cylinders and ancillary equipment  
33 classified into its usability and cost effectiveness:

1           iii) The developments in LPG safety technology and the energy  
2 sector in general;

3           iv) The statistics and other information on the level of injuries  
4 from LPG related incidents as well as safety compliance by each and all  
5 industry participants; and

6           v) Such other factors that may affect the viability of the LPG  
7 industry particularly on its safety and affordability.

8       The OIMB of the DOE shall be in-charge of the implementation of the  
9 Program.

### 10                               **CHAPTER XIII** 11                               **QUALITY STANDARDS**

12       **SEC. 39. *Promulgation of Quality Standards.*** - In order to promote the use of  
13 environmentally safe and worker-benign technologies and processes and reduce safety  
14 risks and operational hazards, LPG industry participants are hereby required to  
15 comply with the quality standards established by the DOE for the LPG industry  
16 consistent with the PNS formulated by the BPS. The quality standards shall provide  
17 for, but not be limited to, the following:

- 18           a) Primary Storage Facilities;
- 19           b) LPG Cylinder-Filling Plants and Facilities;
- 20           c) Bulk-Loading, Unloading and Transportation of LPG;
- 21           d) Dealers and Retail Outlets; and
- 22           e) Auto-LPG Stations.

23       The DOE shall, in consultation with the LPG industry participants, formulate  
24 the specific guidelines for mandatory compliance with the established quality  
25 standards and enforce the appropriate sanctions for violations thereof: *Provided, That*  
26 nothing in this Act shall allow licensees for refilling plants, dealers and retailers to  
27 sell ancillary equipment not authorized by the LPG brand owner: *Provided, further,*  
28 That the DOE shall, in formulating the quality standards in this Act, when applicable,  
29 adopt the Philippine LPG Association Safety Code and the applicable international  
30 safety standards for the LPG industry including, but not limited to, Pamphlet 58 of the  
31 National Fire Protection Association (NFPA 58), otherwise known as the "Liquefied  
32 Petroleum Gas Code."

### 33                               **CHAPTER XIV** 34                               **PROHIBITED ACTS, FINES AND PENALTIES**

1       **SEC. 40. *Engaging in Business Without License to Operate.*** - Any LPG  
2 industry participant who engages in business without securing a License to Operate  
3 from the DOE as required under Chapter III of this Act shall be penalized with a fine  
4 of Five thousand pesos (P5,000.00) for an individual and Ten thousand pesos  
5 (Php10,000.00) for a corporation, for each day of operation without a License to  
6 Operate: *Provided.* That the maximum fine to be imposed shall be Five million pesos  
7 (P5,000,000.00) for an individual and Ten million pesos (P10,000,000.00) for a  
8 corporation.

9       **SEC. 41. *Engaging in Business Without Accreditation.*** - Any person who  
10 engages in the business of manufacturing LPG cylinder seals or of re-qualifying,  
11 repairing or scrapping LPG cylinders without first securing a certificate of  
12 accreditation from the DTI as provided under this Act, shall be penalized with a fine  
13 of Three thousand pesos (P3,000.00) for an individual and Five thousand pesos  
14 (P5,000.00) for a corporation, for each day of operation without a certificate of  
15 accreditation: *Provided.* That the maximum fine to be imposed shall be Five million  
16 pesos (P5,000,000.00) for an individual and Ten million pesos (P10,000,000.00) for a  
17 corporation.

18       **SEC. 42. *Obstruction of Inspection.*** - Any LPG industry participant who  
19 refuses, prevents or obstructs the inspection of its premises and records as provided  
20 under Chapter III of this Act shall be penalized with a fine of Three Hundred  
21 thousand pesos (Php300,000.00) for an individual and Five hundred thousand pesos  
22 (Php500,000.00) for a corporation, for each instance of violation, or imprisonment of  
23 at least six (6) months but not more than two (2) years, or both at the discretion of the  
24 court.

25       **SEC. 43. *Failure to Post License to Operate.*** - Any LPG industry participant  
26 concerned who fails or refuses to post its License to Operate as required under  
27 Chapter III of this Act and as required by the DOE, shall be penalized with a fine not  
28 exceeding Five thousand pesos (Php5,000.00) for each instance of violation.

29       **SEC. 44. *Failure to Submit Reportorial Requirements.*** - Any LPG industry  
30 participant concerned who fails to submit periodic reports as may be required by the  
31 DOE, within a reasonable period and in the manner prescribed by the DOE, shall be  
32 penalized with a fine of Ten thousand pesos (Php10,000.00) for an individual and  
33 Twenty thousand pesos (Php20,000.00) for a partnership or corporation for each  
34 instance plus a surcharge not exceeding One thousand pesos (Php1,000.00) for an

1 individual and Five thousand pesos (Php5,000.00) for a partnership or corporation for  
2 each day of delay of submission.

3       **SEC. 45. *Illegal Storage.*** - Any refiner, importer, refiller, hauler, dealer, retail  
4 outlet or bulk consumer who stores LPG in bulk without obtaining a License to  
5 Operate or Certificate of Non-Coverage as applicable which is required under Chapter  
6 III of this Act shall, upon conviction, be penalized with a fine of not less than Twenty  
7 thousand pesos (Php20,000.00) but not more than One hundred thousand pesos  
8 (Php100,000.00), or imprisonment of at least six (6) months but not more than two (2)  
9 years, or both, at the discretion of the court: *Provided*, That the second and  
10 subsequent violations shall be penalized with both fine and imprisonment as provided  
11 herein.

12       **SEC. 46. *Failure to Comply with Product Standards.*** - Any concerned LPG  
13 industry participant who, by act or omission, fails to comply with plant or product  
14 standards set by the DOE with respect to their specific activity shall, upon conviction,  
15 be penalized as follows:

16       a) Non-compliance with DOE mandatory requirements on safety designs  
17 for refilling plants, equipment, depots, centralized LPG distribution systems and  
18 similar facilities shall be penalized with a fine of not less than Fifty thousand pesos  
19 (Php50,000.00) but not more than One million pesos (Php1,000,000.00) or  
20 imprisonment of at least six (6) months but not more than two (2) years, or both at the  
21 discretion of the court: *Provided*, That nothing in this paragraph shall preclude the  
22 court from ordering the closure of the facility until such time that the mandatory  
23 requirements have been met; and

24       b) Failure to secure the required PNS Certificate for LPG cylinders shall  
25 be penalized with a fine of Five thousand pesos (Php5,000.00) for an individual or  
26 Ten thousand pesos (Php10,000.00) for a corporation, for each non-compliant LPG  
27 cylinder used and distributed to consumers, or imprisonment of at least six (6) months  
28 but not more than two (2) years, or both at the discretion of the court: *Provided*, That  
29 the maximum fine to be imposed shall be Five hundred thousand pesos  
30 (Php500,000.00) for an individual and One million pesos (Php1,000,000.00) for a  
31 corporation: *Provided, further*, That the second and subsequent violations shall be  
32 penalized with both fine and imprisonment as provided herein: *Provided, finally*, That  
33 this section shall not apply unless the LPG cylinder is in the possession of an illegal  
34 refiller or trader.

1       **SEC. 47. Adulteration.** - A refiner, importer, refiller, piped gas provider,  
2 dealer or retail outlet who mixes LPG with another finished or unfinished petroleum  
3 product or stock or with any non-petroleum substance or material that will result in  
4 product quality change or in the failure of the LPG to meet the required product  
5 specifications of the DOE, shall, upon conviction, be penalized with a fine of Ten  
6 thousand pesos (P10,000.00) for an individual and Twenty thousand pesos  
7 (Php20,000.00) for a corporation, for each LPG cylinder containing adulterated LPG,  
8 or imprisonment of at least six (6) months but not more than two (2) years, or both, at  
9 the discretion of the court: *Provided*, That the second and subsequent violations shall  
10 be penalized with both fine and imprisonment: *Provided further*, That the maximum  
11 fine to be imposed shall be Five hundred thousand pesos (Php500,000.00) for an  
12 individual and One million pesos (Php1,000,000.00) for a corporation.

13       **SEC. 48. Underfilling.** - When the net quantity of LPG contained in LPG  
14 cylinders sold, transferred, delivered or filled by refillers is less than the LPG cylinder  
15 content required by the DOE at the filling plant, the refiller shall, upon conviction, be  
16 penalized with a fine of Five thousand pesos (Php5,000.00) for an individual and Ten  
17 thousand pesos (Php10,000.00) for a corporation for each underfilled LPG cylinder or  
18 with imprisonment of at least six (6) months but not more than two (2) years, or both,  
19 at the discretion of the court: *Provided*, That second and subsequent violations shall  
20 be penalized with both fine and imprisonment: *Provided further*, That the maximum  
21 fine to be imposed shall be Five hundred thousand pesos (Php500,000.00) for an  
22 individual and One million pesos (Php1,000,000.00) for a corporation. When the net  
23 quantity of LPG in cylinders sold, transferred, or delivered by dealers or retail outlets  
24 is less than three tenths of one kilogram (0.30 Kg) or the DOE-required LPG cylinder  
25 content quantity, the dealers or retail outlets shall be penalized with the same fines  
26 mentioned earlier in this paragraph.

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

31       **SEC. 49. Illegal Refilling.** - The following shall constitute illegal refilling of  
32 LPG cylinders under this Act:

1           a) Refilling of LPG cylinder by a person or entity other than the rightful  
2 owner thereof, unless an expressed permission is granted by the owner for such  
3 refilling as evidenced by a written contract or similar instrument;

4           b) Refilling of LPG cylinder with a brand, trademark, trade name, or  
5 registered business name other than that of the brand owner indicated on the LPG  
6 cylinder tank, otherwise called "pirate filling" or "cross-filling";

7           c) Refilling of LPG cylinder without the embossed markings or other  
8 indication of the brand or trade name thereof, or bearing defaced, tampered or  
9 illegible markings contrary to the mandatory labelling and stamping requirements  
10 under this Act;

11           d) Refilling of LPG cylinder which is due for repair, re-qualification or  
12 scrappage as provided in this Act, or is subject to the recall or prohibition order of the  
13 DOE;

14           e) Filling of LPG cylinder directly from LPG tank trucks without the use  
15 of approved filling machines;

16           f) Refilling LPG from one LPG cylinder to another without using the  
17 prescribed equipment;

18           g) Backyard refilling of LPG cylinder other than in properly designed  
19 LPG refilling plants;

20           h) Filling LPG cylinder with products or substances other than LPG in an  
21 effort to achieve the correct net weight;

22           i) Refilling of LPG cylinders for household or commercial use by Auto-  
23 LPG Dispensing Stations;

24           j) Any other refilling of LPG cylinders in violation of the mandatory  
25 requirements or prescribed standards under this act; and

26           k) Unauthorized loading of bulk LPG tanks in industrial accounts.

