

Republic of the Philippines
HOUSE OF REPRESENTATIVES
QUEZON CITY

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **646**



Introduced by Representative Arnel U. Ty

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 standards and mechanisms 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 white 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 with national product quality standards 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.

During the Sixteenth (16th) Congress, this bill was approved on Third Reading by the House of Representatives on August 24, 2015 and was subsequently transmitted to the Senate on August 27, 2015 for its appropriate action.

Likewise, under Section 48 of the Rules of the House of Representatives under the Sixteenth Congress, "..... in case of bills or resolutions previously filed in the immediately preceding Congress which have been considered and reported out by a particular committee, the same may be disposed of as matter already reported upon the approval of majority of the Members of the committee present, there being a quorum."

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


HON. ARNEL U. TY

1 The State shall also promote national awareness and education
2 regarding the quality and safety requirements for the proper use of LPG
3 cylinders and ancillary equipment to further consumer protection.

4 SEC. 3. **Scope and Application.** – This Act shall govern the
5 importation, refining, refilling, transportation, distribution and marketing of
6 LPG, the manufacture, requalification, exchange, swapping or improvement
7 of LPG cylinders, and safe operations of the LPG industry, which cover all
8 activities and businesses related to LPG products for household,
9 commercial, industrial or automotive use (Auto-LPG) and cylinders or
10 containers for LPG.

11 SEC. 4. **Definition of Terms.** – As used in this Act:

12 (a) "Accreditation" refers to the formal recognition of competency given
13 by the Philippine Accreditation Bureau (PAB) of the Department of Trade
14 and Industry (DTI) that a re-qualifier of LPG cylinders has complied with the
15 existing Philippine National Standards (PNS) prescribing the general
16 requirements for the competence of testing and calibration laboratories, the
17 method of re-qualification of steel cylinders for LPG and any other applicable
18 PNS;

19 (b) "Alteration" refers to any act of converting, transforming or resizing
20 of local or imported LPG cylinder or container from its original size or design
21 including, but not limited to, replacement or removal of existing and
22 embossed or stamped registered brand owner's markings, grinding,
23 flattening, application of putty, replacement of collar, revalving,
24 unauthorized repainting, replacement of foot rings, or re-labeling;

25 (c) "Ancillary Equipment" refers to equipment, parts and other devices
26 and accessories necessary and indispensable for the safe and proper
27 operation of an LPG cylinder or container such as, but not limited to, LPG
28 cylinder or container valves, hoses and regulators;

29 (d) "Auto-LPG" refers to LPG intended to fuel, propel or otherwise
30 provide power to motor vehicles;

31 (e) "Auto-LPG Dispensing Station" refers to an outlet, facility or
32 business establishment which retails auto-LPG directly to individual end-
33 users or to the motoring public; the same may stand alone or be located

1 within or operated with a liquefied petroleum product (LPP) retail outlet. It
2 shall be deemed a dealer or retail outlet for purposes of this Act;

3 (f) "Brand Owner" refers to a person owning the brand name, logo,
4 color, mark or distinction as registered with the Intellectual Property Office
5 of the Philippines (IPOPH);

6 (g) "Bulk Consumer" refers to any person whose regular use or
7 consumption of LPG is limited to its own use, and requires bulk storage of
8 LPG at a volume as may be determined by the Department of Energy (DOE);

9 (h) "Bulk Supplier" refers to any person who engages in the sale or
10 distribution of LPG in large quantities as may be determined by the DOE;

11 (i) "Canister" or "Cartridge" refers to any portable pressure vessel or
12 container designed or intended for LPG, with water capacity of less than that
13 of an LPG cylinder;

14 (j) "Centralized LPG Distribution System" refers to a network of pipes
15 or similar conduit used for the conveyance of LPG from the piped LPG
16 provider to consumers confined within the same compound or establishment
17 such as, but not limited to, shopping malls and condominiums;

18 (k) "Certification" refers to the written assurance given by the DTI that
19 the LPG cylinder has complied with the existing PNS or any other standards
20 issued by the Bureau of Philippine Standards (BPS) pursuant to Republic
21 Act No. 4109, otherwise known as the "Philippine Standardization Law;"

22 (l) "Consumer" refers to any person who purchases LPG for one's own
23 consumption;

24 (m) "Container" refers to any pressure vessel permanently installed in
25 motor vehicles for the storage of LPG for automotive use;

26 (n) "Cross Filling" refers to the filling of LPG cylinders by a person
27 other than the brand owner;

28 (o) "Cylinder or LPG Cylinder" refers to any portable pressure-vessel or
29 container for LPG designed for the transportation and storage of LPG;

30 (p) "Cylinder Owner" refers to the owner of the cylinder as shown by
31 the brand, mark, trade name or business name embossed or engraved or
32 otherwise permanently indicated on the LPG cylinder in the manner
33 prescribed by the DTI;

1 (q) "Dealer" refers to any person engaged in the sale or trading of LPG
2 in cylinders to consumers and/or retail outlets;

3 (r) "Defective Cylinder" refers to a damaged, unsafe and dilapidated
4 LPG cylinder due to corrosion or pitting, dents, cuts, gouges, digs, bulges,
5 leaks and other similar defects that render the LPG cylinder unsafe,
6 injurious or dangerous for distribution in accordance with the guidelines set
7 by the DTI, thus creating a substantial risk of injury to the public;

8 (s) "Hauler" refers to any person engaged in the distribution and
9 delivery of LPG cylinders from one place to another;

10 (t) "Importer" refers to any person engaged in the importation of LPG
11 whether for processing, sale or own use;

12 (u) "LPG" refers to liquefied petroleum gas, which consists of
13 commercial propane gas or commercial butane gas or a mixture of the two
14 gases, with properties conforming to the standards set forth in the existing
15 PNS or any other standards prescribed by the BPS;

