

Republic of the Philippines
HOUSE OF REPRESENTATIVES

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7251



Introduced by HONORABLE WES GATCHALIAN

AN ACT
PROVIDING FOR THE NATIONAL ENERGY POLICY AND REGULATORY
FRAMEWORK FOR THE PHILIPPINE LIQUEFIED PETROLEUM GAS INDUSTRY

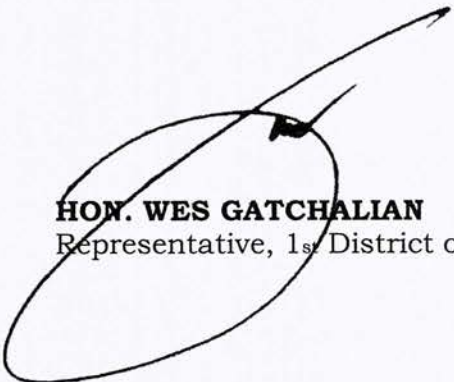
EXPLANATORY NOTE

Regulation of the Liquefied Petroleum Gas (LPG) industry is one of the relatively overlooked sectors in the Philippines. Since the enactment of Republic Act No. 8479, or the “Downstream Oil Industry Deregulation Act of 1998” – which seeks to *“liberalize and deregulate the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally-clean and high quality petroleum products”* – two (2) major issues have troubled the industry. *First*, the prices of LPG have more than doubled, despite the existing mandate of the Department of Energy (DOE) to regulate such. *Second*, accidents due to lack of regulation has caused the destruction of lives and properties of many Filipinos.

At least in the foreseeable future, LPG will continue to be a basic necessity in a household. As legislators are well aware of this, they have tried to come up with several measures that will address the issue. For instance, during the Seventeenth (17th) Congress, the Technical Working Group (TWG) convened by the House Committee on Energy approved a substitute bill on the safe operations of the LPG industry. During the Sixteenth (16th) Congress, a bill similar to the one I am filing now was approved on third reading and subsequently transmitted to the Senate for appropriate action. Now, as the need to strengthen and streamline the laws and regulations overseeing the LPG industry in the country remains relevant, this Congress must once again revisit the measure and build on the progress achieved before.

This bill seeks to provide a national energy policy and regulatory framework that would govern the following activities in the LPG value chain: importation, refining, refilling, transportation, conveyance, distribution, and marketing of LPG, and manufacturing, requalifying, exchanging, and swapping of LPG pressure vessels. By providing a comprehensive legal framework, this bill seeks to institute reforms in the LPG industry, address concerns in health, safety, security, and the environment, and effectively ensure that that consumer welfare remains paramount.

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



HON. WES GATCHALIAN

Representative, 1st District of Valenzuela

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be referred to as the “LPG Act.”

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

- (a) Ensure the health, safety, security, environmental, and quality standards for the importation, refining, refilling, transportation, distribution, and marketing of liquefied petroleum gas (LPG), and the manufacture, requalification, exchange, swapping, or improvement of LPG pressure vessels;
- (b) Institute reforms in the existing standards of conduct and codes of practice for the LPG industry;
- (c) Uphold the right of consumers to freely choose the LPG brand they want to purchase; and
- (d) Promote awareness regarding the health, safety, security, environmental, and quality standards for the proper use of LPG pressure vessels and ancillary equipment through information dissemination and consumer education campaigns.

SEC. 3. *Scope and Application.* – This Act shall apply to the following:

- (a) Importation, refining, refilling, transportation, distribution, and marketing of LPG;

- (b) Manufacture, requalification, exchange, swapping, improvement, or scrappage of LPG pressure vessels; and
- (c) Safe operations of all LPG products for residential, commercial, industrial, and automotive use, and the entire LPG industry.