27           An LPG industry participant found guilty of illegal refilling under this section  
28 shall, upon conviction, be penalized with a fine of Ten thousand pesos (Php10,000.00)  
29 for an individual and Twenty thousand pesos (Php20,000.00) for a corporation, for  
30 each illegally-filled or refilled LPG cylinder, or imprisonment of at least six (6)  
31 months but not more than two (2) years, or both, at the discretion of the court:  
32 *Provided*, That second and subsequent violations shall be penalized with both fine and  
33 imprisonment: *Provided, further*, That the maximum fine to be imposed shall be Five

1 million pesos. (Php5,000,000.00) for an individual and Ten million pesos  
2 (Php10,000,000.00) for a corporation.

3 **SEC. 50. Hoarding.** - Any concerned LPG industry participant who, before a  
4 price increase or in times of tight supply, unduly accumulates LPG products beyond  
5 his normal inventory levels and unreasonably limits or refuses to dispose of, sell, or  
6 distribute LPG products to the general public, even if the buyer or consumer has the  
7 ability to pay in cash for the LPG products, shall, upon conviction, be penalized with  
8 a fine of at least One hundred thousand pesos (Php100,000.00) but not more than One  
9 million pesos (Php1,000,000.00) and imprisonment of at least six (6) months but not  
10 more than two (2) years.

11 For purposes of this Act, it shall be considered as *prima facie* evidence of  
12 hoarding when the following conditions concur:

13 a) said participant has stocks of LPG products fifty percent (50%) higher  
14 than his usual inventory; and

15 b) unreasonably limits, refuses, or fails to sell the same to the general  
16 public at the time of discovery of the stocks. The determination of said participant's  
17 usual inventory shall be reckoned from the third (3<sup>rd</sup>) month immediately preceding  
18 the discovery of the stocks in case said participant has been engaged in the business  
19 for at least three (3) months; otherwise, it shall be reckoned from the time he started  
20 his business.

21 **SEC. 51. Unauthorized Trading of LPG Cylinders.** - Any concerned LPG  
22 industry participant who, without the consent of the LPG cylinder owner, stores  
23 empty LPG cylinders in quantities in excess of those allowed by the DOE, through  
24 LPG cylinder swapping and other similar industry practices and exchanges, barter,  
25 sells, distributes or otherwise transfers ownership and/or possession thereof to a  
26 person or entity other than the LPG cylinder owner and without the authority of the  
27 LPG cylinder owner shall, upon conviction, be penalized with a fine of Three  
28 thousand pesos (Php3,000.00) for an individual and Six thousand pesos (Php6,000.00)  
29 for each illegally-stored or sold empty LPG cylinder, or imprisonment of at least six  
30 (6) months but not more than two (2) years, or both, at the discretion of the court:  
31 *Provided*, That second and subsequent violations shall be penalized with both fine and  
32 imprisonment. *Provided, further*, That the maximum fine to be imposed shall be  
33 Three hundred thousand pesos (Php300,000.00) for an individual and Six hundred  
34 thousand pesos (Php600,000.00) for a corporation.

1       **SEC. 52. Tampering of LPG Cylinders and Similar Acts.** - Any person who  
2 destroys, tampers, alters, or modifies LPG cylinders through any means such as, but  
3 not limited to, changing the LPG cylinder valve, repainting and re-labelling, by any  
4 person other than the LPG cylinder owner shall, upon conviction, be penalized with a  
5 fine of Five thousand pesos (Php5,000.00) for an individual and Ten thousand pesos  
6 (Php10,000.00) for a corporation, for each tampered or altered LPG cylinder, or  
7 imprisonment of at least six (6) months but not more than two (2) years, or both, at  
8 the discretion of the court: *Provided*, That second and subsequent violations shall be  
9 penalized with both fine and imprisonment: *Provided, further*, That the maximum fine  
10 to be imposed shall be Five million pesos (Php5,000,000.00) for an individual and  
11 Ten million pesos (Php10,000,000.00) for a corporation.

12       **SEC. 53. Illegal Possession of LPG Cylinder Seal.** - Any person found in  
13 possession of LPG cylinder seals, including the seals already used in the LPG  
14 cylinders without authority from the LPG cylinder owner or its authorized refiller  
15 shall, upon conviction, be penalized with a fine of Five thousand pesos (Php5,000.00)  
16 for an individual and Ten thousand pesos (Php10,000.00) for a corporation, for each  
17 LPG seal found in its or his possession, or imprisonment of at least six (6) months but  
18 not more than two (2) years, or both, at the discretion of the court: *Provided*, That  
19 second and subsequent violations shall be penalized with both fine and imprisonment:  
20 *Provided, further*, That the maximum fine to be imposed shall be Five million pesos  
21 (Php5,000,000.00) for an individual and Ten million pesos (Php10,000,000.00) for a  
22 corporation.

23       **SEC. 54. Failure to Comply with Weighing Device Requirements.** - Any  
24 refiner, importer, refiller, dealer or retail outlet who fails to comply with the  
25 requirements pertaining to weighing devices under Chapter VIII of this Act, shall be  
26 penalized with a fine of Ten thousand pesos (Php10,000.00) for an individual or  
27 Twenty thousand pesos (Php20,000.00) for a corporation.

28       **SEC. 55. Overloading.** - Any hauler who loads and transports, or permits the  
29 loading and transportation of LPG cylinders quantities greater than the rated capacity  
30 of the vehicle or in such a manner that endangers the life and safety of its passengers  
31 or the public, shall be penalized with a fine of Twenty thousand pesos (Php20,000.00)  
32 for an individual and Fifty thousand pesos (Php50,000.00) for a corporation:  
33 *Provided*, That the penalties provided herein shall be without prejudice to its liability  
34 under other laws for any damage or injury to person or property.

1        **SEC. 56. *Importation of Used or Second-Hand LPG Cylinders.*** - Any  
2 person who imports used or second-hand LPG cylinders or containers, without  
3 securing authority to import from the DTI, shall, upon conviction, be penalized with a  
4 fine of One hundred thousand pesos (Php100,000.00) or Three thousand pesos  
5 (Php3,000.00) per LPG cylinder or container whichever is higher and imprisonment  
6 of at least six (6) months and one (1) day to two (2) years.

7        **SEC. 57. *Sale or Distribution to Non-complying Persons or Entities.*** - Any  
8 LPG cylinder manufacturer, refiner, importer, refiller, dealer or retail outlet who  
9 knowingly sells or distributes LPG products, LPG cylinders or LPG seals to persons  
10 or entities committing any of the prohibited acts provided in this Act and in such other  
11 issuances or orders to be issued by the DOE or the DTI as the case may be, shall upon  
12 conviction, be penalized for each sale or distribution with a fine of not less than One  
13 hundred thousand pesos (Php100,000.00) but not more than Five hundred thousand  
14 pesos (Php500,000.00) or imprisonment of at least six (6) months but not more than  
15 two (2) years, or both at the discretion of the court.

16        **SEC. 58. *Pilferage of LPG.*** - Any person who pilfers LPG shall, upon  
17 conviction, be penalized with a fine of One million pesos (Php1,000,000.00) for an  
18 individual and Two million pesos (Php2,000,000.00) for a corporation or  
19 imprisonment of at least six (6) months but not more than two (2) years, or both, at  
20 the discretion of the court: *Provided*, That second and subsequent violations shall be  
21 penalized with both fine and imprisonment: *Provided, further*, That the maximum fine  
22 to be imposed shall be Five million pesos (Php5,000,000.00) for an individual and  
23 Ten million pesos (Php10,000,000.00) for a corporation.

24        **SEC. 59. *Sale or Distribution of LPG-filled Cylinders Without Seals.*** - Any  
25 person, brand owner, its authorized refiller, dealer or retail outlet who sells or  
26 distributes LPG-filled cylinders without seal, with tampered or broken seals, or with  
27 seal not belonging to the brand owner shall, be penalized with a fine of not less than  
28 One thousand pesos (Php1,000.00) for an individual and Two thousand pesos  
29 (Php2,000.00) for a corporation or partnership for each LPG cylinder or imprisonment  
30 of at least six (6) months but not more than two (2) years, or both, at the discretion of  
31 the court: *Provided*, That the maximum fine to be imposed shall be Three hundred  
32 thousand pesos (Php300,000.00) for an individual and Six hundred thousand pesos  
33 (Php600,000.00) for a partnership or corporation.

1        **SEC. 60. Refusal to Refund the Deposit.** – Any authorized dealer or retail  
2 outlet that refuses to refund the deposit on the LPG cylinder to any consumer shall be  
3 administratively charged and upon proper proof, shall be imposed a fine of One  
4 thousand five hundred pesos (Php1,500.00) for each LPG cylinder and a warning that  
5 its License to Operate shall be suspended or revoked: *Provided, That* second and  
6 subsequent violations thereof shall be imposed a fine of Three thousand pesos  
7 (Php3,000.00) per LPG cylinder and the suspension and revocation of its License to  
8 Operate.

9        **SEC. 61. Non-participation in the LPG Cylinder Exchange, Swapping and**  
10 **Rehabilitation Program.** – Any LPG refiner, importer, bulk supplier, refiller, dealer  
11 or retail outlet that deliberately refuses to participate in the LPG Cylinder Exchange,  
12 Swapping and Rehabilitation Program under Chapter XII of this Act shall be charged  
13 administratively and the suspension or revocation, after due notice and hearing, of its  
14 License to Operate.

15        **SEC. 62. Other Prohibited Acts.** – The following acts shall likewise be  
16 declared unlawful:

17        a) Manufacture, sale or distribution of LPG cylinders to the local market  
18 without the necessary PS marks and other markings as required by the PNS and its  
19 future amendments, or the detailed standard governing LPG cylinder manufacture,  
20 requalification and repair;

21        b) Sale and distribution of LPG cylinders considered substandard as  
22 defined by the PNS;

23        c) Manufacture or sale of LPG cylinders carrying a brand name, logo,  
24 mark or distinction without the express approval of the registered brand owner;

25        d) Manufacture of LPG cylinders using substandard or non-industrial  
26 steel plates;

27        e) Wrong or misleading information stamped on the LPG cylinder such as  
28 the tare weight; and

29        f) Knowingly selling illegally-filled or refilled LPG cylinders by  
30 marketers, dealers or retail outlets;

31        A fine of at least One hundred thousand pesos (Php100,000.00) but not more  
32 than One million pesos (Php1,000,000.00) and imprisonment of at least six (6) years  
33 and one (1) day to twelve (12) years shall be imposed on any person, firm, partnership

1 or corporation found guilty of committing any of the other prohibited acts enumerated  
2 above.

3       **SEC. 63. *Suspension or Revocation of Local Business License or Mayor's***  
4 ***Permit.*** - The penalties provided herein shall be without prejudice to the suspension or  
5 revocation of the local business license or Mayor's permit issued by the appropriate  
6 LGU to the LPG industry participant concerned as provided in Chapter III of this Act.

7       **SEC. 64. *Imposition of Administrative Penalty.*** - The DOE may, in addition  
8 to or in lieu of the institution of a criminal action in the proper court, impose an  
9 administrative penalty ranging from Twenty thousand pesos (P20,000.00) to Five  
10 hundred thousand pesos (P500,000.00) for each offense in this Chapter and such other  
11 violations of this Act.