16 (v) "LPG Industry Participant" refers to any person engaged in
17 activities or businesses related to:

18 (1) refining, manufacturing, importing, exporting, shipping,
19 transporting, hauling, storing, refilling, distributing, marketing
20 and selling of LPG for household, commercial or industrial, and
21 automotive (auto-LPG) use; or

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

28 (w) "Marketer" refers to any person engaged in the sale of LPG, whether
29 in bulk or retail, under its own brand name;

30 (x) "Person" refers to a natural or juridical entity registered under
31 Philippine laws;

32 (y) "Philippine National Standards" or "PNS" refers to the standards
33 promulgated by the BPS of the DTI relating to product specifications, test

1 methods, terminologies and standardization procedures, guidelines or
2 practices;

3 (z) "Piped LPG Provider" refers to any person engaged in the business
4 of supplying or distributing LPG to consumers through a centralized LPG
5 distribution system, including operators of central storage compounds for
6 piped LPG or reticulated system facilities;

7 (aa) "Qualified Serviceman" refers to an individual who has been
8 trained, qualified and certified by the Bureau of Fire Protection (BFP) or any
9 deputized agency thereof, or to an individual who has successfully
10 completed an approved training course for LPG servicemen in a training
11 school duly recognized and accredited by the Philippine government;

12 (bb) "Refiller" refers to (1) a service provider authorized by an LPG
13 cylinder owner to refill LPG cylinders on the latter's behalf, or (2) any person
14 who refills LPG into one's own LPG cylinders;

15 (cc) "Refilling Plant" refers to any facility that is used for LPG bulk
16 storage and refilling LPG into cylinders;

17 (dd) "Refiner" refers to any person who refines LPG through
18 distillation, conversion and treatment of crude oil and other naturally
19 occurring petroleum hydrocarbons;

20 (ee) "Re-qualification" refers to the method or procedure by which an
21 LPG cylinder is subjected to inspection and re-evaluation in accordance with
22 the prescribed specifications and any other standards prescribed governing
23 the method of re-qualification of steel cylinders for LPG to determine its
24 acceptability for continuous use and distribution and subsequent repair or
25 scrappage, where appropriate;

26 (ff) "Re-qualifier" refers to any person duly accredited by the DTI to
27 engage in the business of re-qualifying LPG cylinders;

28 (gg) "Repair" refers to the removal from and replacement of parts or
29 attachments of LPG cylinders or the performance of any other necessary
30 corrective and restorative measures pursuant to the PNS, to restore the
31 fitness of LPG cylinders for refilling, distribution and use;

32 (hh) "Repairer" refers to any person duly certified by the DTI to engage
33 in the business of repairing LPG cylinders;

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

(jj) "Reticulated System" refers 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;

(kk) "Scrappage" refers to the destruction of defective LPG cylinders declared by a re-qualifier of the DTI to be unfit for use;

(ll) "Seal" refers to the protective cover placed on the valve of an LPG cylinder; and

(mm) "Tare weight" refers 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.** – The DOE shall be the primary government agency responsible for the implementation and enforcement of this Act unless stated otherwise. The DOE shall regulate, supervise, and monitor the LPG industry and the LPG industry participants to ensure compliance with the national product quality and environmental, worker safety, and consumer welfare standards.

SEC. 6. **Powers and Functions of the DOE.** – In addition to its powers and functions under existing laws, the DOE shall exercise the following powers and functions:

(a) Administer and supervise the enforcement and implementation of this Act;

(b) Implement safety standards prescribed by the DOE or set in the PNS promulgated by the BPS for refilling plants, depots, storage areas, transportation facilities and other facilities or business premises of the owners thereof and retail outlets, and exercise reasonable visitorial powers in order to inspect and evaluate whether such refilling plants, depots, storage areas, transportation facilities and other facilities or business premises and retail outlets comply with such safety standards. During

1 inspection, the DOE may scrutinize the records of the concerned LPG
2 industry participant;

3 (c) Inspect LPG cylinders in circulation, whether filled or unfilled,
4 which are for distribution and sale to dealers, retail outlets and end-
5 consumers to determine conformity with established quality and safety
6 standards for LPG cylinders;

7 (d) After the conduct of inspection or investigation, confiscate and
8 impound immediately substandard, defective, unsafe, injurious or
9 dangerous LPG and LPG cylinders in circulation, or those that are found in
10 violation of the provisions of this Act, including underfilled and illegally
11 refilled LPG cylinders as defined in this Act;

12 (e) Investigate, motu proprio or upon report of any person, possible
13 infractions of this Act, initiate the necessary criminal or administrative
14 actions warranted under the circumstances, enforce administrative
15 sanctions or penalties, and file the necessary complaints with the proper
16 court or government agency;

17 (f) Implement the Philippine LPG Cylinder Improvement Program;

18 (g) Direct LPG brand owners to periodically submit cylinders for
19 requalification, and to secure proper proof of compliance therewith in
20 accordance with the requirements of the DTI;

21 (h) Issue and grant licenses to operate to qualified LPG industry
22 participants in accordance with the implementing rules and regulations to
23 be issued by the DOE, and suspend or revoke the same, after due notice and
24 hearing, for committing any of the prohibited acts as provided in this Act;

25 (i) Issue cease-and-desist orders, as the case may be, to any
26 concerned LPG industry participants found to have committed any of the
27 prohibited acts as provided in this Act;

28 (j) Impose and collect administrative fines against LPG industry
29 participants found to have committed any of the prohibited acts as provided
30 in this Act;

31 (k) Create and maintain a central database of LPG industry
32 participants, and an inventory of existing and projected LPG supply levels in
33 the country subject to the limitations provided for in this Act, which shall be