SEC. 4. Definition of Terms. – For purposes of this Act, the following terms shall be defined as stated below:

- (a) *Accreditation* refers to the formal recognition of competency given by the Department of Trade and Industry (DTI), through a certificate of accreditation, stating that a manufacturer, re-qualifier, or repairer of LPG pressure vessels has complied with all the documentary requirements, quality and safety standards, and the specific Philippine National Standards (PNS) prescribing the method of manufacture, requalification, or repair of LPG pressure vessels and other applicable PNS;
- (b) *Activity* refers to:
 - (i) Refining, manufacturing, importing, exporting, shipping, transporting, hauling, storing, refilling, distributing, marketing, and selling of LPG for residential, commercial, industrial, or automotive use, and
 - (ii) Manufacturing, importing, distributing, selling, re-qualifying, repairing, and scrappage of LPG pressure vessels, authorized LPG seals, and other ancillary equipment;
- (c) *Alteration* refers to any act of converting, transforming, or resizing of local or imported LPG pressure vessels from its original size or design including replacement or removal of existing registered brand owner's markings, grinding, flattening, application of putty, replacement of collar, revalving, unauthorized repainting, replacement of foot-rings, or re-labeling;
- (d) *Ancillary equipment* refers to parts, devices, and accessories necessary for the safe and proper operation of an LPG pressure vessel such as valves, hoses, and regulators;
- (e) *Authorized LPG seal* refers to the security cover placed on the gas outlet of an LPG cylinder, canister, or cartridge, of the type that necessitates breaking or destroying before LPG can flow out of the cylinder, canister, or cartridge. It shall have a distinctive design, symbol, emblem, or mark, identifying the owner of the LPG cylinder, canister, or cartridge;
- (f) *Auto-LPG* refers to LPG intended to fuel, propel, or otherwise provide propulsion to motor vehicles;

- 1 (g) *Auto-LPG dispensing station* refers to a facility or business establishment,
2 which sells auto-LPG directly to motor vehicle users. It may be a
3 standalone establishment, or located within or operated with a retail
4 outlet;
- 5 (h) *Brand owner* refers to a natural or juridical person owning a duly
6 registered brand name, logo, mark, or distinction registered with the
7 Intellectual Property Office of the Philippines;
- 8 (i) *Bulk consumer* refers to a duly-authorized natural or judicial person who
9 purchases LPG at large quantities for its own use, requires bulk storage
10 of LPG, and does not, in any way, engage in the distribution or retail of
11 LPG to the end consumer;
- 12 (j) *Bulk supplier* refers to a duly-authorized natural or juridical person who
13 engages in the sale or distribution of LPG in large quantities and requires
14 bulk storage of LPG;
- 15 (k) *Certificate of accreditation* refers to the written document issued by the DTI
16 stating that a manufacturer, re-qualifier, or repairer of LPG has complied
17 with all the requirements and standards necessary to operate as such;
- 18 (l) *Certificate of conformity* refers to the written document issued by the DTI
19 stating that the LPG pressure vessel has complied with existing PNS and
20 other applicable laws, rules, and regulations;
- 21 (m) *Certificate of non-coverage (CNC)* refers to a written document issued by the
22 DOE attesting to the fact that an LPG industry participant is a bulk
23 consumer, and is not engaged in any other activity that will require a
24 license to operate;
- 25 (n) *Container* refers to any pressure vessel filled with auto-LPG permanently
26 attached to, and is an inherent and integral part of a motor vehicle;
- 27 (o) *Cross-filling* refers to the filling of LPG cylinders by a natural or juridical
28 person other than the brand owner or its duly authorized refiller;
- 29 (p) *Cylinder, canister, or cartridge owner* refers to a natural or juridical person
30 whose brand, mark, trade name, or business name is embossed,
31 engraved, or otherwise permanently indicated on the LPG cylinder,
32 canister, or cartridge in the manner prescribed by the DTI;
- 33 (q) *Cylinder* refers to a portable and refillable pressure vessel, with water
34 capacity of not less than one hundred fifty (150) liters, designed for the
35 storage of LPG;
- 36 (r) *Dealer* refers to any person involved in the trading or sale of LPG cylinders
37 to retail outlets or directly to end consumers;