12       **SEC. 65. *"Strike Three" Penalty.*** - Any person convicted with finality of  
13 violating the provisions of this Act for three (3) instances shall be perpetually  
14 disqualified from engaging in any activity in the LPG industry.

15       **SEC. 66. *Publication of Persons Convicted of Violations of this Act.*** - The  
16 DOE shall, on a quarterly basis, publish in a newspaper of general circulation, the  
17 names of LPG industry participants convicted with finality of violations of this Act.

18       **SEC. 67. *Violations by Juridical Entities.*** - If the violation is committed by a  
19 corporation, partnership, association or other juridical entity, the penalty of  
20 imprisonment shall be imposed on the responsible directors or officers thereof. If the  
21 offender is an alien, he shall be deported immediately, without further proceedings,  
22 after service of sentence.

## 23                                   **CHAPTER XV**

### 24                                   **EDUCATION AND RESEARCH**

25       **SEC. 68. *Usage Requirements for Customers and End-Users.*** - The DOE  
26 and the DTI shall jointly undertake educational and information dissemination  
27 activities to enhance customer awareness among LPG consumers and end-users. In  
28 addition to such educational program, the DOE and the DTI, after consultation with  
29 the LPG industry participants, may prescribe rules and regulations in relation to the  
30 following:

31           (a) For industrial or large end-users, installation of sign at storage  
32 facilities:

33           (b) Use of only branded, legally-filled and certified LPG cylinders; and

1 (c) Installation of LPG appliances and devices approved by the DTI:  
2 *Provided*, That such appliances and devices shall be installed only by qualified  
3 servicemen as provided in this Act.

4 **SEC. 69. *Public Information Campaign.*** - The DOE shall, in coordination  
5 with the Philippine Information Agency, the DILG and such other appropriate  
6 government agencies, develop and implement an effective strategy for the  
7 dissemination of information to the public about LPG cylinder quality and safety.

8 **SEC. 70. *Development Research.*** - The DOE shall, in coordination with the  
9 DOST and the DTI, conduct study and research for the purpose of developing more  
10 efficient methods of providing safe, clean and hazard-free LPG consumers.

## 11 CHAPTER XVI

### 12 FINAL PROVISIONS

13 **SEC. 71. *Implementing Rules and Regulations.*** - Unless otherwise  
14 expressly provided in this Act, the DOE shall, in consultation with the DTI, other  
15 appropriate agencies, the LPG industry participants and consumer groups, be the lead  
16 agency with the responsibility to formulate, issue and promulgate the necessary  
17 implementing rules and regulations within one hundred eighty (180) days from the  
18 effectivity of this Act.

19 **SEC. 72. *Transition Phase.*** - In order to provide a smooth  
20 implementation of the monitoring and supervisory mechanisms provided herein, the  
21 LPG industry participants shall be given a grace period of one hundred eighty (180)  
22 days from the effectivity of this Act, within which to comply with the provisions  
23 hereof: *Provided*, That during the transition period, the LPG industry participants  
24 shall continue to be bound and made liable under the provisions of existing laws, rules  
25 and regulations not otherwise repealed by this Act. LPG industry participants already  
26 legally engaged in business upon the effectivity of this Act and who are required to  
27 secure a License to Operate prior to the renewal of their business licenses as provided  
28 in Chapter III of this Act shall not be required to obtain a License to Operate for the  
29 duration of the grace period.

30 **SEC. 73. *Joint Congressional Oversight Committee.*** - There is hereby  
31 created a Joint Congressional Oversight Committee to monitor the implementation of  
32 this Act. The committee shall be composed of five (5) senators and five (5)  
33 representatives to be appointed by the Senate President and the Speaker of the House  
34 of Representatives, respectively. The oversight committee shall be jointly chaired by

1 the Chairpersons of the Senate Committees on Energy and Trade and Commerce and  
2 the House Committees on Energy and Trade and Industry: *Provided*. That the  
3 Minority in both the Senate and the House of Representatives shall be equitably  
4 represented therein.

5 The mandate given to the Joint Congressional Oversight Committee under this  
6 Act shall be without prejudice to the performance of the duties and functions by the  
7 respective existing oversight committees of the Senate and the House of  
8 Representatives.

9 **SEC. 74. Legal Assistance to Public Officials.** - Public officials and other  
10 authorized persons acting under the direction of the Secretaries of the DOE, the DTI,  
11 the DILG and other concerned government agencies shall be provided with free legal  
12 assistance, liability insurance and other forms of protection and indemnification for all  
13 costs and expenses reasonably incurred by such persons, in connection with any civil  
14 and/or criminal action, suit or proceeding to which they may be or have been made a  
15 party by reason of the performance of their functions or duties, unless they are finally  
16 adjudged in such action or proceeding to be liable for gross negligence or misconduct  
17 or grave abuse of discretion.

18 **SEC. 75. Construction and Interpretation Clause.** - Any doubt in the  
19 interpretation of any provision in this Act shall be interpreted in favor of the interests  
20 of the consumers particularly to ensure access to reasonably priced LPG and the  
21 safety of the consumers and the general public

22 **SEC. 76. Separability Clause.** - If for any reason, any chapter, section or  
23 provision of this Act shall be declared unconstitutional, illegal, or invalid, such parts  
24 not affected thereby shall remain in full force and effect.

25 **SEC. 77. Repealing Clause.** - All laws, decrees, executive orders,  
26 proclamations and administrative regulations, or parts thereof inconsistent herewith  
27 are hereby repealed or modified accordingly.

28 **SEC. 78. Effectivity Clause.** - This Act shall take effect after fifteen (15)  
29 days after its publication in the Official Gazette or in at least two (2) newspapers of  
30 general circulation.

Approved.

## FACT SHEET

House Bill No. **5052**

(in substitution to HBs 1418 and 3976)

### **AN ACT TO ESTABLISH THE REGULATORY FRAMEWORK FOR THE SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, PROVIDE ADDITIONAL POWERS TO THE DEPARTMENT OF ENERGY, DEFINE AND PENALIZE CERTAIN ACTS, AND FOR OTHER PURPOSES**

Introduced by REPRESENTATIVES YAP S., TY, LEONEN-PIZARRO, TUGNA, CABALUNA, GARIN S., RIVERA, ALCOVER, BATOCABE, CO, GARBIN, TING, VELASCO, PAYUYO, SAMBAR, MARCOLETA, MAGSAYSAY E., MENDOZA R., CUA, CASTELO, MAGSAYSAY M., CALIMBAS-VILLAROSA, SARMIENTO C., GARCIA A.R., APACIBLE, DUAVIT, BIRON, DEFENSOR, ALVAREZ A., TREÑAS, CASIÑO, VILLARICA, MANDANAS, FERNANDEZ, GARAY, TEODORO, DEL ROSARIO A.R., SACDALAN, OSMENA, JOSON, RODRIGUEZ I., LACSON-NOEL, YU, FERRER J., SAHIDULLA, LAGDAMEO A., BONOAN-DAVID, MELLANA, SAKALURAN, QUISUMBING, UNABIA, COLMENARES, HARESCO, VILLAR, PANTO, ENVERGA, COJUANGCO E., CAJAYON, RODRIGUEZ R., ROMUALDEZ, ARROYO D., GONZALES A., PANOTES, BAGASINA, ABAD, COJUANGCO K., PUNO, ANDAYA, APOSTOL, BELMONTE V., BENALDO, AMATONG, LIMKAICHONG, ABAYA, GOLEZ, GARCIA-ALBANO, GOMEZ, UNGAB, MIRAFLORES, VALENCIA, LOPEZ C.V., ESPINA, SALVACION, DEL ROSARIO A.G., LOYOLA, DE VENECIA, RIVERA, JAAFAR, BENITEZ, DY, ANTONINO, BARZAGA, DAYANGHIRANG, SALIMBANGON, MADRONA, ENVERGA, PACQUIAO, BICHARA, KHO, JALOSJOS C., LAPUS, PING-AY, LOPEZ, C. J., TIENG, FERRIOL, VIOLAGO, EJERCITO, VILLAFUERTE, BAGATSING, EVARDONE, MACAPAGAL-ARROYO J. M., ALBANO, DIMAPORO, MERCADO-REVILLA, CELESTE, PANGANDAMAN AND PADILLA

Committee Referral: COMMITTEE ON TRADE AND INDUSTRY (Primary)

Committee Chairperson: REP. ALBERT RAYMOND S. GARCIA

Committee Referral: COMMITTEE ON ENERGY (Secondary)

Committee Chairperson: REP. HENEDINA R. ABAD

#### **OBJECTIVES:**

- To enjoin accountability and responsibility among LPG and related industry participants and promotes quality, safety and fair trade practices in the business.
- To promote consumer welfare and enhances competition by providing stricter guidelines to all persons or entities engaged in the business and all other

activities involving or related to LPG, Auto-LPG, LPG cylinders, LPG containers and ancillary equipment and LPG seals.

#### **KEY PROVISIONS:**

- Designates the Department of Energy (DOE) as the lead agency and provide additional functions in the performance of their duties, on all matters concerning the LPG industry.
- Assigns the Department of Trade and Industry (DTI) as the lead agency on all matters concerning LPG cylinders and ancillary equipment.
- Allows for effective coordination between the DOE and DTI, and grants certain powers and functions to other agencies and local government units for the effective implementation of this Act.
- Requires the periodic monitoring of the operations, activities, facilities and equipment of LPG industry participants, and sets standards and requirements on, among others, measuring devices, cylinder seals, LPG cylinder exchange, swapping and rehabilitation, Auto-LPG, and labeling requirements for LPG Cylinders.
- Establishes presumption of ownership of the LPG cylinder or container to the brand owner whose permanent mark appears on the LPG cylinder.
- Identifies and defines prohibited acts, and imposes fines and/or imprisonment upon conviction to any person who commits such illegal acts.
- Bans the importation of used or second-hand LPG cylinders.
- Mandates the dissemination of information to the public about LPG, cylinder quality and safety, and the creation of a central data base of industry participants.
- Mandates any person or entity intending to engage in business involving LPG, LPG cylinders or ancillary equipment shall secure a "License to Operate" from the DOE prior to commencement of commercial operations and annually thereafter.
- Requires any person who intends to engage in the business of manufacturing, re-qualifying, or repairing LPG cylinders, to 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 to apply for a Certificate of Accreditation from the DTI prior to the renewal of its business permit.
- Requires all LPG cylinders to be provided with seals after filling, which conform to DOE specification. LPG cylinders with tampered or broken seals

shall not be sold or distributed and that cylinder seal manufacturers shall not sell seals of an LPG brand owner to any brand owner unless allowed by both the brand owner itself and the DOE.