1 updated monthly on its own initiative or through reports of LPG industry
2 participants;

3 (l) Investigate and keep a record of incidents of injury or damage to
4 person or property caused by or attributable to the improper production,
5 refilling, storage, handling or dispensing or use of LPG for purposes of
6 prosecuting or filing the appropriate administrative or criminal complaints
7 against responsible persons;

8 (m) Investigate, prosecute, and impose penalties for dumping activities
9 or unauthorized filling of bulk tanks in refilling plants by bulk suppliers
10 other than the owner of the tanks;

11 (n) Dispose LPG and LPG cylinders in accordance with the guidelines
12 on disposal of LPG or LPG cylinders promulgated by the DOE;

13 (o) Inspect and evaluate LPG cylinder seals and confiscate seals not
14 complying with the standards and regulations including those in illegal
15 possession or use thereof; and

16 (p) Exercise such other powers and functions as may be necessary or
17 incidental to attaining the objectives of this Act.

18 **SEC. 7. *Powers and Functions of the DTI.*** – The DTI shall have the
19 following exclusive powers and functions:

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

22 (b) Inspect and evaluate LPG cylinders, whether manufactured locally
23 or imported, prior to any sale or distribution to LPG refiners or refillers and
24 certify to their conformity to the PNS and their fitness for public and sale
25 distribution;

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

29 (d) Grant accreditation and certification of conformity to the PNS to re-
30 qualifiers, repairers, LPG cylinder manufacturers and other independent,
31 competent, private persons and entities that provide products and services
32 involving LPG cylinders and revoke the same, if warranted; and

(e) Extend all the necessary assistance to the DOE to achieve the objectives of this Act.

SEC. 8. **Powers and Functions of the DILG.** – To help effectively implement the provisions of this Act, the Department of Interior and Local Government (DILG) shall have the following powers and functions:

(a) Coordinate with local government units (LGUs) and the Philippine National Police (PNP), in close coordination with the DOE and DTI, for the orderly and effective implementation of this Act: *Provided*, That only the personnel or unit of the PNP duly deputized by the DOE, or such special task force from the different enforcement agencies organized by the DOE for the purpose, shall have the authority to implement or enforce this Act;

(b) Coordinate and cooperate with the DOE and the DTI in the conduct of information dissemination to the LGUs and the PNP; and

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

SEC. 9. **Powers and Functions of LGUs.** – The LGUs shall assist the DOE by providing an adequate and safe area where impounded LPG cylinders shall be kept.

The LGU shall immediately suspend or revoke the business permit or license to operate of an LPG industry participant upon the issuance by the DOE of a notice of suspension or revocation of the license to operate.

SEC. 10. **Powers and Functions of the Philippine National Police (PNP).** – The PNP shall, upon request of the DOE or the DTI, provide security to life and property during the conduct of operations for the implementation of this Act, such as in the confiscation of LPG cylinders found in violation of this Act, and during the transport of the confiscated LPG cylinders to the impounding area: *Provided*, That the PNP shall not, by itself, conduct LPG inspections nor confiscate LPG cylinders without a formal request from the DOE and DTI.

SEC. 11. **LPG Monitoring and Enforcement Task Force.** –

(a) The DOE may establish an LPG Monitoring and Enforcement Task Force with the following members:

i. Secretary of the DOE as Chairperson;

- ii. Secretary of the DILG and Secretary of the DTI as members;
- iii. Representatives of other government agencies as may be determined by the Chairperson;
- iv. Representatives from LPG industry participants as may be determined by the Chairperson; and
- v. Representatives from the private-sector entities as may be determined by the Chairperson.

(b) The LPG Monitoring and Enforcement Task Force shall have the following powers and functions:

- i. Assist the DOE in monitoring and compliance standards inspection as provided in this Act; and
- ii. Exercise other powers and functions necessary to give force and effect to this Act.

(c) Prior to the creation of the LPG Monitoring and Enforcement Task Force or whenever deemed necessary, the DOE may deputize such other government agencies to assist in the effective discharge of its functions as provided in this Act.

CHAPTER III

LICENSES, PERMITS AND OTHER BUSINESS REQUIREMENTS

SEC.12. ***License to Operate.*** –

(a) The DOE shall have the exclusive authority to issue the License to Operate. It shall be site/plant/outlet-specific and valid for such period as may be determined by the DOE. For purposes of this Act, the License to Operate shall certify that the applicant has complied with all the documentary requirements and safety rules and regulations prescribed by the DOE and other pertinent government agencies.

(b) Any person intending to engage in any activity or business involving LPG shall secure a License to Operate prior to commencement of construction and commercial operations.

(c) Any person or entity 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 proper License to Operate from and where deemed necessary by the DOE for such new activity or business.

1 (d) The DOE shall prescribe specific guidelines for compliance of retail
2 outlets, dealers and haulers in remote areas outside Metro Manila.

3 (e) An LPG industry participant who has a License to Operate shall
4 transact business only with an LPG industry participant who likewise has a
5 License to Operate.

6 (f) Subject to the provisions of this Act, any person engaged in any
7 activity or business involving LPG shall obtain a License to Operate:
8 *Provided, however,* That those legally engaged shall obtain a License to
9 Operate within six (6) months from the effectivity of this Act.

10 SEC. 13. ***Certificate of Non-Coverage (CNC)***. – Any person or entity
11 whose principal business requires consumption of LPG in bulk and which
12 business operation does not include, in any way, the distribution or retail of
13 LPG to consumers, such as but not limited to garage-based auto-LPG
14 stations, centralized LPG distribution systems, shall secure a CNC from the
15 DOE.