- (s) *Defective pressure vessels* refer to pressure vessel that are uncertified, damaged, or dilapidated due to the existence of corrosion or pitting, dents, cuts, gouges, digs, bulges, leaks, and similar defects rendering such pressure vessel unsafe, injurious, or dangerous for distribution or use, and creating a substantial risk of injury to the general public;
- (t) *End consumer* refers to any person, who purchases LPG for their own consumption. For purposes of this Act, an end consumer shall not include a bulk consumer;
- (u) *Hauler* refers to a natural or juridical person involved in the transportation, distribution, and delivery of LPG cylinders and canisters through the use of authorized vehicles;
- (v) *Importer* refers to a natural or juridical person engaged in the importation of LPG for processing, sale, or own use;
- (w) *License to operate* refers to a certification issued by the DOE that a natural or juridical person intending to engage in business for a specific activity as an LPG industry participant has complied with all the documentary requirements, and quality and safety standards, rules, and regulations prescribed by the DOE and other pertinent government agencies for such an activity;
- (x) *LPG* refers to liquefied petroleum gas which consists of commercial propane gas or commercial butane gas, or a mixture of both gases, with properties conforming to the standards set forth in the PNS and other applicable laws, rules, and regulations;
- (y) *LPG canister or cartridge* refers to a portable and non-refillable pressure vessel, with a water capacity of less than one (1) liter, designed for the storage of LPG or a mixture of gases;
- (z) *LPG industry participants* refers to natural or juridical persons engaged in the activities defined in Section 4(b) of this Act;
- (aa) *LPG pressure vessel* refers to a canister, cartridge, container, or cylinder designed for the storage of LPG;
- (bb) *Marketer* refers to a natural or juridical person engaged in the sale of LPG under its own brand name, in bulk, or as a retail outlet;
- (cc) *Permanent mark* refer to the embossed trade or brand name of the brand owner which appears on the LPG cylinder, as prescribed by the DTI;
- (dd) *Pilferage* refers to the theft of LPG in quantities from a large receptacle such as a tanker, lorry, or similar installations;

- (ee) *PNS* refers to the standards promulgated by the DTI Bureau of Philippine Standards (BPS) pertaining to product specifications, test methods, terminologies, procedures, or practices pursuant to Republic Act No. 4109, otherwise known as An Act to Convert the Division of Standards Under the Bureau of Commerce into a Bureau of Standards, to Provide for the Standardization and/or Inspection of Products and Imports of the Philippines and for Other Purposes, and other applicable laws, rules, and regulations;
- (ff) *Qualified service person* refers to an individual who has successfully completed an approved training course for LPG service persons in a training school duly recognized and accredited by the Philippine government;
- (gg) *Refiller* refers to a cylinder, canister, or cartridge owner engaged in the business of refilling its own LPG cylinder, canister, or cartridge. It shall also refer to a natural or juridical person duly authorized by the cylinder, canister, or cartridge owner to engage in the business of refilling LPG cylinders, canisters, or cartridges on its behalf;
- (hh) *Refilling plant* refers to a facility with LPG bulk storage and refilling equipment, used for refilling LPG into cylinders;
- (ii) *Refiner* refers to a natural or juridical person who refines LPG through distillation, conversion, and treatment of crude oil and other naturally occurring petroleum hydrocarbons;
- (jj) *Re-qualification* refers to the process by which an LPG pressure vessel is inspected, tested, and re-evaluated in accordance with the prescribed specifications and standards to determine its viability for continued use, distribution, repair, or scrappage, whichever may be applicable;
- (kk) *Re-qualifier* refers to a person engaged in the business of re-qualification duly accredited by the DTI;
- (ll) *Repair* refers to the removal and replacement of parts of LPG pressure vessels, or the performance of any other corrective and restorative measures in accordance with the prescribed method under the PNS, with the end goal of restoring the viability and fitness of LPG pressure vessels for public use;
- (mm) *Repairer* refers to a natural or juridical person engaged in the business of repair duly accredited by the DTI;
- (nn) *Retail outlet* refers to a natural or juridical person involved in the sale of LPG cylinders directly to end consumers;

- (oo) *Scrappage* refers to the destruction of defective LPG pressure vessels declared by a re-qualifier to be unfit for use. The destruction may be done by cutting the pressure vessel at various parts or by flattening to render the pressure vessel unusable or unrecyclable;
- (pp) *Substandard* refers to any pressure vessel which does not conform with the applicable PNS;
- (qq) *Tare weight* refers to the net weight of an LPG pressure vessel excluding its contents as engraved in the collar and painted in the body thereof. It shall be expressed in kilograms in accordance with guidelines issue by the DTI; and
- (rr) *Uncertified pressure vessel* refers to an LPG pressure vessel that does not comply with the PNS.