- Requires all trucks and other vehicles used for transporting and delivering LPG cylinders shall be open and the same shall be registered with the DOE.
- Mandates the dissemination of information to the public about LPG, cylinder quality and safety, and the creation of a central data base of industry participants.
- Creates a Joint Congressional Oversight Committee 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 jointly chaired by the Chairmen of the Senate Committees on Energy and Trade and Commerce and the House Committees on Energy and Trade and Industry. The minority in both the Senate and the House of Representatives shall be equitably represented therein.
- Grants free legal assistance to public officials or other authorized persons acting under the direction of the Secretaries of the DTI, DOE, DILG and other concerned agencies in connection with any civil 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.

#### **RELATED LAWS:**

- Republic Act No. 8479 – An Act Deregulating The Downstream Oil Industry, And For Other Purposes otherwise known as the "Downstream Oil Industry Deregulation Act of 1998."
- Republic Act No. 7394 – The Consumer Act of the Philippines
- Republic Act. No. 9514 – Revised Fire Code of the Philippines of 2008

HOUSE OF REPRESENTATIVES

House Bill No. 1418

---

Introduced by Representative Susan A. Yap

---

EXPLANATORY NOTE

This bill seeks to establish a regulatory framework in the trade for liquefied petroleum gas (LPG) by setting standards and requirements for the LPG, auto-LPG, LPG containers and LPG cylinder industries, with the end-goal of promoting general welfare.

The LPG industry has already marked a significant portion in the market due to its high demand. Operating under a deregulated downstream oil industry structure, it allows its market participants to engage in unfair and unsafe trade practices, hurting consumers and to a large extent, causing negative externalities to society.

In view of such concerns, this bill proposes to put in place a comprehensive framework for the monitoring and supervision of the said industry, placing the Department of Energy (DOE) as the lead implementing agency in ensuring that participants comply with national product quality and worker safety and consumer welfare standards. It also calls on the participation of the Department of Trade and Industry as well as local government units in enforcing stricter guidelines in the sale, requalification, distribution and repair of LPG cylinders, among others. Penalties shall be imposed to prohibited acts, such as engaging in business without standards compliance certificate or without accreditation, obstruction of inspection, illegal storage, failure to comply with product standards, adulteration, under-filling, unauthorized trading of LPG cylinders, tampering of these cylinders, importation of used or second-hand LPG cylinders, sale or distribution to non-complying persons or entities, and pilferage of LPG, among others. Information shall be disseminated accordingly to the general public.

Through this measure, we will be able to contain the risks associated with sub-standard LPG products, which pose serious threats to society. A two-edged sword, it promotes fair competition amongst businesses while protecting the rights and welfare of the consumers.

In view of the foregoing, the passage of this bill is earnestly sought.

  
SUSAN A. YAP

Representative, 2<sup>nd</sup> District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. 1418

Introduced by Representative Susan A. Yap

AN ACT

TO ESTABLISH THE REGULATORY FRAMEWORK FOR THE SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, PROVIDE ADDITIONAL POWERS TO THE DEPARTMENT OF ENERGY, DEFINE AND PENALIZE CERTAIN ACTS, AND FOR OTHER PURPOSES.

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

CHAPTER I  
GENERAL PROVISIONS

SECTION 1. *Title.* - This Act shall be known as the "LPG 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, refilling, re-qualification, distribution, and marketing processes of the Liquefied Petroleum Gas (hereafter 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 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 acts 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 consumer particularly to ensure the safety of consumers and the general public.

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

- (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 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 Re-qualification;"

(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 juridical, 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 centers, 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 Swapping" shall refer to the industry practice of exchanging LPG cylinders;

(v) "Defective cylinder" shall refer to damaged, unsafe and dilapidated cylinders due to corrosion or pitting, dents, cuts, gouges, digs, bulges, 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;

(w) "Dealer" shall refer to any person involved in the sale or trading of LPG cylinders to consumers and/or retail outlets;

(x) "Hauler" shall refer to any person involved in the distribution and delivery of LPG in cylinders from one place to another, whether engaged in such activity for purposes of directly selling to consumers or otherwise;

(y) "Importer" shall refer to any person engaged in the importation of LPG whether for processing, sale or own use;

(z) "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;

(aa) "LPG" shall refer to liquefied petroleum gas, which consists of commercial propane gas or commercial butane gas or a mixture of the two gases, with properties conforming to the standards set forth in the PNS 22;

(bb) "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;

(cc) "Marketer" shall refer to any person, whether natural or juridical, engaged in the sale of LPG, whether in bulk or retail;

(dd) "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;

(ee) "Philippine National Standards" or "PNS" shall refer to the standard promulgated by the Bureau of Product Standards (BPS) of the DTI relating to product specifications, test methods, terminologies and standardization procedures, guidelines or practices;

(ff) "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;

(gg) "Pipeline System" shall refer to a network of pipes or similar conduits used for the conveyance of LPG from the piped LPG provider to consumers;

(hh) "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;

(ii) "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;

(jj) "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;

(kk) "Refilling Plant" shall refer to any installation that is used for refilling LPG into cylinders and has LPG bulk storage and refilling facilities therefore;

(ll) "Refiner" shall refer to any person who refines LPG through distillation, conversion and treatment of crude oil and other naturally occurring petroleum hydrocarbons;

(mm) "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 Re-qualification to determine its acceptability for continuous use and distribution and subsequent repair or scrapping, where appropriate;

(nn) "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;

(oo) "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;

(pp) "Repairer" shall refer to any person or entity duly certified by the DTI to engage in the business of repairing LPG cylinders;

(qq) "Retail Outlet" shall refer to any entity that sells LPG cylinders directly to a consumer in quantities as may be determined by the DOE;

(rr) "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;

(ss) "Scrapping" shall refer to the destruction of defective LPG cylinders declared by a re-qualifier or the DTI to be unfit for use;

(tt) "Scrapping Center" shall refer to any person or entity engaged in the business of disposing defective LPG cylinders;

(uu) "Seal" shall refer to the protective cover placed on the valve of an LPG cylinder;

(vv) "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 outlet for purposes of this Act; and

(ww) "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) Inspect and evaluate LPG and LPG cylinders in circulation, 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);

(d) 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;

(e) Direct LPG brand owners, refillers, dealers and retail outlets to periodically submit cylinders for requalification, and to secure proper proof of compliance therewith in accordance with the requirements of DTI;

(f) Investigate, *motu proprio* or upon report of any person, possible infractions of this Act by industry participants, and initiate the necessary actions warranted under the circumstances, including the recall, prohibition, forfeiture or seizure of substandard LPG and LPG cylinders as well as illegally filled LPG cylinders as defined in Chapter VI of this Act, the filing of charges with the proper court or government agency, and the enforcement of administrative sanctions as provided under this Act;

(g) 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;

1 (h) Issue Standards Compliance Certificates to LPG industry participants in accordance  
2 with Chapter III of this Act, and to revoke the same;

3 (i) Impose and collect administrative fines for violation of this Code, as well as fees or  
4 similar charges for its services, including the processing of applications for Standards Compliance  
5 Certificate and collection of administrative fines for violations of this Act;

6 (j) Create and maintain a central database of industry participants, and an inventory of  
7 existing and projected LPG supply levels in the industry, which shall be updated monthly through its  
8 own initiative and through reports of LPG industry participants;

9 (k) Investigate and keep a record of incidents of injury or damage to person or property,  
10 caused by or attributable to the improper production, storage, handling or use of LPG for purposes  
11 of prosecuting or filing the appropriate action against responsible persons;

12 (l) Establish and develop research and training programs to develop new uses for LPG,  
13 promote improved and innovative methods and technologies for safe and efficient production,  
14 storage, handling or use of LPG, and to foster public awareness thereof;

15 (m) Consult and coordinate, on a regular basis, with LPG industry participants, associations  
16 and consumers in furtherance of the objectives of this Act;

17 (n) Coordinate with other government agencies, bodies and instrumentalities to ensure the  
18 effective implementation of this Act, which shall include the power to deputize other agencies to  
19 assist the DOE in implementing its mandate under this Act;

20 (o) Exercise such other powers and functions as may be necessary or incidental to attaining  
21 the objectives of this Act; and

22 (p) Investigate, prosecute, and Impose penalties for dumping activities or unauthorized  
23 filling of bulk tanks installed in industrial LPG consumers by bulk suppliers other than the owner of  
24 the tanks.

25  
26 SEC. 7. *Powers and Functions of DTI* - Under this Act, the DTI shall have the following  
27 exclusive powers and functions:

28 (a) Develop, formulate, promulgate, review and revise the PNS for LPG, LPG cylinders, and  
29 other ancillary equipment;

30 (b) Inspect and evaluate LPG cylinders, whether manufactured locally or imported, prior to  
31 any sale or distribution to LPG refiners or re-fillers, and certify to their conformity to PNS and their  
32 fitness for public sale and distribution;

33 (c) Inspect and evaluate ancillary equipment, whether manufactured locally or imported and  
34 certify to their conformity to PNS and their fitness for public sale and distribution;

35 (d) Grant accreditation and certification of conformity to PNS to re-qualifiers, repairers,  
36 scrapping centers, cylinder and seal manufacturers and other independent, competent, private  
37 persons, and entities that provide products and services to ensure compliance by industry participant  
38 with the PNS for LPG cylinders and ancillary equipment, in accordance with Chapter III of this Act,  
39 and to revoke the same; and

40 (e) Extend all necessary assistance to the DOE in the implementation of measures in  
41 furtherance of the objectives of this Act.

42  
43 SEC. 8. *Powers and Functions of DILG* - Under this Act, the DILG shall have the following  
44 powers and functions:

45 (a) Coordinate with LGUs and the PNP for the orderly and effective implementation of this  
46 Act, and of the orders, rules, regulations and issuances pursuant thereto, including recommendations  
47 for the suspension or revocation of business permits or licenses of LPG industry participants found  
48 to be in violation of this Act;

49 (b) Coordinate with the DOE and the DTI in the dissemination of information relevant to  
50 the implementation of this Act, particularly to the LGUs and the PNP; and

51 (c) Extend all necessary assistance to the DOE with respect to the enforcement of measures  
52 in furtherance of this Act.

