

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8387



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

The Philippines has 529.5 kilometers of natural gas transmission pipelines that transport gas from the Malampaya Gas Field to fuel three power plants: the 500 MW San Lorenzo, 1,000 MW Sta Rita and 1,200 MW Ilijan power plants in Batangas province. Nine other natural gas pipeline projects are in the construction pipeline for Luzon from 2017 to 2022¹.

According to the government's Philippine Energy Plan (PEP) these are the Batangas-Manila 1 (BatMan 1), BatMan 2, Bataan-Cavite (BatCave), Subic Pipeline, Clark Pipeline, Subic-Fort Bonifacio Pipeline, Sucat-Malaya, Sucat-Quirino lines and a city gas distribution network—the EDSA-Taft Gas Pipeline².

In the US, oil and natural gas pipelines traverse the United States through a network of underground pipelines that transport product throughout the lower 48 states and Alaska. According to the U.S. Department of Transportation (DOT), pipelines are the safest mode of transportation for these products, safer than movement by rail, barge or truck.

The Office of Pipeline Safety within the US DOT is responsible for establishing and enforcing proper design, construction, operation, maintenance, testing and inspection standards for both oil and natural gas pipelines. However, such a system is not existing currently in the Philippines.

This proposed measure seeks to provide the Department of Energy (DOE) the jurisdiction that will regulate, monitor, and oversee the operations of petroleum pipelines in the country. This measure likewise mandates the DOE to establish a Petroleum Pipeline Code that will serve as basis for the regulation, monitoring, and overseeing operations of petroleum pipelines in the country.

Thru this measure, it is hoped that we will be able to review, expand, improve, and promote regulations on our pipeline systems to ensure their safety and reliability. Hence, immediate passage of this measure is sought.


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

¹ <https://www.manilatimes.net/pipelines-in-the-pipeline/79789/>

² Ibid

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AN ACT
TO STRENGTHEN THE JURISDICTION AND POWER OF THE DEPARTMENT
OF ENERGY OVER PETROLEUM PIPELINE OPERATIONS AND FOR THIS
PURPOSE PROVIDE A PETROLEUM PIPELINE CODE TO PRESCRIBE
STANDARDS FOR THE DESIGN, CONSTRUCTION, OPERATION AND
MAINTENANCE AND ABANDONMENT OF LIQUID PETROLEUM PIPELINES
AND APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

CHAPTER I
GENERAL PROVISION

SEC.1. Short Title. This Act shall be known as the "Philippine Pipeline Act of 2018".

SEC.2. Declaration of Policy.- It is hereby declared the policy of the State to:

- a) Promote transportation of liquid petroleum products thorough pipelines as a safe and efficient way of transporting liquid petroleum products;
- b) Provide for basic safety rules in petroleum pipeline operations and enhance reliability in the transportation of oil and liquid petroleum products by pipeline in the country;
- c) To encourage the inflow of private capital to encourage the use and development of petroleum pipelines; and
- d) To protect the public interest be ensuring the unhampered use of pipelines as a mode of transporting petroleum, especially to urban areas.

SEC.3. Scope and Application.- Except as otherwise provided herein, this Act shall apply to all existing and future petroleum pipelines in the country.

1 **SEC.4. Definition of Terms.**
2

- 3 a) *Act* – shall refer to the Philippine Pipeline Act of 2018;
4
5 b) *Concession* – shall refer to the authority granted to a Person for the right to own,
6 establish, provide, construct, install, operate and maintain Petroleum Pipeline
7 systems for transporting Petroleum Products;
8
9 c) *Contract of Concession* - shall refer to the agreement executed between the DOE
10 on behalf of the Government of the Republic of the Philippines and a Pipeline
11 Operator granting a Pipeline Concession;
12
13 d) *Crude Oil* – means oil in its natural state before the same has been refined or
14 otherwise treated, excluding water and foreign substances;
15
16 e) *DILG* – shall refer to the Department of Interior and Local Government;
17
18 f) *DOE*- shall refer to the Department of Energy;
19
20 g) *DOH* – shall refer to the Department of Health;
21
22 h) *DOTr* – shall refer to the Department of Transportation;
23
24 i) *DPWH* – shall refer to the Department of Public Works and Highways;
25
26 j) *Grantee* – shall refer to a Person to whom a Concession for Petroleum Pipeline
27 Operations has been granted by law;
28 k) *Local Government Units of LGUs*- shall refer to the local government units
29 created under the Local Government Code;
30
31 l) *MMDA*- shall refer to the Metro Manila Development Authority;
32
33 m) *National Pipeline Board or NPB*- shall refer to the Board created under Chapter
34 VI, Section 16 of this Act;
35
36 n) *Petroleum Pipeline*- shall refer to the system of Pipelines, including related
37 Pipeline Facilities through which Petroleum Products are transported, including
38 without limitation the pipeline, valves, break out tanks and other appurtenances
39 connected to the pipeline and pumping units;
40
41 o) *Petroleum Products*- shall refer to any liquid petroleum product obtained from
42 distilling and processing of crude oil, unfinished oils, natural gas liquids and
43 other hydrocarbon compounds. The term shall exclude natural gas and liquefied
44 natural gas;
45
46 p) *Petroleum Pipeline Operations*- shall refer to the business of engaging in the
47 engaging in the Transportation of Petroleum Products through a Petroleum
48 Pipeline;
49
50 q) *Petroleum* – shall refer to crude oil, condensate and liquefied petroleum gas;