CHAPTER II

ROLE OF GOVERNMENT AGENCIES

SEC. 5. *Lead Agency.* – The DOE shall be the primary government agency responsible for the implementation and enforcement of this Act. The DOE shall regulate, supervise, and monitor the LPG industry and all LPG industry participants to ensure compliance with the health, safety, security, and environmental standards and the applicable PNS.

SEC. 6. *Powers and Functions of the Department of Energy.* – In addition to its mandate under Republic Act No. 7638, otherwise known as the Department of Energy Act of 1992, and Republic Act No. 8479, otherwise known as the Downstream Oil Deregulation Act, the DOE shall have the following powers and functions:

- (a) Implement and ensure compliance with the quality and safety standards prescribed in the PNS for:
- (i) Refining plants, refilling plants, depots, storage areas, transportation facilities, retail outlets, and other related facilities or premises of LPG industry participants, and
- (ii) LPG pressure vessels in circulation, whether filled or unfilled, which are for distribution and sale to dealers, retail outlets, and end consumers;
- (b) Issue the following:
- (i) Licenses to operate and certificates of non-coverage for qualified LPG industry participants, and suspend or revoke these, after due notice

- 1 and hearing, pursuant to Sections 18 and 19, and Chapter IX of this
2 Act,
- 3 (ii) Closure or cease and desist orders, after due notice and hearing, to
4 any concerned LPG industry participant found to have committed
5 any of the prohibited acts under Chapter IX of this Act,
- 6 (iii) Guidelines for the following:
- 7 (1) Disposal of LPG and LPG pressure vessels together with the
8 Department of Energy and Natural Resources (DENR),
- 9 (2) Motor vehicles used in the transportation of LPG in bulk, LPG
10 from one LPG industry participant to another, and filled LPG
11 cylinders, canisters, and cartridges to end consumers, and the
12 registration thereof, together with the DOTr, pursuant to
13 Section 28 of this Act,
- 14 (3) Accreditation of drivers and attendants for LPG delivery
15 vehicles upon prior consultation with LPG industry
16 participants and other government agencies concerned,
- 17 (4) Installation of signage at storage facilities of bulk suppliers and
18 bulk consumers, and
- 19 (5) Installation of LPG appliances and devices approved by the DTI:
20 *Provided, That* such appliances and devices shall be installed
21 only by qualified service persons;
- 22 (c) Approve and authorize LPG seals of brand owners and marketers;
- 23 (d) Direct LPG brand owners, to periodically submit cylinders for
24 requalification pursuant to Section 7 of this Act;
- 25 (e) Investigate *motu proprio* or upon report of any person, impose and collect
26 fines and penalties, initiate and resolve the necessary administration
27 action, or initiate the necessary criminal action against the responsible
28 persons for the following:
- 29 (i) Any violation of this Act by any LPG industry participant, and
- 30 (ii) Incidents of injury or damage to person or property, caused by or
31 attributable to the improper refilling, storage, transport,
32 distribution, handling, manufacturing, re-qualifying, repairing of
33 LPG pressure vessels, and improper refining, dispensing, and use of
34 LPG;
- 35 (f) Confiscate, recall, seize, impound, and prohibit the following:
- 36 (i) LPG seals not compliant with standards, rules, and regulations
37 including those in illegal possession or use, and