1 SEC. 9. *Powers and Functions of LGUs.* - LGUs, pursuant to their powers provided by law  
2 especially under Republic Act No. 7160, otherwise known as the Local Government Code, or, upon  
3 recommendation of the DOE, and upon due notice and hearing, shall have the power to suspend or  
4 revoke the business permit or license of any LPG industry participant within their respective areas of  
5 jurisdiction for violation of the provisions of this Act: *Provided,* That upon notice by the DOE of  
6 revocation of the Standards Compliance Certificate of an LPG industry participant issued by the  
7 DOE under Chapter III of this Act, the LGU shall immediately revoke the business permit or  
8 license of said LPG industry participant.  
9

10 In case of conflict between the decision of the DOE and the LGU involving matters,  
11 especially violations, covered by this Act, the decision of the DOE shall prevail.  
12

13 SEC. 10. *Technical Working Group.* - The DOE shall be authorized to convene a Technical  
14 Working Group to assist the DOE in the thorough review and evaluation of the rules and  
15 regulations, policies, safety standards and PNS affecting the LPG industry. The Technical Working  
16 Group shall be composed of not less than ten (10) or more than fifteen (15) representatives of the  
17 pertinent implementing government agencies and the private sector particularly industry participants  
18 and consumer groups. Private sector representation in the Technical Working Group shall be  
19 determined and appointed by the Secretary through consultation.  
20

### 21 CHAPTER III 22 MONITORING AND ENFORCEMENT MECHANISMS 23

24 SEC. 11. *Ownership of LPG Cylinders.* - The provisions of the Civil Code to the contrary  
25 notwithstanding, the brand owner whose permanent mark appears on the LPG cylinder shall be  
26 presumed the owner thereof, irrespective of the party in custody or possession of the cylinder, and  
27 regardless of whether or not such cylinder is or continues to be properly marked, stamped or  
28 identified to contain its LPG brand, or whether or not such cylinder is in compliance with or  
29 continues to comply with any other product or quality standard prescribed under law or by the DTI  
30 pursuant to this Act, unless otherwise there is any unequivocal proof or indication that such cylinder  
31 was sold, alienated, or otherwise disposed of by the refiner or importer to an unrelated third party  
32 under a written instrument,  
33

34 The brand owner shall, through its authorized dealer or outlet, refund the amount indicated  
35 in the deposit slip or receipt when the consumer returns the cylinder. The brand owner shall have  
36 the obligation to ensure that its cylinders comply with all required quality and safety standards and  
37 specifications before they are released for distribution: *Provided,* That receipt by the DOE of a  
38 verified notice or report from the brand owner regarding any lost, stolen or missing LPG cylinders  
39 shall *prima facie* relieve the cylinder owner of the obligation to ensure the quality and safety of such  
40 LPG cylinders. Such report may be rebutted by contrary evidence.  
41

42 SEC. 12. *Undertaking to Comply with Requirements.* - Any person or entity who intends to engage  
43 in any business or activity which shall render it an industry participant as defined in this Act, shall  
44 undertake to comply with the requirements of this Act, its implementing rules, and regulations, and  
45 such other issuances of the DOE, under a verified instrument to be executed in such form as  
46 required by the DOE. Due filing of the verified undertaking shall be a condition precedent for the  
47 issuance of the Standards Compliance Certificate required under this Act: *Provided,* That submission  
48 of such undertaking does not exempt such person or entity from securing any other certification of  
49 quality, health, safety, security, or environmental clearance from the proper governmental agencies  
50 or instrumentalities as may be provided by other laws.  
51

52 Any person or entity intending to import or export LPG or LPG cylinders shall, in addition  
53 to the requirement for a verified undertaking, furnish a report to the DOE prior to every

1 importation or exportation: *Provided*, That all LPG and LPG cylinder importations shall be in  
2 accordance with the law, including international agreements to which the Philippines is a signatory.

3  
4 SEC. 13. *Reports and Disclosures to DOR* - The DOE, as the case may be, shall have the power  
5 and authority to require industry participants to submit written, electronic or other form of reports  
6 or disclosures, as the DOE may deem reasonable and necessary to perform their functions under  
7 this Act. Any industry participant who fails to submit any such report or disclosure within the period  
8 and in the manner prescribed by the DOE shall be penalized under Section 35 of this Act.

9  
10 SEC. 14. *Central Database of Industry Participants*. - The central database of LPG industry  
11 participants shall include their corporate or business name or trade name; list of all directors and  
12 officers; principal office or business address; primary purpose or nature of business; registered brand  
13 name or logo for LPG, LPG cylinder, facilities and equipment; haulers, dealers, retail outlets and  
14 cylinder seal manufacturers; violations committed or incidents relating to such violations, if any;  
15 agreements with other industry participants, such as for cross-filling and similar arrangements; list  
16 of lost, stolen or missing LPG cylinders; and such other relevant information as may be determined  
17 by the DOE. The central database shall be created by the DOE within one (1) year from the  
18 effectivity of this Act. This central database shall be updated on a monthly basis and shall be made  
19 available to the public and through the Internet subject to reasonable fees and charges and during  
20 office hours.

21  
22 SEC. 15. *Standards Compliance certificate*.

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

30  
31 For purposes of this Act, the Standards Compliance Certificate shall certify that such person  
32 or entity has complied with the safety rules and regulations prescribed by the DOE and other  
33 pertinent government agencies; *Provided*, that such other endorsements by other government  
34 agencies applicable to the particular classification of the industry participant as defined and stated in  
35 this Act shall have been fully complied with: *Provided further*, That, a brand owner shall be responsible  
36 for the following:

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

43  
44 No industry participant shall engage in business without first having duly secured a  
45 Standards Compliance Certificate. Any industry participant that subsequently engages in an activity  
46 or business involving LPG or LPG cylinders outside of the scope of its Standards Compliance  
47 Certificate shall duly notify the DOE and secure the proper Standards Compliance Certificate from  
48 the DOE for the said new activity or business, where deemed necessary by the DOE.

49  
50 The DOE shall prescribe specific guidelines for compliance of retail outlets, dealers and  
51 haulers in remote areas outside Metro Manila, in which case the verified undertaking required under  
52 this Chapter may be submitted through registered mail, without prejudice to the conduct of a  
53 standards compliance inspection.

(b) Persons or Entities Already Engaged in LPG Business. - Subject to the provisions of Section 31 of this Act, "any industry participant already legally engaged 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 Standards 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 Department of Labor and Employment (DOLE) and the Bureau of Fire Protection (BFP), such certificate from these agencies shall be deemed substantive compliance under this Act.

(d) Required Submissions for Standards Compliance Certificate. - A Standards Compliance Certificate shall only be issued upon a satisfactory finding of the applicant's compliance with the provisions of this Act and submission of requirements, which may include the following, where applicable:

1) Certification of compliance of applicant's facilities with fire safety laws and regulations from the Bureau of Fire Protection (BFP);

2) Environmental Compliance Certificate (ECC) from the DENR;

3) Product liability insurance' certificate from an insurer duly registered with and licensed by the Insurance Commission;

4) Permits on suitability, safety and soundness of plant and facilities for the proposed or existing operation;

5) Compliance with the provisions of Republic Act No. 9514, otherwise known as the Revised Fire Code of the Philippines of 2008, and/or pamphlet 58 of the National Fire Protection Association (NFPA 58), otherwise known as the "Liquefied Petroleum Gas Code"; and

6) Accreditation or certificate of conformity to PNS issued by DTI as provided under Section 7 (b), (c) and (d) of this Act.

7) Such other documents or requirements as the DOE may prescribe as necessary for the effective implementation of this Act.

(e) Renewal and Posting of Standards Compliance Certificate. - The Standards 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. 16. 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, scrappage or 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. 17. Monitoring and Standards Compliance Inspection.* -

(a) Monitoring of Facilities and Equipment. - 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.

(b) Standards Compliance Inspection. - The DOE shall not issue a Standards Compliance Certificate unless it is shown, upon proper conduct of standards compliance inspection, that the industry participant has complied with this Act and such other rules and regulations as may be prescribed by the DOE.

(c) Frequency of Standards Compliance Inspection. - The DOE may, *motu proprio* or upon a verified statement or complaint by any person, conduct regular or random inspections of the refinery, storage, hauling, transportation or installation facilities and equipment of industry participants as it may deem reasonable and necessary to implement the purposes of this Act.

(d) Conduct of Standards Compliance Inspection. - The DOE shall prescribe guidelines for the proper conduct of the standards compliance inspection, including but not limited to the scope of the relevant premises and records as may be subject to inspection.

(e) Power to Deputize. - The DOE may deputize such government agencies it deems necessary to assist its functions as provided in this Section.

SEC. 18. *Requirement for Business Permit.* - The Standards Compliance Certificate provided under Section 15 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. 19. *Issuance of Receipts.* -

(a) Transactions in Bulk. - All transactions involving the sale or transfer of LPG in bulk must be covered by a form bearing, in addition to other requirements under applicable laws, the following information:

- 1) registered name of the seller;
- 2) address of the seller;
- 3) date of the transaction;
- 4) quantity or volume of the product;
- 5) plate number of transporting trucks or registered name of transporting barge;
- 6) serial/tracking no. of brand owner
- 7) total price of the transaction; and
- 8) such other information as may be prescribed by the DOE with the concurrence of affected industry players.

(b) Transactions in Cylinders. - All transactions involving the sale or transfer of LPG from dealers to retail outlets and to direct consumers must be covered by an official receipt or sales invoice bearing, in addition to other requirements under applicable laws, the following information:

- 1) registered name of the seller;
- 2) address of the seller;
- 3) date of the transaction;
- 4) brand of LPG;
- 5) serial/tracking no. of brand owner
- 6) net weight or weight of the LPG contained in the cylinder;
- 7) unit price per cylinder;
- 8) total price of the transaction; and
- 9) such other information as may be required by the DOE.

All other transactions involving the sale or transfer of possession or ownership of LPG from one industry participant to another must likewise be covered by an official receipt or other written instrument bearing the above information, as applicable.

SEC. 20. *Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous.* - When the DOE finds, *motu proprio* or upon petition of any person, that an LPG cylinder is defective and hence, possibly injurious, unsafe or dangerous, it shall, after due notice and hearing, issue the appropriate order for

1 its immediate confiscation, recall, seizure, impoundment or prohibition\* from public sale or  
2 distribution: *Provided*, That, in the sound discretion of the DOE it may declare an LPG cylinder to be  
3 imminently injurious, unsafe or dangerous, and order its immediate recall, seizure and  
4 impoundment, in which case the cylinder owner shall be afforded a hearing, within forty-eight (48)  
5 hours from issuance of such order, for the purpose of determining the propriety of the recall and  
6 seizure of the cylinders: *Provided, further*, That such a declaration shall be limited to instances when  
7 the cylinder is already filled and already sealed inside a refilling plant; dealer's showroom; retail  
8 outlets; and/or cylinder transporter.

10 For cases initiated *motu proprio* by the DOE, it shall make a final determination of whether an  
11 LPG cylinder is injurious, unsafe or dangerous within thirty (30) days from termination of  
12 administrative proceedings: *Provided, further*, That in the absence of such determination upon  
13 expiration of the period therefor, the DOE shall thereafter release custody of the LPG cylinders to  
14 the industry participant in custody thereof prior to the order for recall, impoundment or prohibition  
15 from public sale or distribution.

17 SEC. 21. *Procedure for Petition for Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous.* -  
18 Any interested person may, upon payment of the appropriate filing fee prescribed by the DOE,  
19 petition the DOE for an order declaring an LPG cylinder injurious, dangerous or unsafe. In case the  
20 DOE, acting on such petition or on its own initiative and upon due notice and hearing, determines  
21 an LPG cylinder to be injurious, dangerous or unsafe, it shall so notify the cylinder owner of such  
22 finding and order the recall, prohibition or seizure of the LPG cylinder.