16 For purposes of this Act, a garage-based auto-LPG operation shall
17 refer to the operation of a motor vehicle fleet with a number of vehicle units
18 as may be determined by the DOE and which vehicle units are parked and
19 serviced in a confined area or garage. The DOE shall prescribe such other
20 conditions in order that an auto-LPG dispensing activity shall be deemed as
21 a garage-based operation.

22 Bulk suppliers shall ensure that their bulk consumers have secured
23 the necessary CNC prior to entering into any supply contract or agreement
24 with said bulk consumers.

25 A copy of such contract or a sworn certification shall be submitted to
26 the DOE within thirty (30) days from the execution thereof.

27 The CNC does not in any way preclude compliance with applicable
28 PNS, requirements of the BFP and other concerned government agencies.

29 SEC. 14. ***Suspension or Revocation of License to Operate***. – The
30 DOE shall have the power to suspend or revoke, after due notice and
31 hearing, the license to operate of any person engaged in any activity or
32 business involving LPG for the commission of any of the prohibited acts as
33 provided in this Act.

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(b) An auto-LPG dispensing station shall only refill LPG containers for automotive use which conform to the specifications prescribed in the existing PNS and installed in vehicles complying with the existing "Code of Practice for the Use of Liquefied Petroleum Gas (LPG) System in Internal Combustion Engines" and other standards prescribed by the BPS; and

(c) An auto-LPG dispensing station shall not refill LPG cylinders for household or commercial use.

CHAPTER V

OWNERSHIP OF LPG CYLINDERS

AND CONTAINERS FOR AUTOMOTIVE USE

SEC. 19. **Ownership of LPG Cylinders.** – The LPG 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 LPG cylinder. Permanent marks refer to the embossed trade or brand name of the registered owner thereof as prescribed by the DTI for LPG cylinders.

The rights and obligations of LPG brand owners shall be provided in the implementing rules and regulations of this Act.

The LPG brand owner shall have the obligation to ensure that its LPG cylinders comply with all the 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 LPG brand owner regarding any lost, stolen, or missing LPG cylinders shall prima facie relieve the LPG brand owner of the obligation to ensure the quality and safety of such LPG cylinders. Such report may be rebutted by contrary evidence.

SEC. 20. **Ownership of LPG Containers for Automotive Use.** – Containers of LPG for automotive use shall be permanently installed inside the vehicles and shall be inherent and integral parts of the vehicle. Ownership of such containers shall be on the vehicle owner.

CHAPTER VI

MONITORING AND ENFORCEMENT MECHANISMS

SEC. 21. **Reports and Disclosures to the DOE.** – Subject to the limitations under this Act, the DOE shall have the power and authority to require LPG industry participants to submit written, electronic or other

1 forms of reports or disclosures. Any LPG industry participant who fails to
2 submit any such report or disclosure within the period and in the manner
3 prescribed by the DOE shall be penalized under this Act.

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

19 The foregoing provisions to the contrary notwithstanding, the right of
20 LPG industry participants against undue disclosure of information shall be
21 recognized. Unless necessary for ensuring the safe operations of the LPG
22 industry, the DOE may not require from the LPG industry participant the
23 disclosure of intellectual property rights, trade secrets and proprietary data,
24 or other legitimate commercial information which are confidential or
25 privileged in nature. Any information, document, plan, and other matter
26 disclosed necessary for ensuring the safe operations of the LPG industry
27 which constitute intellectual property, trade secrets or proprietary data or
28 other legitimate commercial information which are confidential or privileged
29 in nature, shall not be disclosed by the DOE or any other person having
30 access thereto to other LPG industry participants or to the public.

31 The provisions of Republic Act No. 8293, otherwise known as the
32 "Intellectual Property Code of the Philippines," and other laws insofar as

1 applicable shall continue to apply to information, documents, plans and
2 other matters disclosed pursuant to this Act.

3 CHAPTER VII

4 DECLARATION OF LPG CYLINDER AS DEFECTIVE, 5 INJURIOUS, UNSAFE OR DANGEROUS

6 SEC. 23. ***Declaration of LPG Cylinder as Defective, Injurious,***
7 ***Unsafe or Dangerous.*** – When the DOE or DTI, as the case may be, finds,
8 motu proprio or upon petition of any person, that an LPG cylinder is
9 defective, injurious, unsafe or dangerous, it shall, after due notice, issue the
10 appropriate order for its immediate confiscation, recall, seizure,
11 impoundment or prohibition from public sale or distribution, in which case
12 the LPG cylinder owner shall be afforded a hearing within forty-eight (48)
13 hours from issuance of such order, for the purpose of determining the
14 propriety of the recall and seizure of the LPG cylinders: *Provided*, That such
15 a declaration shall be limited to instances when the LPG cylinder is already
16 filled and already sealed inside a refilling plant, dealer's showroom, retail
17 outlets, or LPG cylinder transporter: *Provided, further*, That the DOE or the
18 DTI shall, within thirty (30) days from termination of administrative
19 proceedings, make a final determination as to whether or not an LPG
20 cylinder is defective, injurious, unsafe or dangerous.

21 Filled LPG cylinders that are found by the DOE or the DTI to pose an
22 imminent threat or danger of exploding shall be disposed of without the
23 necessity of serving prior notice to the owners thereof. The DOE or the DTI
24 shall notify the violator, owner or respondent of such fact within five (5) days
25 after such disposition.