- 1
2 r) *Person* – includes a natural person, corporation, or partnership;
3
4 s) *Pipeline or Line Pipe* – shall refer to a tube, usually cylindrical, through which
5 liquid Petroleum Product flows from one point to another;
6
7 t) *Pipeline Facility(ies)* – shall refer to a new or existing Pipeline, including right-
8 of-way and equipment, facility or building used in the Transportation of
9 Petroleum Products;
10
11 u) *Pipeline Operators* – Persons operating Petroleum Pipeline or Pipeline systems;
12
13 v) *PNP* – shall refer to the Philippine National Police; and
14

15 **CHAPTER II**
16 **JURISDICTION OF THE DEPARTMENT OF ENERGY**
17

18 **SEC.5. *Jurisdiction.***– This Act strengthens and confirms the sole regulatory and
19 administrative power and authority of the DOE to supervise and regulate Petroleum Pipeline
20 Operations. In addition to its existing powers and functions, the DOE shall have the sole
21 responsibility to supervise and regulate Petroleum Pipeline Operations. It shall:
22

- 23 a) Formulate, in consultation with petroleum pipeline industry participants, a
24 Petroleum Pipeline Code and such other rules and regulations to Implement this
25 Act: *Provided that*, said regulations shall not be inconsistent with the standards
26 and regulations adopted under the Petroleum Pipeline Code;
27
28 b) Ensure the reliability and safety of transporting liquid petroleum products through
29 pipelines;
30
31 c) Enforce the Petroleum Pipeline Code as well as rules and regulations
32 implementing this Act;
33
34 d) Exercise original and exclusive jurisdiction over questions and cases involving
35 Concessions as well as fees and fines imposed by the DOE in the exercise of the
36 foregoing functions; and
37
38 e) Exercise such other powers and functions as may be necessary to attain the
39 objectives of this Act.
40

41 **CHAPTER III**
42 **PIPELINE CONCESSION**
43

44 **SEC.6. *Nature of a Pipeline Concession.***– A Concession is an authority granted to a
45 Person for the right to establish, own, operate and maintain a Petroleum Pipeline(s) for
46 transporting Petroleum Products. No Person may engage in Petroleum Pipeline Operations
47 without a valid Concession obtained from the DOE: *Provided that*, Persons who are holders
48 of existing Concession or are existing Pipeline Operators shall not be required to secure a
49 new Concession from the DOE for the remaining period of their current Concession.
50

SEC.7. *Philippine Ownership Requirement.* – No Concession for the ownership establishment, operation and maintenance of a Pipeline shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty percent (60%) of whose capital is owned by such citizens.

SEC.8. Term of Concession.- The Concession shall be valid for a term of twenty five (25) years, renewable for another twenty five (25) years, provided that, due consideration will be given for the automatic renewal of the Grantee's Concession in view of the Grantee's sizeable investments, infrastructure and installations or the necessity and/or urgency of maintain the Pipeline to serve public interest. For existing Pipeline Operators, the term Concession shall be provided in their existing Concession Agreements: *Provided that*, existing Pipeline operators may apply for a contract of Concession under this Act prior to the expiration of their current Concession.

CHAPTER IV

PROCEDURES FOR APPLICATION OF CONCESSION

SEC.9. Application of Concession.- Any applicant for Concession shall apply with the DOE pursuant to the requirements herein. An application for Concession under this Act shall be filed with the Oil Industry Management Bureau (OIMB) of the DOE which shall examine and pass upon the same as well as upon the qualifications of the applicant.