24 SEC. 22. *Recall, Seizure, Impoundment and Prohibition of Defective LPG Cylinders.* The order for  
25 recall, seizure, impoundment or prohibition issued by the DOE shall contain a prohibition against  
26 the refilling, sale or distribution of the recalled or banned cylinder. The cylinder owner against whom  
27 the order for recall, prohibition or seizure is issued shall be required to subject the recalled, banned  
28 or seized LPG cylinder to repair or re-qualification processes to render the same compliant with  
29 appropriate PNS, or, where repair or re-qualification is not possible or practicable, to present proof  
30 of scrappage thereof.

32 The cylinder owner against whom the order for recall, seizure or prohibition is issued may  
33 petition for the revocation of the order. The DOE shall revoke the order for recall, prohibition or  
34 seizure upon a finding that the subject LPG cylinder has been repaired or otherwise made compliant  
35 with the required PNS, or has been replaced with a like or equivalent cylinder which conforms with  
36 the appropriate PNS.

38 The cylinder owner shall not charge a consumer who avails of the remedy as provided above  
39 of any expenses or costs that may be incurred in the course of repair and re-qualification.

41 SEC. 23. *Disposition of Recalled, Banned or Seized Cylinders.* - The DOE shall formulate rules for  
42 the disposition of recalled, banned or seized cylinders: *Provided*, That it shall initially adopt and  
43 enforce the rules for disposition of recalled, banned or seized cylinders established by the DTI;  
44 *Provided further*, That it may amend the same when it deems necessary.

46 SEC. 24. *Weighing Devices.*

47 (a) *Calibrated and Sealed Weighing Devices Required in Premises.* - All refiners, importers,  
48 refillers, haulers, dealers, and retail outlets shall maintain, at all times, in all their establishments or  
49 outlets and *within* the sales areas accessible to the public, suitable weighing devices duly calibrated  
50 annually and sealed by the City or Municipal Treasurer, the DOST, or any other government agency  
51 authorized to officially calibrate the same. The weighing devices shall accurately measure LPG  
52 cylinders up to one-tenth (0.1) of one kilogram.

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

6  
7 SEC. 25. *Cylinder Sealing*. - All LPG cylinders shall be provided with seals after filling, which  
8 conform to the specifications of the DOE: *Provided*, That the DOE, after consultation with the  
9 concerned brand owners, shall establish such specifications: *Provided, further*, That the cylinder owner  
10 and its authorized refiller shall be jointly responsible for ensuring that LPG cylinders are properly  
11 sealed before the cylinders leave the filling or refilling plants: *Provided, finally*, That LPG cylinders  
12 with tampered or broken seals shall not be sold or distributed.

13  
14 Cylinder seal manufacturers shall not sell seals of a LPG brand owner to any other brand  
15 owner, unless allowed by both the brand owner itself and the DOE. Seals are to be registered with  
16 the DOE.

17  
18 SEC. 26. *Labeling Requirements for LPG Cylinders*. - LPG cylinders shall comply with labeling  
19 requirements of the PNS, with the labeling requirement provided under this Section and as may be  
20 further prescribed by the DTI.

21 (a) For LPG Cylinder Collar. - All LPG cylinders, whether manufactured locally or  
22 imported, shall have the following embossed or stamped on the cylinder collar:

- 23 1) The manufacturer's registered trade name or brand name, trademark and business name;
- 24 2) For imported cylinders, the name and address of the importer in the Philippines;
- 25 3) Philippine Standard or Import Commodity Clearance certification marks, as applicable;
- 26 4) Specific standard used;
- 27 5) Date of testing or re-qualification;
- 28 6) Thickness of plate;
- 29 7) Cylinder water capacity;
- 30 8) Tare weight;
- 31 9) Design and test pressure; and
- 32 10) Serial number.

33  
34 The above requirements shall form an integral part of the cylinder collar, without danger of  
35 being erased or detached under ordinary handling of the cylinder.

36  
37 (b) For LPG Cylinder Body. - All LPG cylinders, whether manufactured locally or imported,  
38 shall bear the following:

- 39 1) The registered brand name, trade name or trademark of the LPG product;
- 40 2) A color which distinguishes the brand owner of the LPG it contains;
- 41 3) Tare weight; and
- 42 4) Net weight.

43  
44 The brand name, trade name or trademark of the LPG product shall be embossed and shall  
45 form an integral part of the body of the cylinder, without danger of being erased or detached under  
46 ordinary handling of the cylinder.

47  
48 SEC. 27. *Delivery Vehicles, Drivers and Attendants*. - All trucks and other vehicles used for  
49 transporting and delivering LPG cylinders shall be open and the same shall be registered with the  
50 DOE, in accordance with the guidelines to be promulgated by the DOE, in consultation with the  
51 industry participants and other concerned agencies. All haulers shall display on their delivery trucks  
52 or vehicles a prominent DOE signage. Failure to register the delivery vehicle shall give rise to a  
53 presumption that the vehicle is not duly authorized to transport LPG.

Vehicles not registered and without the appropriate DOE signage shall be seized or impounded by the DOE. Guidelines for the accreditation of drivers and attendants for LPG delivery vehicles shall be prescribed by the DOE upon prior consultation with the industry participants and other concerned government agencies.

SEC. 28. *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. 29. *LPG Cylinder Exchange, Swapping and Rehabilitation.* - The DOE, in consultation with the DTI, LPG industry participants, concerned government agencies and other stakeholders, shall formulate a program and issue the appropriate rules necessary to govern the practice of exchanging, swapping and rehabilitation of cylinders in the trade of LPG, including appropriate sanctions for violation thereof.

This Section shall be subject to the following:

1. Cylinder Exchange, Swapping and Rehabilitation shall be governed by the following principles and standards:

(a) Ensuring the safety of the cylinder for the benefit of the consumer shall be the priority concern; *Provided,* that any procedure in the cylinder exchange, swapping and rehabilitation system, which may increase significantly the retail costs of a LPG cylinder, shall be subject to consultations with consumer groups and industry participants by the DOE.

(b) No procedure in the cylinder exchange, swapping and rehabilitation system shall be permitted if it results to unfair trade practices that unduly benefits one industry participant over another.

(c) The cylinder exchange, swapping and rehabilitation system shall take into consideration the following factors:

i. The prevailing economic conditions of the LPG industry, including but not limited to, the supply of LPG including the levels of import and domestic production Of LPG adjusted for applicable foreign exchange rates, the demand for LPG including the levels of household and bulk use, as well as the prevailing prices of LPG, among others;

ii. The number of LPG cylinders and ancillary equipment, classified into its usability and cost effectiveness;

iii. The developments in LPG safety technology and the energy sector in general;

iv. The statistics and other information on the level of injuries from LPG related incidents as well as safety compliance by each and all industry participants;

v. Such other factors that may affect the viability of the LPG industry particularly on its safety and affordability.

2. The DOE shall conduct a study that will examine the viability and practicality of the establishment of the practice of cylinder exchange, swapping and rehabilitation between LPG industry participants. The DOE shall issue a decision based on this study which shall implement the mandate stated in this Section. This study shall be completed within one hundred and eighty (180) days from the effectivity of this Act.

3. All LPG industry participants shall cooperate with the DOE in the implementation of cylinder exchange, swapping and rehabilitation programs to ensure that only duly qualified cylinders are put in circulation.

#### CHAPTER IV

## QUALITY STANDARDS

SEC. 30. *Promulgation of Quality Standards.* - In order to reduce safety risks and operational hazards, and promote the use of environmentally safe and worker-benign technologies and processes, industry participants are hereby required to comply with the quality standards established by the DOE for the LPG industry consistent with the PNS formulated by the DTI. The quality standards shall provide for, but not be limited to, the following:

- (a) Primary Storage Facilities;
- (b) Cylinder-Filling Plants and Facilities;
- (c) Bulk-Loading, Unloading and Transportation of LPG;
- (d) Dealers and Retail Outlets;
- (e) Service Stations.

The DOE shall formulate the specific guidelines for mandatory compliance with the established quality standards and enforce the appropriate sanctions for violations thereof: *Provided*, That the DOE shall consult the LPG industry participants in the formulation of said standards; *Provided further*, That nothing in this Chapter will allow licensees for refilling plants, dealers, and retailers to sell ancillary equipment not recommended by the cylinder brand owner: *Provided, finally*, That the DOE, in formulating the quality standards in this Act, when applicable, shall adopt the Philippine LPG Association safety code and the applicable international safety standards for the LPG industry, including, but not limited to, the National Fire Protection Association (NFPA) 58, otherwise known as the liquefied petroleum gas code for LPG.

## CHAPTER V PROHIBITED ACTS

SEC. 31. *Engaging in Business Without Standards Compliance Certificate.* - Any industry participant who engages in business without securing a Standards Compliance Certificate from the DOE as required under Chapter III of this Act shall be penalized with a fine of Five Thousand Pesos (P5,000.00) for an individual and Ten Thousand Pesos (P10,000.00) for a corporation, for each day of operation without a Standards Compliance Certificate: *Provided*, That the maximum fine to be imposed shall be Five Million Pesos (P5,000,000.00) for an individual and Ten Million Pesos (P10,000,000.00) for a corporation.

SEC. 32. *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 Three Thousand Pesos (P3,000.00) for an individual and Five Thousand Pesos (P5,000.00) for a corporation, for each day of operation without a certificate of accreditation: *Provided*, That the maximum fine to be imposed shall be Five Million Pesos (P5,000,000.00) for an individual and Ten Million Pesos (P10,000,000.00) for a corporation.

SEC. 33. *Obstruction of Inspection.* - Any industry participant who refuses, prevents or obstructs the inspection of its premises and records as provided under Chapter III of this Act shall be penalized with a fine of Three Hundred Thousand Pesos (P300,000.00) for an individual and Five Hundred Thousand Pesos (P500,000.00) for a corporation, for each instance of violation.

SEC. 34. *Failing to Post Standards Compliance Certificate.* - An industry participant who fails or refuses to post its Standards Compliance Certificate as required under Chapter III of this Act and as required by the DOE, shall be penalized with a fine not exceeding Five Thousand Pesos (P5,000.00) for each instance of violation.

1 SEC. 35. *Failure to Submit Reportorial Requirements.* - An industry participant who fails to  
2 submit periodic reports as may be required by the DOE, within a reasonable period and in the  
3 manner prescribed by the DOE, shall be penalized with a fine not exceeding Five Thousand Pesos  
4 (Php5,000.00) for each instance of violation.

5  
6 SEC. 36. *Illegal Storage.* - A refiner, importer, refiller, hauler, dealer, retail outlet or bulk  
7 consumer who stores LPG in bulk without obtaining the Standards Compliance Certificate required  
8 under Chapter III of this Act shall, upon conviction, be penalized with a fine of not less than  
9 Twenty Thousand Pesos (Php20,000.00) but not more than One Hundred Thousand Pesos  
10 (Php100,000.00), or imprisonment of at least six (6) months but not more than two (2) years, or  
11 both, at the discretion of the court: *Provided*, That the second and subsequent violations shall be  
12 penalized with both fine and imprisonment as provided herein.