26 CHAPTER VIII

27 TRANSPORT OF LPG IN CYLINDERS

28 SEC. 24. ***Transport of LPG in Cylinders.*** – The DOE shall, in
29 consultation with other concerned government agencies, issue appropriate
30 guidelines for the transport of LPG in cylinders. The LPG industry
31 participants shall not allow any vehicle used for the transport of LPG in
32 cylinders to enter its premises, including refilling plants, depots or
33 warehouses, unless such vehicle has complied with the requirements of the

DOE for the transport of LPG in cylinders. For the transport of LPG in cylinders to households, the LPG industry participants shall only use vehicles that meet the requirements prescribed by the DOE, as well as those of the Department of Transportation and Communications (DOTC), the Department of Public Works and Highways (DPWH) and the concerned LGUs. As proof of compliance, the certificate of road worthiness from the Land Transportation Office (LTO) or the Land Transportation Franchising and Regulatory Board (LTFRB) shall be presented as additional documentary requirement for the issuance and renewal of a license to operate.

Vehicles carrying, transporting, or delivering LPG cylinders which are not registered and without the appropriate DOE signage shall be seized or impounded by the DOE. The guidelines for the accreditation of drivers and attendants for LPG delivery vehicles shall be prescribed by the DOE upon prior consultation with the LPG industry participants and other government agencies concerned.

CHAPTER IX

PHILIPPINE LPG CYLINDER IMPROVEMENT PROGRAM

SEC. 25. ***Philippine LPG Cylinder Improvement.*** – A Philippine LPG Cylinder Improvement Program shall be implemented with the objective of safeguarding and ensuring the safety of consumers. The DOE shall, upon prior consultation with the LPG industry participants and other government agencies concerned, determine the mechanics, rules, and regulations for the Philippine LPG Cylinder Improvement Program.

CHAPTER X

PROHIBITED ACTS, FINES AND PENALTIES

SEC. 26. ***Engaging in Business without License to Operate.*** – Any LPG industry participant who engages in business without securing a License to Operate from the DOE as required under this Act shall be penalized with a fine of five thousand pesos (P5,000.00) for each day of operation without a License to Operate: *Provided*, That the maximum fine to be imposed shall be five hundred thousand pesos (P500,000.00) for an individual and one million pesos (P1,000,000.00) for a corporation.

1 SEC. 27. **Engaging in Business without Accreditation.** – Any
2 person who engages in the business of manufacturing LPG cylinder seals or
3 of re-qualifying, repairing or scrapping LPG cylinders without first securing
4 a certificate of accreditation from the DTI as provided under this Act, shall
5 be penalized with a fine of one million pesos (P1,000,000.00).

6 SEC. 28. **Refusal or Obstruction of Inspection.** – Any LPG industry
7 participant who refuses, prevents or obstructs the inspection of its premises
8 and records as required under this Act shall be penalized with a fine of three
9 hundred thousand pesos (P300,000.00) for the first violation, five hundred
10 thousand pesos (P500,000.00) for the second violation and revocation of the
11 License to Operate for the third violation.

12 SEC. 29. **Failure to Post License to Operate.** – Any LPG industry
13 participant concerned who fails or refuses to post its License to Operate
14 shall be penalized with a fine of not exceeding five thousand pesos
15 (P5,000.00) for each instance of violation.

16 SEC. 30. **Failure to Submit Reportorial Requirements.** – Any LPG
17 industry participant who fails to submit periodic reports as may be required
18 under existing laws particularly Republic Act No. 8479, otherwise known as
19 "Downstream Oil Industry Deregulation Act of 1998," within a reasonable
20 period and in the manner prescribed by the DOE, shall be penalized with a
21 fine of ten thousand pesos (P10,000.00) in case of an individual and twenty
22 thousand pesos (P20,000.00) in case of a partnership or corporation.

23 SEC. 31. **Illegal Storage.** – Any refiner, importer, refiller, hauler,
24 dealer, retail outlet or bulk consumer who stores LPG in bulk without
25 obtaining a License to Operate or Certificate of Non-Coverage as required
26 under this Act shall be penalized with a fine of not less than twenty
27 thousand pesos (P20,000.00) but not more than one hundred thousand
28 pesos (P100,000.00).

29 SEC. 32. **Failure to Comply with Product Standards.** – Any
30 concerned LPG industry participant who, by act or omission, fails to comply
31 with plant or product standards set by the DOE with respect to their specific
32 activity shall be penalized as follows:

1 (a) Non-compliance with DOE mandatory requirements on safety
2 designs for refilling plants, equipment, depots, centralized LPG distribution
3 systems and similar facilities shall be penalized with a fine of not less than
4 fifty thousand pesos (P50,000.00) but not more than five hundred thousand
5 pesos (P500,000.00). For this purpose, the DOE shall, after public
6 consultation, formulate a table of penalties to determine the imposition of
7 the minimum and the maximum penalty: *Provided*, That nothing in this
8 paragraph shall preclude the DOE from ordering the closure of the facility
9 until such time that the mandatory requirements have been met; and

10 (b) Failure to secure the required PNS Certificate for LPG cylinders
11 shall be penalized with a fine of five thousand pesos (P5,000.00) for each
12 non-compliant LPG cylinder used and distributed to consumers: *Provided*,
13 That the maximum fine to be imposed shall be five hundred thousand pesos
14 (P500,000.00) for an individual and one million pesos (P1,000,000.00) for a
15 corporation: *Provided, further*, That this section shall apply only after the full
16 implementation of the Philippine LPG Cylinder Improvement Program.

17 SEC. 33. **Adulteration.** – LPG-filled cylinders found to be mixed with
18 another finished or unfinished petroleum product or stock or with any non-
19 petroleum substance or material that will result in product quality change
20 or in the failure of the LPG to meet the required product specifications of the
21 DOE shall render the person in possession thereof prima facie liable for
22 violating this provision and shall be penalized with a fine of five thousand
23 pesos (P5,000.00) for each LPG cylinder containing adulterated LPG:
24 *Provided*, That the maximum fine to be imposed shall be five hundred
25 thousand pesos (P500,000.00) for an individual and one million pesos
26 (P1,000,000.00) for a corporation.