- 1 (ii) Substandard, defective, unsafe, injurious or dangerous LPG
2 products, underfilled, illegally refilled, or defective pressure vessels,
3 ancillary equipment, auto-LPG vehicles, and other appurtenances
4 that are found in violation of the provisions of this Act and pursuant
5 to Section 25 thereof;
- 6 (g) Exercise visitorial powers to ensure the effective implementation of this
7 Act, which includes the power to scrutinize the records of LPG industry
8 participants and inspect their premises, filled LPG pressure vessels, LPG
9 seals, and ancillary equipment;
- 10 (h) Require LPG industry participants to submit written or electronic forms
11 or reports as it may deem necessary and reasonable pursuant to Section
12 23 of this Act,
- 13 (i) Create, maintain, and regularly update a central database of LPG industry
14 participants and an inventory of existing and projected LPG supply levels
15 pursuant to Section 24 of this Act;
- 16 (j) Regularly publish in a newspaper of general circulation the names of LPG
17 industry participants found liable for prohibited acts pursuant to Chapter
18 IX of this Act;
- 19 (k) Determine the strategy, rules, regulations, and procedure for the
20 improvement of LPG pressure vessels already in the market at the time of
21 effectivity of this Act, upon consultation with LPG industry participants
22 and other concerned government agencies, with the end in view of
23 ensuring the safety of end consumers;
- 24 (l) Undertake with DTI and DILG information, education, and
25 communication activities on health, safety, security, environmental, and
26 quality standards for LPG, LPG pressure vessels, auto-LPG vehicles,
27 ancillary equipment, other appurtenances, and motor vehicles
28 transporting LPG to enhance awareness among end customers, local
29 government units (LGUs), and the Philippine National Police (PNP);
- 30 (m) Conduct research and development with the Department of Science and
31 Technology towards LPG pressure vessel improvement and more efficient
32 methods of providing safe, clean, and hazard-free LPG to end consumers;
33 and
- 34 (n) Exercise such other powers and functions as may be necessary or
35 incidental to attaining the objectives of this Act.
36

1 **SEC. 7. Powers and Functions of the Department of Trade and Industry (DTI).**

2 – In addition to its mandate under existing laws, the DTI shall have the following
3 powers and functions:

- 4 (a) Develop, formulate, promulgate, review and revise, as may be necessary,
5 the PNS for LPG, LPG pressure vessels, and other ancillary equipment;
6 (b) Accredite manufacturers, re-qualifiers, and repairers of LPG pressure
7 vessels through the issuance of a certificate of accreditation;
8 (c) Determine frequency of re-qualification of LPG pressure vessels;
9 (d) Inspect, evaluate, and confirm compliance with the PNS and fitness for
10 sale and public distribution of local and imported LPG pressure vessels
11 and ancillary equipment, and re-qualified LPG pressure vessels through
12 the issuance of a certificate of conformity;
13 (e) Grant and revoke, if warranted, the certificates of accreditation and
14 conformity of LPG industry participants and their respective LPG pressure
15 vessels pursuant to Section 19 of this Act; and
16 (f) Undertake with the DOE and the Department of Interior and Local
17 Government (DILG) information, education, and communication activities
18 on health, safety, security, environmental, and quality standards for LPG,
19 LPG pressure vessels, auto-LPG vehicles, ancillary equipment, other
20 appurtenances, and motor vehicles transporting LPG to enhance
21 awareness among end customers, LGUs, and the PNP.

22
23 **SEC. 8. Powers and Functions of the Department of Interior and Local**
24 *Government.* – In addition to its mandate under existing laws, the DILG shall have
25 the following powers and functions:

- 26 (a) Issue the appropriate guidelines and regulations governing the fire safety
27 of LPG facilities through the Bureau of Fire Protection (BFP);
28 (b) Undertake with DTI and DILG information, education, and
29 communication activities on health, safety, security, environmental, and
30 quality standards for LPG, LPG pressure vessels, auto-LPG vehicles,
31 ancillary equipment, other appurtenances, and motor vehicles
32 transporting LPG to enhance awareness among end customers, LGUs, and
33 the PNP;
34 (c) Coordinate and cooperate with the DOE orderly and effective
35 implementation of this Act, rules, regulations, and other issuances
36 promulgated pursuant thereto, together with LGUs and the Philippine
37 National Police (PNP); and

- 1 (d) Extend all the necessary assistance to the DOE with respect to the
2 enforcement of measures to attain the objectives of this Act.
3

4 **SEC. 9. Powers and Functions of the Department of Transportation (DOTr).** – In
5 addition to its mandate under existing laws, the DOTr shall issue the appropriate
6 guidelines and regulations governing the following:

- 7 (a) Auto-LPG motor vehicles;
8 (b) Motor vehicles used in the transportation of LPG in bulk, LPG from one
9 LPG industry participant to another, and LPG filled cylinders, canisters,
10 and cartridges to end consumers, together with the DOE, pursuant to
11 Section 28 of this Act;
12 (c) Shipping or water transport of LPG and LPG filled pressure vessels
13 through the Maritime Industry Authority.
14

15 **SEC. 10. Powers and Functions of Local Government Units.** – In addition to
16 their mandate under existing laws, LGUs shall have the following powers and
17 functions:

- 18 (a) Assist the DOE in providing an area for impounded LPG pressure vessels;
19 (b) Suspend or revoke, upon due notice and hearing, the business permit or
20 license of an LPG industry participant upon the issuance by the DOE of a
21 notice of suspension or revocation of its license to operate pursuant to
22 Section 6 of this Act;
23 (c) Communicate to DOE the suspension or revocation of the business permit
24 or license of an LPG industry participant within five (5) days from such
25 suspension or revocation; and
26 (d) Issue guidelines on the motor vehicles used in the transportation of LPG
27 in bulk, LPG from one LPG industry participant to another, and LPG in
28 cylinders, canisters, or cartridges to end consumers pursuant to Section
29 28 of this Act.
30

31 **SEC. 11. Powers and Functions of the Philippine National Police.** – In addition
32 to their mandate under existing laws, the PNP shall, upon request of the DOE,
33 provide security to life and property in the course of the implementation of this Act:
34 *Provided*, That only the personnel or unit of the PNP duly deputized by the DOE shall
35 have the authority to enforce this Act: *Provided further*, That the PNP shall not, on
36 its own, conduct LPG inspections without a request from the DOE, or confiscate LPG
37 cylinders unless duly authorized by a warrant issued by the courts.

SEC. 12. *Powers and Functions of Other Government Agencies.* – In addition to its mandate under existing laws, the DENR shall issue, together with the DOE, guidelines for the disposal of LPG and LPG pressure vessels. In addition to its mandate under existing laws, the Department of Public Works and Highways (DPWH) shall issue guidelines and requirements motor vehicles used in the transportation of LPG in bulk.

CHAPTER III

RESPONSIBILITIES OF LPG INDUSTRY PARTICIPANTS

SEC. 13. Bulk Supplier. – In addition to the provisions under this Act, a bulk supplier shall:

- (a) Ensure adequate and stable supply of LPG in bulk;
- (b) Make certain that production, storage, receiving, and loading equipment and facilities are in safe operating conditions at all times;
- (c) Enter into contracts or agreements only with bulk consumers with a valid certificate of non-coverage;
- (d) Submit a notarized copy of its contract or agreement with a bulk consumer to the DOE within a reasonable period of time from the execution thereof; and
- (e) Register with DOE all vehicles used for the transportation of LPG in bulk, and comply with guidelines pursuant to Section 28 of this Act.

SEC. 14. Refiller. – In addition to the provisions under this Act, a refiller shall:

- (a) Fill cylinders, canisters, and cartridges under its own brand and its duly-authorized brands;
- (b) Fill LPG cylinders, canisters, and cartridges accurately as to the required exact net content of the LPG cylinder;
- (c) Test the weight and conduct a leak test of every LPG cylinder, canister, and cartridge before it leaves the refilling plant;
- (d) Only refill cylinders, canisters, and cartridges that comply with the PNS;
- (e) Refuse to refill single-use canisters and cartridges or those not designed or intended for refilling of LPG due to non-compliance with the PNS, or not certified or allowed by the DTI;

- (f) Observe safe LPG handling practices;
- (g) Periodically check compliance of dealers and retail outlets with the following:
 - (i) Content requirements of LPG sold; and
 - (ii) Proper calibration and sealing of weighing devices.

SEC. 15. Brand Owner or Marketer. – In addition to the provisions under this Act, a brand owner or marketer shall:

- (a) Carry its own brand of LPG;
- (b) Ensure the following:
 - (i) Adequate and timely supply of LPG to its dealers, retail outlets, and end consumers, and
 - (ii) Correct weight of LPG filled cylinders, canisters, or cartridges delivered to its dealers, retail outlets, and end consumers;
- (c) Procure new LPG cylinders, canisters, or cartridges only from reputable and duly licensed LPG cylinder manufacturers;
- (d) Only utilize LPG cylinders, canisters, or cartridges that comply with the PNS;
- (e) Emboss all new LPG cylinders, canisters, or cartridges with its registered brand name;
- (f) Utilize a distinguishable color and marking scheme for all its LPG cylinders, canisters, or cartridges and register the same with the DOE;
- (g) Register its LPG seal and seal manufacturer with the DOE;
- (h) Maintain and repair all LPG cylinders, canisters, or cartridges under its own brand name through duly licensed and accredited re-qualifiers and repairers;
- (i) Provide servicing, delivery, and technical assistance to all its dealers, retail outlets, and end consumers;
- (j) Observe safe LPG handling practices;
- (k) Register with the DOE all vehicles used for the transportation of its LPG and LPG cylinders, canisters, or cartridges, and comply with guidelines pursuant to Section 28; and
- (l) Periodically check compliance of dealers and retail outlets with the following:
 - (i) Content requirements of LPG sold, and
 - (ii) Proper calibration and sealing of weighing devices.