SEC.10. *Requirements.*- The applicant must demonstrate that it is legally existing and qualified to conduct its business under Philippine laws and, taking into account the length and location of the Petroleum Pipeline, is financially and technically capable of operating and maintaining the same pursuant to this Act, the Petroleum Pipeline Code and the rules and regulations implementing this Act.

SEC.11. *Public Note.*-The OIMB shall issue a public notice of all Concession applications and afford interested parties an opportunity to comment on such applications. If no opposition is filed within the period provided in the public notice, it shall be conclusively presumed that no such opposition exist. Thereafter, no objection from third parties to granting of the Concession shall be heard and the Contract of Concession shall be executed by the Secretary of the DOE on behalf of and for the Republic of the Philippines, and the Grantee, in accordance with this Act, the implementing rules and regulations and existing laws.

SEC.12. Disposition of Opposition to the Concession.- If an Opposition is filed in accordance with Section 11 hereof, the DOE shall, decide based on the qualifications of the applicant pursuant to this Act, the implementing rules and regulations as well as merits of the oppositor's claims if the applicant is duly qualified to be granted a Concession. The DOE may require submission of additional documents and other papers and shall render a decision within fifteen (15) days from the date of filing of the opposition or from the date the case is deemed submitted for resolution as may be provided in the implementing rules and regulations, without prejudice to the right of any aggrieved party to appeal to the courts pursuant to the Rules of Court.

SEC.13. Issuance of Concession.- The DOE shall issue a Contract of Concession upon its determination that the establishment, operation and maintenance of the Petroleum Pipeline(s) by the applicant is consistent with this Act. The Contract of Concession shall state definitely the principal rights and obligations of the parties concerned pursuant to this Act.

1 **SEC.14. Registry of Pipeline Operators.-** The DOE shall establish and maintain a
2 registry of all pipeline operators or Concession Grantees.

3
4 **CHAPTER V**
5 **RIGHTS GRANTED**
6

7 **SEC.15. Grant of Right.** – Grantees of Pipeline Concessions acquire the right to own,
8 construct, establish, operate and maintain a Petroleum Pipeline to transport Petroleum
9 Product, by means of, and through, a Pipeline or system of Pipelines, between the sources of
10 production and/or refining and/or supply (storage) the places defined in the Pipeline
11 Concession, in accordance with the provision of this Act and the implementing rules and
12 regulations.

13
14 The right includes the construction, installation and operation of pipelines, pipeline
15 facilities, pumping stations, storage tanks and other buildings, water supply and
16 communication systems, roads, and such other equipment or facilities as may be needed by
17 the Grantee to conduct its Petroleum Pipeline Operations.

18
19 Among other things, the Contract of Concession shall state definitely:
20

- 21 a) The right of the Grantee to own, construct, install, operate and maintain a
22 Petroleum Pipeline system passing through a designated area(s), specifying the
23 province(s), city(ies), and/or municipality(ies);
24
25 b) The Grantee's right to acquire rights of way, easements and other similar right on,
26 over, under, across and through the designated area(s) or adjacent thereto;
27
28 c) The right of eminent domain to be exercised by the Government, as represented
29 by the DOE, for and on behalf of and/or through the Grantee, over private
30 property when the occupation of private land is needed by the Grantee in
31 connection with his Concession, for the purpose of constructing, installing,
32 maintain and operating Petroleum Pipelines, road, wells, tanks, reservoirs,
33 pumping stations for public use or benefit;
34
35 d) Term of Concession;
36
37 e) Right to receive assistance from the DOE in obtaining fiscal and non-fiscal
38 incentives granted by this Act;
39
40 f) Right to receive assistance form the DOE and/or other government
41 instrumentalities in securing permits, licenses and clearances relating to the
42 Petroleum Pipeline Operations; and
43
44 g) Other rights consistent with this Act.