27 SEC. 34. **Underfilling.** – When the net quantity of LPG contained in
28 LPG cylinders intentionally sold, transferred, delivered or filled by refillers is
29 less than the LPG cylinder content required by the DOE at the filling plant,
30 the refiller shall be penalized with a fine of five thousand pesos (P5,000.00)
31 for each underfilled LPG cylinder: *Provided*, That the maximum fine to be
32 imposed shall be five hundred thousand pesos (P500,000.00) for an
33 individual and one million pesos (P1,000,000.00) for a corporation.

1 When the net quantity of LPG in cylinders intentionally sold,
2 transferred, or delivered by dealers or retail outlets is at least three tenths of
3 one kilogram (0.30 kg) less than the DOE-required LPG cylinder content
4 quantity, the dealers or retail outlets shall be penalized with the same fines
5 mentioned earlier in this paragraph: *Provided, further,* That when the net
6 quantity of LPG cylinders sold, transferred or delivered by dealers or retail
7 outlets is at least five hundred (500) grams less than the DOE-required LPG
8 cylinder content quantity, the said cylinders shall be confiscated outright
9 and the refillers, dealers or retail outlets thereof shall be penalized with the
10 aforementioned penalties.

11 The following shall be considered as prima facie evidence of
12 underfilling:

13 (a) A broken, tampered, absent or removed seal; or

14 (b) An LPG cylinder containing less than the required LPG quantity
15 which is not so identified and set apart or taken out from the sales area by
16 dealers or retail outlets shall be presumed to be for sale.

17 SEC. 35. **Illegal Refilling.** – The following shall constitute illegal
18 refilling of LPG cylinders under this Act:

19 (a) Refilling of LPG cylinder by a person or entity other than the brand
20 owner thereof, unless an express permission is granted by the brand owner
21 for such refilling as evidenced by a written contract or similar instrument;

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

25 (c) Refilling of LPG cylinder with bearing defaced, tampered or illegible
26 markings contrary to the mandatory labelling and stamping requirements
27 under this Act;

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

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

1 (f) Refilling LPG from one LPG cylinder to another without using the
2 prescribed equipment;

3 (g) Backyard refilling of LPG cylinder other than in properly designed
4 LPG refilling plants;

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

7 (i) Refilling of LPG cylinders for household or commercial use by Auto-
8 LPG Dispensing Stations;

9 (j) Refilling of LPG into single-trip or tin canister or cartridge not
10 designed or intended for LPG or not in compliance with existing PNS or, in
11 the absence of a PNS, without the express consent, approval or conformity of
12 the DTI;

13 (k) Any other refilling of LPG cylinders in violation of the mandatory
14 requirements or prescribed standards under this Act; and

15 (l) Unauthorized loading of bulk LPG tanks in industrial accounts.

16 An LPG industry participant found guilty of illegal refilling under this
17 section shall be penalized with a fine of five thousand pesos (Php5,000.00)
18 for each illegally-filled or refilled LPG cylinder, or imprisonment of at least
19 six (6) months but not more than two (2) years, or both, at the discretion of
20 the court: *Provided*, That subsequent violations shall be penalized with both
21 fine and imprisonment: *Provided, further*, That the maximum fine to be
22 imposed shall be five hundred thousand pesos (P500,000.00) for an
23 individual and one million pesos (P1,000,000.00) for a corporation: *Provided*,
24 *finally*, That illegally refilled LPG cylinders described in sub-paragraphs (c),
25 (d), (e), (f), (g), (h) and (i) above shall be confiscated outright and the refillers,
26 dealers or retail outlets thereof shall be penalized with the aforementioned
27 penalties.

28 SEC. 36. **Hoarding.** – Any LPG industry participant who, before a
29 price increase or in times of tight supply, unduly accumulates LPG products
30 beyond his normal inventory levels and unreasonably limits or refuses to
31 dispose of, sell, or distribute LPG products to the general public, even if the
32 buyer or consumer has the ability to pay in cash for the LPG products, shall
33 be penalized with a fine of at least one hundred thousand pesos

(P100,000.00) but not more than one million pesos (P1,000,000.00) and imprisonment of at least six (6) months but not more than two (2) years.

The determination of said participant's usual inventory shall be reckoned from the third (3rd) month immediately preceding the discovery of the stocks in case said participant has been engaged in the business for at least three (3) months. Otherwise, it shall be reckoned from the time the participant started the business.

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

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

(b) said LPG industry participant unreasonably limits, refuses or fails to sell the same to the general public at the time of discovery of the stocks.

SEC. 37. *Unauthorized Trading of LPG Cylinders.* – Any LPG industry participant who, without the consent of the LPG brand owner, stores or sells empty LPG cylinders in excess of those allowed by the DOE, through LPG cylinder swapping and other similar industry practices and exchanges, barters, sells, distributes or otherwise transfers ownership or possession thereof to a person or entity other than the LPG brand owner and without the authority of the LPG brand owner, shall be penalized with a fine of five thousand pesos (P5,000.00) for each illegally-stored or sold empty LPG cylinder: *Provided*, That the maximum fine to be imposed shall be five hundred thousand pesos (P500,000.00) in case of an individual and one million pesos (P1,000,000.00) in case of a corporation.

SEC. 38. *Tampering of LPG Cylinders and Similar Acts.* – Any person who destroys, tampers, alters or modifies LPG cylinders through any means such as, but not limited to, changing the LPG cylinder valve, repainting and re-labelling, by any person other than the LPG cylinder owner shall be penalized with a fine of five thousand pesos (P5,000.00) for each tampered or altered LPG cylinder: *Provided*, That the maximum fine to be imposed shall be five hundred thousand pesos (P500,000.00) for an individual and one million pesos (P1,000,000.00) for a corporation.