13  
14 SEC. 37. *Failure to Comply with Product Standards.* - An industry participant who, by act or  
15 omission, fails to comply with plant or product standards set by the DOE with respect to their  
16 specific activity shall, upon conviction, be penalized as follows:

17 (a) Non-compliance with DOE mandatory requirements on safety designs for refilling  
18 plants, equipment, depots, pipeline systems and similar facilities shall be penalized with a fine of not  
19 less than Fifty Thousand Pesos (Php50,000.00) but not more than One Million Pesos  
20 (Php1,000,000.00) or imprisonment of at least six (6) months but not more than two (2) years, or  
21 both at the discretion of the court: *Provided*, That nothing in this paragraph shall preclude the court  
22 from ordering the closure of the facility until such time that the mandatory requirements have been  
23 met.

24 (b) Failure to secure the required PNS Certificate for LPG cylinders shall be penalized with a  
25 fine of Five Thousand Pesos (Php5,000.00) for an individual or Ten Thousand Pesos (Php  
26 10,000.00) for a corporation, for each non-compliant cylinder used and distributed to consumers, or  
27 imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of  
28 the court: *Provided*, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos  
29 (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a corporation:  
30 *Provided, further*, That the second and subsequent violations shall be penalized with both fine and  
31 imprisonment as provided herein: *Provided, finally*, That this section shall not apply unless the cylinder  
32 is in the possession of an illegal refiller or trader.

33  
34 SEC. 38. *Adulteration.* - A refiner, importer, refiller, piped gas provider, dealer or retail outlet  
35 who mixes LPG with another finished or unfinished petroleum product or stock or with any non-  
36 petroleum substance or material that will result in product quality change or in the failure of the  
37 LPG to meet the required product specifications of the DOE, shall, upon conviction, be penalized  
38 with a fine of Ten Thousand Pesos (P10,000.00) for an individual and Twenty Thousand Pesos  
39 (Php20,000.00) for a corporation, for each cylinder containing adulterated LPG, or  
40 imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of  
41 the court: *Provided*, That the second and subsequent violations shall be penalized with both fine and  
42 imprisonment: *Provided further*, That the maximum fine to be imposed shall be Five Hundred  
43 Thousand Pesos (Php500,000.00) for an individual and One Million Pesos (Php 1,000,000.00)  
44 for a corporation.

45  
46 SEC. 39. *Underfilling.* - When the net quantity of LPG contained in cylinders sold,  
47 transferred, delivered or filled by refillers is less than the cylinder content required by the  
48 government at the filling plant, the refiller shall, upon conviction, be penalized with a fine of Five  
49 Thousand Pesos (Php5,000.00) for an individual and Ten Thousand Pesos (Php10,000.00) for a  
50 corporation for each underfilled cylinder or with imprisonment of at least six (6) months but not  
51 more than two (2) years, or both, at the discretion of the court: *Provided*, That second and subsequent  
52 violations shall be penalized with both fine and imprisonment: *Provided, further*, That the maximum  
53 fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and

1 One Million Pesos (Php1,000,000.00) for a corporation. When the net quantity of LPG for sale in  
2 cylinders sold, transferred, delivered or filled by dealers or retail outlets is less than three tenths of  
3 one kilogram (0.30 Kg) or the government-required cylinder content quantity, the dealer or retail  
4 outlet shall be penalized with the same fines mentioned earlier in this paragraph.

5  
6 A broken, tampered, absent or removed seal shall give rise to a presumption that the  
7 cylinder is underfilled. A cylinder containing less than the required LPG quantity which is not so  
8 identified and set apart or taken out from the sales area by dealers or retail outlets is presumed to be  
9 for sale.

10  
11 SEC. 40. *Illegal Refilling.* - The following shall constitute illegal refilling of LPG cylinders  
12 under this Act:

13 (a) Refilling of LPG cylinders by a person or entity other than the rightful owner thereof,  
14 unless specific permission is granted by the owner for such refilling as evidenced by a written  
15 contract or similar instrument;

16 (b) Refilling of cylinder with LPG of a brand, trademark, trade name, or registered business  
17 name other than that of the LPG brand owner indicated on the cylinder tank, otherwise called  
18 "pirate filling" or "cross-filling";

19 (c) Refilling of LPG cylinder without embossed markings or other indication of the brand or  
20 trade name thereof, or bearing defaced, tampered or illegible markings contrary to the mandatory  
21 labeling and stamping requirements under this Act;

22 (d) Refilling of LPG cylinder which is due for repair, re-qualification or scrappage as  
23 provided in this Act, or is subject to the recall or prohibition order of the LPG Board;

24 (e) Filling directly from LPG tank trucks without the use of approved filling machines;

25 (f) Refilling LPG from one cylinder to another without using the prescribed equipment; (g)  
26 Backyard refilling of cylinders other than in properly designed LPG refilling

27 plants;

28 (h) Filling cylinders with products or substances other than LPG in an effort to achieve the  
29 correct net weight;

30 (i) Any other refilling of LPG cylinders in violation of the mandatory requirements or  
31 prescribed standards under this act; and

32 (j) Unauthorized loading of bulk LPG tanks in industrial accounts. It shall also be prohibited  
33 for any marketer, dealer or retail outlet to knowingly sell illegally refilled cylinders.

34  
35 An industry participant found guilty of illegal refilling under this Section shall, upon  
36 conviction, be penalized with a fine of Ten Thousand Pesos (Php10,000.00) for an individual and  
37 Twenty Thousand Pesos (Php20,000.00) for a corporation, for each illegally-filled cylinder, or  
38 imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of  
39 the court: *Provided* That second and subsequent violations shall be penalized with both fine and  
40 imprisonment: *Provided, further,* That the maximum fine to be imposed shall be Five Million Pesos  
41 (Php5,000,000.00) for an individual and Ten Million Pesos (Php10,000,000.00) for a corporation.

42  
43 SEC. 41. *Unauthorized Trading of LPG Cylinders.* - Any industry participant who, without the  
44 consent of the cylinder owner, stores empty LPG cylinders in quantities in excess of those allowed  
45 by the DOE, through cylinder swapping and other similar industry practices, and exchanges, barter,  
46 sells, distributes or otherwise transfers ownership and/or possession thereof to a person or entity  
47 other than the cylinder owner and without the authority of the cylinder owner shall, upon  
48 conviction, be penalized with a fine of Three Thousand Pesos (Php3,000.00) for an individual and  
49 Six Thousand Pesos (Php6,000.00) for each illegally-stored or sold empty cylinder, or imprisonment  
50 of at least six (6) months but not more than two (2) years, or both, at the discretion of the court:  
51 *Provided,* That second and subsequent violations shall be penalized with both fine and imprisonment.  
52 *Provided, further,* That the maximum fine to be imposed shall be Three Hundred Thousand Pesos

(Php300,000.00) for an individual and Six Hundred Thousand Pesos (Php600,000.00) for a corporation.

SEC. 42. *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 Five Thousand Pesos (Php5,000.00) for an individual and Ten Thousand Pesos (Php10,000.00) for a corporation, for each tampered or altered LPG cylinder, or imprisonment of at least six (6) months but not more than two (2) 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 Million Pesos (Php5,000,000.00) for an individual and Ten Million Pesos (Php10,000,000.00) for a corporation.

SEC. 43. *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 Thousand Pesos (Php5,000.00) for an individual and Ten Thousand Pesos (Php10,000.00) 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 Million Pesos (Php5,000,000.00) for an individual and Ten Million Pesos (Php10,000,000.00) for a corporation.

SEC. 44. *Failure to Comply with Weighing Device Requirements.* - A refiner, importer, refiller, dealer or retail butler 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. 45. *Overloading.* - A hauler who loads and transports, or permits the loading and transportation of LPG cylinders in 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 Forty Thousand Pesos (Php40,000.00) 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. 46. *Importation of Used or Second-Hand LPG Cylinders.* - Any person who imports used or second-hand LPG cylinders or containers shall, upon conviction, be penalized with a fine of at least 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) years and one (1) day to twelve (12) years.

SEC. 47. *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. 48. *Pilferage of LPG.* - Any person who pilfers LPG, upon conviction, shall be penalized with a fine of One Million Pesos (Php1,000,000.00) for an individual and Two Million Pesos (Php2,000,000.00) 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 Million Pesos (Php5,000,000.00) for an individual and Ten Million Pesos (Php10,000,000.00) for a corporation.

SEC. 49. *Suspension or Revocation of Business License or Permit*. - The penalties provided herein shall be without prejudice to the suspension or revocation of the business license of such person by the appropriate local government unit, within, the same year for which such business license was granted.

SEC. 50. *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 Twenty Thousand Pesos (P20,000.00) up to Five Hundred Thousand Pesos (P500,000.00) for each offense in this Chapter and such other violations of this Act.

SEC. 51. *"Strike Three" Penalty*. - Any person convicted with finality of violating the provisions of this Act for three (3) consecutive instances shall be perpetually disqualified from engaging in any activity in the LPG industry.

SEC. 52. *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 violations of this Act.

SEC. 53. *Violations by Juridical Entities*. - If the violation is committed by a corporation, partnership, association or other juridical 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. 54. *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 other legal claims or damages which any injured party suffers as a result of any of the enumerated prohibited acts under this Chapter.

## CHAPTER VI EDUCATION AND RESEARCH

SEC. 55. *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 programs, 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 signs 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. 56. *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.

1  
2 SEC. 57. *Development Research.* - The DOE, in coordination with the DOST and the DTI,  
3 shall conduct study and research for the purpose of developing more efficient methods of providing  
4 safe, clean and hazard-free LPG to consumers.