CHAPTER VI
THE NATIONAL PIPELINE BOARD AND THE PETROLEUM PIPELINE CODE

SEC. 16. *National Pipeline Board.*- There is hereby created the National Pipeline Board. The NPB shall be composed of the Secretary of the DOE as Chairman and the Secretaries of the Department of Environment and Natural Resources, Department of Transportation, and the Department of Public Works and Highways, as members, and representatives from Pipeline Industry operators, who shall automatically be members by reason of being Grantees of a Pipeline Concession. The DOE Secretary, in his capacity as Chairperson, shall, within thirty (30) days from the effectivity of this Act, convene the NPB to discharge its powers and functions as provided in Section 17 hereof. The Board shall be assisted by a Technical Secretariat and the corresponding positions shall be determined by the Board, subject to approval by the Department of Budget and Management (DBM) and existing civil service rules and regulations.

SEC.17. *Powers and Functions of the NPB.* - The NPB shall have the following powers and functions:

- a) It shall recommend to the DOE the standards for the design, construction, pressure testing, operation, and maintenance, corrosion control and abandonment of Petroleum Pipeline systems. Within thirty (30) days from enactment of this Act, the NPB shall formulate a Petroleum Pipeline Code for approval by the DOE. The NPB may adopt such relevant and applicable standards from the United States Department of Transportation Regulations and American Society of Mechanical Engineers on Petroleum Pipelines as well as other internationally accepted standards for Petroleum Pipelines. In view of changes in internationally accepted Petroleum Pipeline standards and Pipeline standards and Pipeline technologies, the NPB may revise and/or amend the Petroleum Pipeline Code; *Provided that*, the NPB may only introduce amendments after sufficiently holding consultations with all its members to ensure transparency and further encourage private sector participation. The NPB may call on members from the academic community and experts from the private sector, and other pipeline industry participants as resource persons to aid in updating the Petroleum Pipeline Code. There shall be a mandatory review of the Petroleum Pipeline Code set pursuant to the provisions of this Act every two (2) years;
- b) In carrying out its duties and functions under this section, it shall, whenever appropriate, be authorized to utilize agencies of the government to obtain technical, economic and statistical information and advice; and
- c) It shall conduct periodic analyses of the domestic transport of Petroleum Products by Pipeline. Such analyses should identify the areas through which the Pipeline traverse where unplanned loss of Petroleum Pipeline may cause shortages of Petroleum Products or price disruptions and where shortages of Pipeline capacity and reliability concerns may have or are anticipated to contribute to shortages of Petroleum Products or price disruptions. Upon identifying such areas, the NPB may determine if the current level of regulation is sufficient to minimize the economic impact of such unplanned losses of Pipeline capacity. In preparing any analysis hereunder, the NPB may consult with the heads of other government agencies and public and private sector experts in Petroleum Pipeline Operations

1 and other forms of Transportation of Petroleum Products, energy consumption,
2 pipeline capacity, population and economic development.
3

4 CHAPTER VII 5 RIGHT OF WAY, EXPROPRIATION, EASEMENT 6

7 **SEC.18. *Grant of Right of Way.***- As may be required by the DOE or granted by the
8 Concession, all government agencies and/or instrumentalities, including but not limited to the
9 DPWH, the relevant LGUs, MMDA, their successors and assigns, shall grant the necessary
10 right of way over non-private property within their jurisdiction.
11

12 **SEC.19. *Priority.***- Due to the importance of a steady, safe and efficient supply of
13 Petroleum Products, priority shall, whenever practicable, be given to Pipeline Operators in
14 acquiring right of way over government property.
15

16 **SEC.20. *Right of Way over Private Property, Expropriation.***- The DOE shall assist
17 or represent Grantees of Concessions in procuring the necessary right of way over private
18 property.
19

20 When the occupation or possession of private land is needed by the Grantee in
21 connection with its Concession, for the purpose of constructing, installing, maintaining and
22 operating pipelines, reservoirs, wells, roads, railroads telephone and telegraph lines, airfields,
23 radio station, powerhouse, transmission lines, pumping stations, wharves, piers, and
24 terminals, which are hereby declared to be for public use or benefit, the right of eminent
25 domain may be exercised by the Government, as represented by the DOE, for and on behalf
26 of the Grantee, in accordance with applicable laws on the matter. In all cases of voluntary
27 agreement between the Grantee and a private landowner, a copy thereof shall be furnished the
28 DOE. For the purpose of this Section, the necessity of the work in Petroleum Pipeline
29 Operations will be presumed in cases of construction of Pipelines, tanks, pumping stations,
30 power systems, and other means of transportation and communication, including any
31 auxiliary facilities and works.
32