1 SEC. 39. **Illegal Possession of LPG Cylinder Seal.** – Any person
2 found in possession of LPG cylinder seals, including the seals already used
3 in the LPG cylinders without authority from the LPG cylinder owner or its
4 authorized refiller shall be penalized with a fine of five thousand pesos
5 (P5,000.00) for each LPG seal found in its or his possession: *Provided*, That
6 the maximum fine to be imposed shall be five hundred thousand pesos
7 (P500,000.00) for an individual and one million pesos (P1,000,000.00) for a
8 corporation.

9 SEC. 40. **Failure to Comply with Weighing Device Requirements.** –
10 Any refiner, importer, refiller, dealer or retail outlet who fails to comply with
11 the requirements pertaining to weighing devices as required by the DOE and
12 DTI, shall be penalized with a fine of ten thousand pesos (P10,000.00) in
13 case of an individual or twenty thousand pesos (P20,000.00) in case of a
14 corporation.

15 SEC. 41. **Overloading.** – Any hauler who loads and transports or
16 permits the loading and transportation of LPG cylinders in quantities greater
17 than the rated capacity of the vehicle or in such a manner that endangers
18 the life and safety of its passengers or the public, shall be penalized with a
19 fine of twenty thousand pesos (P20,000.00) in case of an individual and fifty
20 thousand pesos (P50,000.00) in case of a corporation: *Provided*, That the
21 penalties provided herein shall be without prejudice to its liability under
22 other laws for any damage or injury to person or property.

23 SEC. 42. **Importation of Used or Second-Hand LPG Cylinders.** –
24 Any person who imports used or second-hand LPG cylinders or containers,
25 without securing authority to import from the DTI, shall be penalized with a
26 fine of one hundred thousand pesos (P100,000.00) or five thousand pesos
27 (P5,000.00) per LPG cylinder or container whichever is higher and
28 imprisonment of at least six (6) months and one (1) day to two (2) years.

29 SEC. 43. **Sale or Distribution to Non-complying Persons or**
30 **Entities.** – Any LPG industry participant who knowingly sells or distributes
31 LPG products, LPG cylinders or LPG seals to persons or entities committing
32 any of the prohibited acts provided in this Act and in such other issuances
33 or orders to be issued by the DOE or the DTI as the case may be, shall be

1 penalized for each sale or distribution with a fine of not less than one
2 hundred thousand pesos (P100,000.00) but not more than five hundred
3 thousand pesos (P500,000.00).

4 SEC. 44. **Pilferage of LPG.** – Any person who pilfers LPG shall be
5 penalized with a fine of five hundred thousand pesos (P500,000.00) for an
6 individual and one million pesos (P1,000,000.00) for a corporation: *Provided,*
7 That subsequent violations shall be penalized with both fine and
8 imprisonment: *Provided, further,* That the maximum fine to be imposed shall
9 be five hundred thousand pesos (P500,000.00) for an individual and one
10 million pesos (P1,000,000.00) for a corporation.

11 SEC. 45. **Sale or Distribution of LPG-filled Cylinders Without**
12 **Seals.** – Any person, brand owner, its authorized refiller, dealer or retail
13 outlet who sells or distributes LPG-filled cylinders without seal, with
14 tampered, fake or broken seals, or with seal not belonging to the brand
15 owner shall be penalized with a fine of not less than five thousand pesos
16 (P5,000.00) for each LPG cylinder: *Provided,* That the maximum fine to be
17 imposed shall be five hundred thousand pesos (P500,000.00) for an
18 individual and one million pesos (P1,000,000.00) for a partnership or
19 corporation.

20 SEC. 46. **Refusal to Refund the Deposit.** – Any LPG brand owner, its
21 authorized dealer or retail outlet that refuses to refund the deposit on the
22 LPG cylinder to any consumer shall be administratively charged and upon
23 proper proof, shall be imposed a fine of one thousand five hundred pesos
24 (P1,500.00) for each LPG cylinder and a warning that its License to Operate
25 shall be suspended or revoked: *Provided,* That subsequent violations thereof
26 shall be imposed a fine of five thousand pesos (P5,000.00) per LPG cylinder
27 and the suspension and revocation of its License to Operate.

28 SEC. 47. **Sale of LPG in Canisters or Cartridges.** – It shall be
29 unlawful for any person to refill, sell, trade, or distribute LPG in single-trip
30 tin canister or cartridge that is intended or labeled as for one time use only,
31 not designed or intended for LPG, not in compliance with existing PNS or in
32 the absence of PNS, without the express consent, approval or conformity of
33 the DTI.

Any person who sells or distributes LPG in single-trip (non-refillable) canisters or cartridges which has been previously filled with butane and not designed or intended for refilling of LPG due to non-compliance with the PNS or not certified or allowed by the DTI shall be penalized with a fine of not less than five thousand pesos (Php5,000.00) for each LPG canister or cartridge: *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 partnership or corporation.

SEC. 48. ***Other Prohibited Acts.*** – The following acts shall likewise be prohibited:

(a) Sale, refill and distribution to or transactions with an LPG industry participant who has no license to operate;

(b) Manufacture, sale, or distribution of LPG cylinders to the local market without the necessary Philippine Standard (PS) marks and other markings as required by the PNS and its future amendments, or the detailed standard governing LPG cylinder manufacture, requalification, and repair;

(c) Sale and distribution of LPG cylinders considered substandard as defined by the PNS;

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

(e) Manufacture of LPG cylinders using substandard or non-industrial steel plates;

(f) Wrong or misleading information stamped on the LPG cylinder such as the tare weight; and

(g) Knowingly selling illegally-filled or refilled LPG cylinders by marketers, dealers or retail outlets.