5  
6 CHAPTER VII  
7 FINAL PROVISIONS  
8

9 SEC. 58. *Implementing Rules and Regulations.* - Unless otherwise provided in this Act, the DOE,  
10 in consultation with the DTI, other appropriate agencies, the LPG industry participants, and  
11 consumer groups, shall be the lead agency with the responsibility to formulate and issue the  
12 necessary implementing rules and regulations within one hundred eighty (180) days from the  
13 effectivity of this Act.  
14

15 SEC. 59. *Transition Phase.* In order to provide a smooth implementation of the monitoring  
16 and supervisory mechanisms provided herein, the industry participants shall be given a grace period  
17 of one hundred eighty (180) days from the effectivity of this Act, within which to comply with the  
18 provisions hereof: *Provided,* That during the transition period, the industry participants shall continue  
19 to be bound and made liable under the provisions of existing laws, rules and regulations not  
20 otherwise repealed by this Act. Industry participants already legally engaged in business upon the  
21 effectivity of this Act and who are required to secure a Standards Compliance Certificate prior to the  
22 renewal of their business licenses as provided in Section 15 of this Act, shall not be required to  
23 obtain a Standards Compliance Certificate for the duration of the grace period.  
24

25 SEC. 60. *Legal Assistance to Public Officials.* - Public officials or other authorized persons acting  
26 under the direction of the Secretaries of the DOE, the DTI, the DILG and other concerned  
27 government agencies shall be provided with free legal assistance, liability insurance and other forms  
28 of protection and indemnification for all costs and expenses reasonably incurred by such persons, in  
29 connection with any civil or criminal action, suit or proceeding to which they may be or have been  
30 made a party by reason of the performance of their functions or duties, unless they are finally  
31 adjudged in such action or proceeding to be liable for gross negligence or misconduct or grave abuse  
32 of discretion.  
33

34 SEC. 61. *Separability Clause.* - If for any reason, any chapter, section or provision of this Act  
35 shall be declared unconstitutional, illegal or invalid, such parts not affected thereby shall remain in  
36 full force and effect.  
37

38 SEC. 62. *Repealing Clause.* - All laws, decrees, executive orders, proclamations and  
39 administrative regulations, or parts thereof inconsistent herewith are hereby repealed or modified  
40 accordingly.  
41

42 SEC. 63. *Effectivity Clause.* - This Act shall take effect after fifteen (15) days after its  
43 publication in the Official Gazette or in at least two (2) newspapers of general circulation.  
44

45 Approved,  
46

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

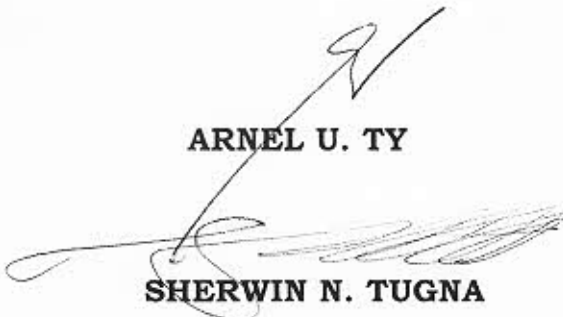
This bill seeks to establish the monitoring and supervisory framework for the Liquefied Petroleum Gas (LPG) Industry in order to strengthen and enhance existing standard and mechanism against deceptive and harmful practices and other hazards to public health and safety arising under a deregulated downstream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



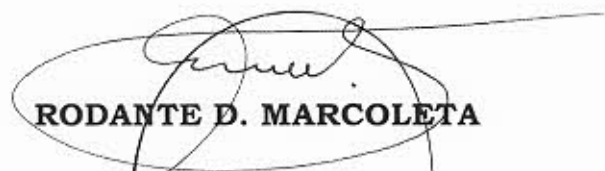
PASTOR M. ALCOVER, JR.

CHRISTOPHER S. CO



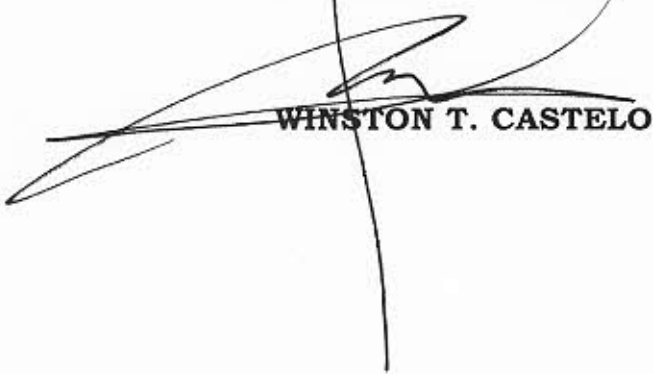
RANDOLPH S. TING

PONCIANO D. PAYUYO



RODANTE D. MARCOLETA

RAYMOND D. MENDOZA

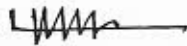


WINSTON T. CASTELO

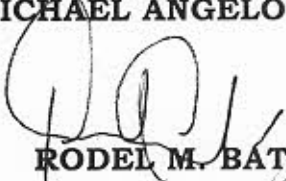


CATALINA G. DEONEN-PIZARRO

SALVADOR P. CABALUNA III



MICHAEL ANGELO C. RIVERA



RODEL M. BATOCABE



ALFREDO GARBIN, JR.



LORD ALLAN JAY Q. VELASCO

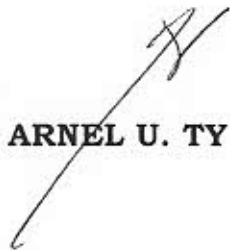


MARK AERON H. SAMBAR

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.**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**FIFTEENTH (15<sup>th</sup>) CONGRESS**  
First Regular Session

---

**MINUTES OF THE JOINT MEETING OF THE COMMITTEE ON TRADE & INDUSTRY AND THE COMMITTEE ON ENERGY HELD ON JUNE 7, 2011, 9:30 AM, AT CONFERENCE ROOMS 1 & 2, G/F, SPEAKER RAMON V. MITRA, JR. BUILDING, HOUSE OF REPRESENTATIVES COMPLEX, BATASAN HILLS, QUEZON CITY**

---

Agenda: Deliberation on and Approval of the Draft Bill in substitution to the following House Bills re: proposed LPG Industry Regulation and Safety Act:

- (1) **HB 1418** - "AN ACT TO ESTABLISH THE REGULATORY FRAMEWORK FOR THE SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, PROVIDE ADDITIONAL POWERS TO THE DEPARTMENT OF ENERGY, DEFINE AND PENALIZE CERTAIN ACTS, AND FOR OTHER PURPOSES," introduced by Rep. Yap S.
- (2) **HB 3976** - "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," introduced by Rep. Ty

**I. CALL TO ORDER**

Rep. Tomas Apacible, Senior Vice-Chairperson of the Committee on Trade and Industry, and Rep. Henedina Abad, Chairperson of the Committee on Energy, called the meeting to order at 9:44 A.M.

**II. ROLL CALL AND DETERMINATION OF QUORUM**

On motion of Rep. Peter Unabia, duly seconded and there being no objection, both Committees dispensed with the Calling of the Roll.

**III. OPENING REMARKS OF THE CHAIRPERSONS**

Rep. Apacible acknowledged and thanked the Members and resource persons who responded to the joint Committee's invitation to the meeting.

He expressed his gratitude to Rep. Albert Garcia, Trade and Industry Committee Chairperson, the Committee Secretariat and the Legislative Staff for their assistance in the drafting of the proposed Liquefied Petroleum Gas (LPG) Industry Regulation and Safety Act of 2011.

Rep. Abad stated that she was deeply honored to be a part of the process of crafting the bill under consideration. She emphasized that one of the important functions of legislation is to ensure effective regulation to protect the interest of the public. She also thanked those who in one way or another helped the joint Committees in arriving at the draft substitute bill.

#### **IV. DELIBERATION ON THE PROPOSED LPG REGULATION ACT**

Thereafter, Rep. Apacible presented the salient features of the proposed LPG Industry Regulation and Safety Act of 2011.

The objectives of the subject measure are as follows:

1. To establish a regulatory framework for the refining, importation, refilling, distribution and marketing LPG, and the manufacture, requalification, exchange and swapping of LPG cylinders;
2. To establish standards of conduct and codes of practice for the LPG industry, which covers all activities and businesses related to LPG product for household, commercial, industrial or automotive use of (Auto-LPG) and cylinders or containers for LPG;
3. To address quality and safety concerns and uphold the right of consumers to freely choose the LPG brand they want to purchase; and
4. To 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.

Likewise, Rep. Apacible discussed the salient features of the draft bill, as follows:

1. It designates the Department of Energy (DOE) as the lead agency and provide additional functions in the performance of their duties, on all matters concerning the LPG industry;
2. It assigns the Department of Trade and Industry (DTI) as the lead agency on all matters concerning LPG cylinders and ancillary equipment;
3. It allows for effective coordination between the DOE and DTI, and grants certain powers and functions to other agencies and local government units (LGUs) for the effective implementation of this Act;
4. It prescribes the licenses, permits and other business requirements necessary to engage in any activity or business involving LPG;

5. It sets down the specifications for LPG weighing devices, LPG cylinder sealing, labeling requirements for LPG cylinders, as well as the operation of trucks and other vehicles used for transporting and delivering;
6. It requires the periodic monitoring of the operations, activities, facilities and equipment of LPG industry participants, and their compliance with the quality standards established by the DOE for the LPG industry consistent with the Philippine National Standards (PNS) formulated by the Bureau of Product Standards (BPS);
7. It lays down the process for LPG cylinder exchange, swapping and rehabilitation, and the requirements in the operation of Auto-LPG;
8. It outlines the procedures in the treatment and handling of LPG which have been declared injurious, unsafe or dangerous;
9. It establishes presumption of ownership of the LPG cylinder or container to the brand owner whose permanent mark appears on the LPG cylinder;
10. It identifies and defines prohibited acts, and imposes fines and/or imprisonment upon conviction to any person who commits such illegal acts;
11. It bans the importation of used or second-hand LPG cylinders;
12. It mandates the dissemination of information to the public about LPG, cylinder quality and safety, and the creation of a central data base of industry participants;
13. It creates a Joint Congressional Oversight Committee to be composed of members of the Senate and the House of Representatives which shall oversee the implementation of the LPG Industry Regulation and Safety Act of 2011; and
14. It grants free legal assistance to public officials or other authorized persons acting under the direction of the Secretaries of the DTI, DOE, DILG and other concerned agencies in connection with any civil 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.

Rep. Carlos Padilla requested the joint Committee to define "program participants" and also requested the Secretariat to go over the draft bill for some typographical errors.

Rep. Benhur Salimbangon sought clarification whether there is a provision in the draft bill which allows local LGUs to collect taxes on LPG aside from the taxes collected by the National Government. He opined that there should only one kind of tax levied on LPG.

## **V. ACTION TAKEN BY THE COMMITTEE**

After full and free deliberation, and on motion of Rep. Padilla, duly seconded and there being no objection, the joint Committee approved the substitute bill subject to style and directed the Secretariat to prepare the corresponding Committee Report thereon.

## **VI. ADJOURNMENT**

There being no other matters to be taken up, the meeting was suspended at 10:22 A.M..

---

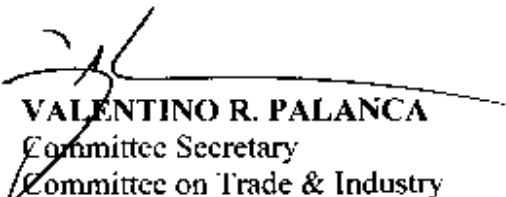
Certified true and correct to the best of our knowledge and ability

*Prepared by:*

  
**RAFAELITO A. MALIMET**  
SLSO I  
Committee on Trade & Industry

*Reviewed by:*

  
**EFREN V. CORTEZ**  
Committee Secretary  
Committee on Energy

  
**VALENTINO R. PALANCA**  
Committee Secretary  
Committee on Trade & Industry

*Noted by:*

  
**HENEDINA R. ABAD**  
Chairperson  
Committee on Energy

  
**ALBERT S. GARCIA**  
Chairperson  
Committee on Trade & Industry