33 **SEC.21. *Easement Over Public Land.*** - When easement or right of temporary
34 occupancy over public land is needed by a Grantee for the purpose of carrying out any work
35 necessary to its Petroleum Pipeline Operations, such right may be granted by the Government
36 through the DOE subject to applicable laws and regulations. The same presumption in
37 Section 20 applies in this instance.
38

39 CHAPTER VIII 40 COMPLIANCE WITH STANDARDS 41

42 **SEC.22. *Petroleum Pipeline Code.***- All Grantees of a Pipeline Concession under this
43 Act shall provide safeguards for the safety, reliability, adequacy, security, stability and
44 integrity of their Petroleum Pipeline systems in accordance with the technical specifications
45 and performance standards set forth in the Petroleum Pipeline Code to be promulgated by the
46 NPB, as may be amended.

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CHAPTER IX PIPELINE SECURITY

SEC.23. Pipeline Security; One Call System.- It is hereby declared that Petroleum Pipeline systems are imbued with public interest. For this purpose, the DOE, in coordination with the DND, DPWH, PNP, MMDA, DILG, LGUs and the appropriate government agencies and instrumentalities shall implement a one-call system, whereby any third party shall report to a designated agency any possible excavation, installation or activity which may affect Pipelines as well as any act which may result in damage to property or injury to persons. The one-call system is intended to bring to immediate notice of the foregoing to the affected Grantee or other underground utility providers and to provide a mechanism for immediate liaison and coordination with all relevant government agencies to avoid damage to or loss of property as well as injury to persons.

The DOE shall implement a procedure for a systematic response to emergency cases, including without limitation, incidents involving leaks, breaches on the Pipelines or Pipeline facilities and other similar occurrences, whereby there will be immediate, appropriate and coordinated response actions from the concerned LGUs, Bureau of Fire Protection, the DENR, DOH and such other government agencies and instrumentalities. In case of remediation or clean-up, the DENR shall be the lead agency (in coordination with other government agencies or instrumentalities) in directing the clean-up of affected areas premised on a risk based criteria.

SEC.24. Inter-agency Cooperation.- Should the DOE find it necessary, it shall consult, participate, cooperate and enter into agreement with other government agencies and instrumentalities, non-governmental organizations or people's organizations and private enterprise in the furtherance of the foregoing objectives.

CHAPTER X ROLE OF GOVERNMENT AGENCIES

SEC.25. Role of Government Agencies.- In the Implementation of the provisions of this Act, its implementing rules and regulations and related laws, the following agencies shall perform, among others, the following functions:

a) The DOTr shall:

1. Assist in coordinating networks for the transportation of Petroleum as well as the fast and safe transportation services thereof, as determined by the DOE; and
2. When requested by the DOE, assist the DOE in identifying routes, zones or areas of operations of particular operators.

b) The DPWH shall, when necessary, provide the technical support in the construction and installation of Petroleum Pipelines.

c) The DILG shall:

- 1 1. Provide, through the Philippine National Police (PNP), manpower and
2 available resources to Grantees of Pipeline Concessions in case of threats to
3 the security of the Pipelines and other similar acts;
- 4
- 5 2. Employ the assistance, cooperation and coordination of LGUs in the
6 implementation of the policies and orders issued by the DOE; and
7
- 8 3. Mobilize the Bureau of Fire and Protection (BFP) to ensure the prevention and
9 suppression of all destructive fires on the Petroleum Pipeline installations.
10
- 11 d) The corresponding LGUs, where the Pipeline are situated, shall share in the
12 responsibility of implementing safety and prevention measures within their
13 territorial jurisdiction solely with respect to third parties who may affect the
14 Pipelines situated within their respective territorial jurisdictions.
15

16 CHAPTER XI 17 ABANDONMENT AND DECOMMISSIONING 18

19 **SEC. 26. *Abandonment and Decommissioning.***- At the expiration of the term of the
20 Contract of Concession or a renewal thereof, or when a Pipeline has come to the end of its
21 useful life and/or users or customers of the Petroleum Product have discontinued using the
22 Pipeline to transport Petroleum Products or there are no foreseeable new users or customers
23 in the future, the Grantee shall undertake Pipeline decommissioning and cleaning. The
24 Pipeline shall be cleaned and decontaminated before it can be either left in its existing place
25 or dismantled for proper disposal.
26