1 **SEC. 16. Dealer.** – In addition to the provisions under this Act, a dealer shall:

- 2 (a) Enter into a contract or agreement with a duly licensed brand owner or
3 marketer;
4 (b) Exclusively carry the brand of LPG of its refiller or marketer;
5 (c) Only sell LPG in cylinders, canisters, or cartridges with an authorized LPG
6 seal of its refiller or marketer;
7 (d) Provide appropriate weighing devices which shall accurately measure LPG
8 filled cylinders, canisters, or cartridges;
9 (e) Ensure the correct weight of LPG filled cylinders, canisters, or cartridges
10 delivered to its retail outlets and end consumers;
11 (f) Put up display and storage facilities within its area of operation;
12 (g) Provide servicing, delivery, and technical assistance for its retail outlets
13 and end consumers;
14 (h) Observe safe LPG handling practices;
15 (i) Register with the DOE all vehicles used for the transport of LPG and LPG
16 cylinders, canisters, or cartridges, and comply with guidelines pursuant
17 to Section 28 of this Act;
18 (j) Ensure that each filled LPG cylinder, canister, or cartridge conforms with
19 the PNS prior to acceptance from its duly licensed brand owner or
20 marketer; and
21 (m) Periodically check compliance of dealers and retail outlets with the
22 following:
23 (i) Content requirements of LPG sold, and
24 (ii) Proper calibration and sealing of weighing devices.

25
26 **SEC. 17. Retail Outlet.** – In addition to the provisions under this Act, a retail
27 outlet shall:

- 28 (a) Sell the brands of LPG filled cylinders, canisters, or cartridges it is
29 authorized to carry by virtue of its contract or agreement with duly
30 licensed brand owners, marketers, or dealers;
31 (b) Only sell LPG in cylinders, canisters, or cartridges with authorized LPG
32 seals of its duly licensed brand owner, marketer, or refiller;
33 (c) Provide appropriate weighing devices which shall accurately measure LPG
34 cylinders, canisters, or cartridges;
35 (d) Request the brand owner, marketer, or dealer for a qualified LPG service
36 person to render services to its end consumers;

- (e) Install and provide in its respective establishment fire extinguishers, printed materials, and posters showing procedures on how to prevent and react to LPG related accidents;
- (f) Observe safe LPG handling practices; and
- (g) Ensure that each LPG filled cylinder, canister, or cartridge conforms with the PNS prior to acceptance from the brand owner, marketer, or dealer.

CHAPTER IV

LICENSES, PERMITS, AND OTHER BUSINESS REQUIREMENTS

SEC. 18. *License to Operate.* – Every LPG industry participant shall secure a license to operate for a specific activity prior to the commencement of construction or commercial operation, and shall publicly post such license to operate in its business establishment or premises. In the event that the LPG industry participant intends to engage in a new activity outside of its current license to operate, it shall secure another license to operate for such new activity. All LPG industry participants shall conduct business only with LPG industry participants with a valid license to operate for the specific activity they are engaged in.

The DOE shall have the exclusive authority to issue the license to operate. It shall be valid for a period of three (3) years or any such period as may be determined by the DOE. The license to operate shall be a mandatory requirement for the grant or renewal of any license or permit issued by the LGU to the LPG industry participant.

Any person already engaged in any activity as defined herein, at the time of the effectivity of this Act, shall obtain a license to operate within six (6) months from the promulgation of this Act's implementing rules and regulations.

