

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **2474**



INTRODUCED BY REP. MARCELINO "MARCY" R. TEODORO

EXPLANATORY NOTE

The Constitution, Article XVI, provides:

Section 9. The State shall *protect consumers from trade malpractices* and from substandard or hazardous products. (Italics supplied)

From the vehicles we drive to the equipment we use, our society relies on gasoline to fuel our lives. The high demand for this commodity and recent fluctuations in its price warrant a closer look at the issue of predatory pricing.

This bill seeks to impose civil penalties on unreasonable price increases for crude oil, residual fuel oil, or refined petroleum products.

A handwritten signature in black ink, appearing to read "Marcelino Teodoro".

MARCELINO "MARCY" R. TEODORO
Representative
1st District, City of Marikina

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AN ACT
IMPOSING CIVIL PENALTIES ON UNREASONABLE PRICE INCREASES FOR
CRUDE OIL, RESIDUAL FUEL OIL, OR REFINED PETROLEUM PRODUCTS

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

SECTION 1. Short Title. – This Act shall be known as the "Fuel Pricing Fairness Act."

SEC. 2. Declaration of Policy. – It is the policy of the State to protect consumers from trade malpractices and from substandard or hazardous products.

SEC. 3. Definition of Terms. – For the purposes of this Act, the term:

- a) "Energy-producing company" means a person engaged in:
 - 1) Ownership or control of mineral fuel resources or non-mineral energy resources;
 - 2) Exploration for, or development of, mineral fuel resources;
 - 3) Extraction of mineral fuel or non-mineral energy resources;
 - 4) Refining, milling, or otherwise processing mineral fuel or non-mineral energy resources;
 - 5) Storage of mineral fuel or non-mineral energy resources by any means whatever; or
 - 6) Wholesale or retail distribution of mineral fuels, non-mineral energy resources or electrical energy;
- b) "Unreasonable price increase" means any price increase that exceeds any concurrent increase in the production or operation cost of the energy-producing company that are directly related to the products being sold.
- c) "Energy industry" means all energy-producing companies.
- d) "Crude Oil" means a naturally-occurring substance found trapped in certain rocks below the earth's crust. It is a dark, sticky liquid which, scientifically speaking, is classed as a hydrocarbon. It is highly flammable that can be burned to create energy.
- e) "Residual Fuel Oil" means a liquid or semi-liquid, high-boiling fraction of residue from the distillation of petroleum which is used as a fuel.
- f) "Refined Petroleum Products" means products that are derived from crude oils through processes such as catalytic cracking and fractional distillation. These products have physical and chemical characteristics that differ according to the type of crude oil and subsequent refining processes. These include gasoline, kerosene, LPG, No. 2 Fuel Oil, No. 4 Fuel Oil, No. 5 Fuel Oil (Bunker B), and No.6 Fuel Oil (Bunker C).

- g) "LPG" means Liquefied Petroleum Gas.
- h) "DOE" means Department of Energy.
- i) "DTI" means Department of Trade and Industry.

SEC. 4. Civil Penalty for Unreasonable Price Increase for Crude Oil, Residual Fuel Oil, or Refined Petroleum Products. –

- a) *In General.* - Not later than three (3) months after the date of enactment of this Act, the Department of Energy Secretary, in coordination with the Department of Trade and Industry Secretary, shall issue regulations that –
 - 1) Apply to all crude oil, residual fuel oil, and refined petroleum products that are sold and used as energy fuel in the Philippines;
 - 2) Prohibit any unreasonable price increase for such products by an energy-producing company; and
 - 3) Impose a civil penalty of not less than One Million Pesos (P1,000,000.00) but not more than Ten Million Pesos (P10,000,000.00) for each unreasonable price increase.
- b) *Determination of Unreasonable Price Increase.* - The DOE, in coordination with the DTI, shall determine at least annually whether any energy-producing company has implemented an unreasonable price increase in violation of regulations issued under paragraph (1) of this Section.

SEC. 5. Separability Clause. – Should any provision of this Act be declared invalid or unconstitutional, the validity or constitutionality of the other provisions shall not be affected thereby.

SEC. 6. Repealing Clause. – All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 7. Effectivity. – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,