27 The DOE, through the appropriate regulations, may provide guidelines for:
28

- 29 a) the clean-up of residual fluids in the Pipeline and proper disposal thereof in
30 accordance with applicable environmental laws and regulations;
31
- 32 b) decontaminated Pipelines which may be trenched or buried underground;
33
- 34 c) environmental concerns have been addressed; and
35
- 36 d) whether such Pipelines can be left in place without creating any risk to the
37 surrounding environment or to the community.
38

39 **SEC.27. *Decommissioning Fund.***- For this purpose, the DOE shall, after public
40 consultation with Pipeline Operators and Pipeline industry participants, implement a system
41 whereby the Pipeline Operator shall collect from its users or customers decommissioning
42 costs/fees, to be agreed upon between the Pipeline Operator and the users or customers.
43 These decommissioning costs or fees shall be held in a Decommissioning Fund, established
44 jointly by the Pipeline Operator and its users or customers and administered by the Pipeline
45 Operator specifically to pay for the costs of decommissioning. The Decommissioning Fund
46 shall not be subject to Value Added tax, income tax and such other taxes, charges and fees.

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**CHAPTER XII
FISCAL INCENTIVES**

SEC.28. Taxes.- Pipeline operations shall be subject to the payments of all taxes, duties, fees or charges and other impositions under the National Internal Revenue Code of 1997, as amended, and other applicable laws; *Provided however*, that in recognition of the substantial investments needed for the construction, installation, operation and maintenance of the Grantee, the Grantee shall be entitled to an income tax holiday and such other incentives granted to pioneer enterprises under the Omnibus Investment Code, as amended.

SEC.29. Customs Duties.- The Grantee may import, free of applicable customs duties and charges all equipment, machinery, material, instruments, supplies and accessories necessary for the installation, construction, operation and maintenance of the Petroleum Pipeline.

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**CHAPTER XIII
FORCE MAJEURE AND/OR FORTUITOUS EVENTS**

SEC.30. Force Majeure and/or Fortuitous Events.- Failure on the part of the Grantee to fulfill any of the terms and conditions provided by this Act or its implementing rules and regulations or by other relevant laws shall not be deemed a breach of such obligation on the part of the Grantee in so far as such failure results from force majeure and/or fortuitous events, including without limitation, acts of God, war, insurrection, riot, civil, commotion, strike, tide, storm, flood, lightning, explosion, fire, earthquake, passage of laws, orders and rules and any other happening which the Grantee could not reasonably prevent, control or avoid.

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**CHAPTER XIV
PROHIBITED ACTS**

SEC.31. Prohibited Acts.- Without the prior written consent of the Grantee, it shall be unlawful for any Person to:

- a) Demolish, excavate, tunnel, or construct, drill, install, or make improvements within five (5) meters from the nearest portion of the Pipeline facility;
- b) Cut, saw slice, separate, split, sever, smelt, remove mutilate, alter, tap, reconnect, disconnect, or in any way tamper any Pipeline or part thereof, or any other pipeline related installation from the place of installation of any other place or site where it may be rightfully or lawfully situated;
- c) Take, carry, away, transport, transfer, move, with or without the use of a motor vehicle or any other means of conveyance, the Pipeline, or part thereof, or any other Pipeline related installation;
- d) Store, possess, or otherwise keep in his premises, custody or control, any portion of the Pipeline including Pipeline related installation; and
- e) Knowingly use or receive direct benefit of petroleum delivery service obtained through any of the acts mentioned in paragraphs (a), (b), (c) and (d) above.

1
2 **SEC.32. Fines and Penalties for Unlawful Acts.-** Any person who commits any of
3 the foregoing acts shall suffer the penalty of a fine of not less than Ten Thousand Pesos
4 (PhP10,000.00) but not more than Five Million (PhP5,000,000.00) or imprisonment of not
5 less than six (6) months, or both shall be imposed. If the offender is a juridical person, the
6 president, manager, directors, trustees, officers or the officials directly in charge of the
7 operations shall suffer the penalty herein provided.

8
9 **CHAPTER XV**
10 **APPROPRIATIONS**

11
12 **SEC.33. Appropriations.-** Such sums as may be necessary for the initial
13 implementation of this Act shall be taken by the DOE from its annual appropriation.
14 Thereafter, the fund necessary to carry out the provisions of this Act shall be included in the
15 annual General Appropriations Act.

16
17 **CHAPTER XVI**
18 **FINAL PROVISIONS**

19
20 **SEC.34. Implementing Rules and Regulations.-** The DOE, in coordination with the
21 NPB, shall promulgate the necessary implementing rules and regulations within thirty (30)
22 days after the effectivity of this Act. There shall be a mandatory review every two (2) years
23 of the implementing rules and regulations and the pipeline standards set pursuant to the
24 provisions of this Act.