A fine of at least five hundred thousand pesos (Php500,000.00) but not more than one million pesos (Php1,000,000.00) shall be imposed on any person, firm, partnership or corporation found guilty of committing any of the foregoing prohibited acts.

1 SEC. 49. **Share of LGUs on Fines and Penalties.** – The LGU
2 concerned shall be allotted a forty percent (40%) share of the proceeds from
3 fines and penalties collected by the DOE: *Provided*, That the remaining sixty
4 percent (60%) shall be remitted by the DOE to the National Treasury.

5 SEC. 50. **"Strike Three" Penalty.** – Any person convicted or found
6 administratively liable with finality of violating the provisions of this Act for
7 three (3) instances shall be perpetually disqualified from engaging in any
8 activity in the LPG industry.

9 SEC. 51. **Publication of Persons Convicted of Violations of this**
10 **Act.** – The DOE shall, on a quarterly basis, publish in a newspaper of
11 general circulation, the names of LPG industry participants found liable for
12 prohibited acts under this Act.

13 SEC. 52. **Violations by Juridical Entities.** – If the violation is
14 committed by a corporation, partnership, association, or other juridical
15 entity, the penalty of imprisonment shall be imposed on the responsible
16 directors or officers thereof. Any new juridical entity formed by persons
17 previously found in violation of the prohibited acts under this Act shall not
18 be eligible for any license to operate by the DOE. If the offender is an alien,
19 he shall be deported immediately, without further proceedings, after service
20 of sentence.

21 SEC. 53. **Imposition of Minimum and Maximum Penalty for**
22 **Administrative Actions.** – The DOE shall, after public consultation,
23 formulate a table of penalties to determine the minimum and maximum
24 penalty which shall be imposed for each prohibited act provided in this Act:
25 *Provided*: That the penalty shall be within the minimum and maximum
26 range provided for each prohibited act stated in this Act, and taking into
27 consideration the classification of the offender either as a retail outlet,
28 dealer, marketer, refiner, refiller, hauler, importer or hoarder, and the
29 number of times or instances such prohibited act is committed by the
30 offender: *Provided, further*, That nothing herein shall preclude the DOE from
31 ordering the suspension or cessation of the operation of the facility, or the
32 closure thereof until such time that the mandatory requirements or
33 corrective measures as directed by the DOE have been met.

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CHAPTER XII

FINAL PROVISIONS

SEC. 58. **Implementing Rules and Regulations.** – Unless otherwise expressly provided in this Act, the DOE shall, in consultation with the DTI, other appropriate agencies, and the LPG industry participants, be the lead agency to formulate, issue and promulgate the necessary implementing rules and regulations within sixty (60) days from the effectivity of this Act. The implementing rules and regulations shall cover, among others, guidelines and standards for LPG weighing devices, cylinder sealing, labeling requirements, quality standards, delivery vehicles, drivers, and attendants, and the Philippine LPG Cylinder Improvement Program.

SEC. 59. **Transition Phase.** – The DOE shall, upon prior consultation with the LPG industry participants and other government agencies, and taking into account data obtained from LPG industry participants and other sources, determine the appropriate period for the transition phase to allow for compliance by all LPG industry participants with the objectives of this Act.

SEC. 60. **Appropriations.** – The amount of two billion pesos (P2,000,000,000.00) annually for the first five (5) years of the implementation of this Act is hereby appropriated out of the Malampaya Fund being administered by the DOE. Thereafter, the same shall be included in the regular budget of the DOE in such amounts as may be necessary to fully implement the Philippine LPG Cylinder Improvement Program. Appropriations herein shall be utilized by the DOE only for the purpose of providing financial support and assistance to fund the implementation of the Philippine LPG Cylinder Improvement Program and shall in no way unduly burden, financially or otherwise, any LPG industry participant and/or consumer. Not more than ten percent (10%) of the amount herein appropriated shall be used for administrative costs in implementing the Philippine LPG Cylinder Improvement Program.

SEC. 61. **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 three (3)

1 senators and three (3) representatives to be appointed by the Senate
2 President and the Speaker of the House of Representatives, respectively. The
3 oversight committee shall be jointly chaired by the Chairpersons of the
4 Senate Committees on Energy and Trade and Commerce and the House
5 Committees on Energy and Trade and Industry: *Provided*, That the Minority
6 in both the Senate and the House of Representatives shall be equitably
7 represented therein: *Provided, further*, That the Oversight Committee shall
8 exist for a period of _____ years from the effectivity of this Act.

9 The mandate given to the Joint Congressional Oversight Committee
10 under this Act shall be without prejudice to the performance of the duties
11 and functions by the respective existing oversight committees of the Senate
12 and the House of Representatives.

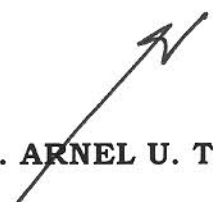
13 SEC. 62. **Construction and Interpretation.** – Any doubt in the
14 interpretation of any provision in this Act shall be interpreted in favor of the
15 interest of the consumers particularly to ensure access to reasonably-priced
16 LPG and the safety of the consumers and the general public.

17 SEC. 63. **Separability Clause.** – If for any reason, any chapter,
18 section or provision of this Act shall be declared unconstitutional, illegal, or
19 invalid, such parts not affected thereby shall remain in full force and effect.

20 SEC. 64. **Repealing Clause.** – All laws, decrees, executive orders,
21 proclamations and administrative regulations, or parts thereof inconsistent
22 herewith are hereby repealed or modified accordingly.

23 SEC. 62. **Effectivity Clause.** – This Act shall take effect fifteen (15)
24 days after its publication in the Official Gazette or in at least two (2)
25 newspapers of general circulation.

26 Approved,



HON. ARNEL U. TY