25
26 **SEC.35. Separability Clause.-** If any provision of this Act is declared invalid or
27 unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

28
29 **SEC.36. Non-Retroactivity Clause.-** Concessions which have been granted under
30 previous laws at the time this Act becomes effective, shall remain effective and shall continue
31 to operate under their existing Concessions or authority.

32
33 **SEC.37. Grantees of Concession under Other Laws.-** Nothing in this Act shall be
34 deemed to revoke any existing Concession granted under the Petroleum Act of 1949, as
35 amended, or other administrative or regulatory permit, authority or contract, which
36 Concession, Permit, Authority or Contract shall be allowed to its full term or renewal thereof,
37 but may not be renewed except pursuant to the provision of this Act.

38
39 **SEC.38. Precursor Law.-** Under the Petroleum Act of 1949, as amended, the power
40 to grant pipeline concessions was granted to the Secretary of Agriculture and Natural
41 Resources. The authority over pipeline concessions under the Petroleum Act was transferred
42 to the Petroleum Board pursuant to Presidential Decree No. 782 dated 25 August 1975. The
43 Petroleum Board was thereafter abolished and its powers and functions were transferred to
44 the Energy Development Board in accordance with Presidential Decree No. 910 dated 22
45 March 1976. The Energy Development Board (EDB) was abolished by Presidential Decree
46 No. 1206 dated 6 October 1977. The powers and functions of the EDB were transferred to the
47 Bureau of Energy Development under the Department of Energy pursuant to Section 12 of
48 Presidential Decree No. 1206. Presidential Decree No. 1700 issued on 10 July 1980 amended
49 Presidential Decree No. 1206 by transferring the power to regulate and fix the rates of
50 pipeline concessionaires under the Petroleum Act to the Board of Energy. The powers of the

1 Board of Energy to grant and regulate pipeline concessions were later transferred to the
2 Energy Regulatory Board under Section 3 of Executive Order No. 172. Executive Order 193
3 abolished the Bureau of Energy Development on 10 June 1987 and transferred its pertinent
4 functions to the Office of the Deputy Director for Energy Operations of the Office for Energy
5 Affairs. The non-price regulatory jurisdiction, powers and functions of the Energy Regulatory
6 Board were thereafter transferred to DOE, pursuant to Section 12 (c) and 18 of Republic Act
7 No. 7638, otherwise known as the Department of Energy Act of 1992. Subsequently, the
8 powers and functions of the Energy Industry Administration Bureau, which includes the
9 formulation and implementation of policies, programs and regulations on the downstream oil
10 industry, including the transportation of petroleum crude oils, products and by-products, were
11 transferred to the Oil Industry Administration Bureau under Administrative Order No. 38
12 issued on 23 August 2002. Pursuant to Section 44 of Republic Act No. 9136, otherwise
13 known as the "Electric Power Industry Reform Act of 2001", the non-price regulatory
14 functions of the Energy Regulatory Board were transferred to the Energy Regulatory
15 Commission.

16
17 **SEC.39. Repealing Clause.-** The provisions of Republic Act No. 387, otherwise
18 known as the "Petroleum Act of 1949", as amended and the provisions of all foregoing
19 precursor laws, and such other laws, acts, executive orders, rules and regulations and other
20 issuances inconsistent with this Act are hereby repealed or modified accordingly.

21
22 **SEC.40. Transitory Provision.-** Pipeline Operators or Grantees of Petroleum Pipeline
23 Concessions which have been constructed and have commenced operation prior to the date of
24 effectivity of this Act shall continue to operate under their existing authorities. Nothing in
25 this Act shall be deemed to revoke or otherwise modify any of the powers and functions of
26 the Director of Mines and the Secretary of Agriculture and Natural Resources and its
27 successors and assigns under the Petroleum Act of 1949, as amended, any existing
28 Concession granted under the Petroleum Act of 1949, as amended, or any administrative or
29 regulatory permit or concession, which concession certificate or franchise shall be allowed to
30 its full term but may not be renewed except pursuant to the provisions of this Act.

31
32 **SEC. 41. Effectivity.-** This Act shall take effect after fifteen (15) days following the
33 completion of its publication either in the Official Gazette or in newspaper of general
34 circulation in the Philippines.

Approved,