SEC. 19. *Certificate of Non-Coverage.* – A bulk consumer shall secure a certificate of non-coverage from the DOE in lieu of a license to operate: *Provided*, That a bulk consumer who engages in another activity as an LPG industry participant shall be required to secure a license to operate for such activity: *Provided further*, That a certificate of non-coverage does not exempt the bulk consumer from compliance with quality and safety requirements and standards.

SEC. 20. *Certificate of Accreditation and Certificate of Conformity.* – An LPG industry participant who engages in manufacturing, re-qualifying, repairing, or

1 scrapping of LPG pressure vessels shall obtain a certificate of accreditation from DTI
2 prior to the commencement construction or commercial operation, and annually
3 thereafter. Any LPG industry participant already engaged in manufacturing, re-
4 qualification, repair, or scrapping of LPG pressure vessels at the time of effectivity of
5 this Act shall secure a certificate of accreditation from the DTI within six (6) months
6 from the promulgation of this Act's implementing rules and regulations.

7
8 A manufacturer shall obtain a certificate of conformity from the DTI for the LPG
9 pressure vessels it produces. An LPG industry participant already engaged in
10 manufacturing at the time of effectivity of this Act shall secure a certificate of
11 conformity for the pressure vessels it has produced and is currently producing within
12 six (6) months from the promulgation of this Act's implementing rules and
13 regulations.

14 15 16 **CHAPTER IV** 17 **AUTO-LPG DISPENSING STATIONS** 18

19 **SEC. 21.** *Installation of LPG Containers and Retailing of auto-LPG.* – Any LPG
20 industry participant who installs LPG containers, retrofits motor vehicles with LPG
21 containers, or operates an auto-LPG dispensing station shall be required to comply
22 with the requirements, quality and safety standards, rules, and regulations issued
23 by the DOTr pursuant to Section 9 of this Act and other pertinent government
24 agencies.

25 26 **CHAPTER V** 27 **OWNERSHIP OF LPG CYLINDERS AND LPG CONTAINERS** 28

29 **SEC. 22.** *Ownership of LPG Cylinders, Canisters, and Cartridges.* – The brand
30 owner whose permanent mark appears on the LPG cylinder, canister, or cartridge
31 shall be the presumed owner thereof. The presumption applies to LPG cylinders,
32 canisters, or cartridges subject of exchange or swapping, or which are in the
33 possession of an authorized refiller, marketer, dealer, retail outlet, or re-qualifier, or
34 such other person duly authorized by the brand owner.

35
36 The brand owner shall have the obligation to ensure that all of its LPG cylinders,
37 canisters, or cartridges comply with all the required quality and safety standards,

1 rules, and regulations before they are released for distribution: *Provided*, That receipt
2 by the DOE of a verified notice or report from the brand owner regarding any lost,
3 stolen, or missing LPG cylinder, canister, or cartridge shall prima facie relieve the
4 brand owner of the obligation to ensure the quality and safety of such LPG cylinder,
5 canister, or cartridge.

6
7 **SEC. 23.** *Ownership of LPG Containers.* – An LPG container shall be
8 permanently installed inside the motor vehicle, and shall be an inherent and integral
9 part of the vehicle. The ownership of the LPG container shall be with the owner of
10 the motor vehicle to which the LPG container is permanently installed.

1 **CHAPTER VI**

2 **MONITORING AND ENFORCEMENT MECHANISMS**

3
4 **SEC. 24.** *Reports and Disclosures to the DOE.* – In requiring LPG industry
5 participants to submit written or electronic forms or reports pursuant to Section 6
6 of this Act, the DOE shall be prohibited from sharing, disclosing, or making available
7 to the public any information, document, plan, and report constituting trade secrets,
8 proprietary data, and other legitimate commercial information which are confidential
9 or privileged in nature.

10
11 **SEC. 25.** *Central Database of LPG Industry Participants.* – The central
12 database created by DOE pursuant to Section 6 of this Act shall be updated on a
13 monthly basis. It shall include the following information:

- 14 (a) Corporate, business, or trade name of the LPG industry participant;
15 (b) Registered brand name or logo for LPG, LPG pressure vessels, facilities,
16 and equipment;
17 (c) Contractual agreements with other LPG industry participants;
18 (d) List of lost, stolen, and missing LPG cylinders;
19 (e) Violations committed and incidents relating to such violations; and
20 (f) Other relevant information as may be determined by the DOE.

21
22 **CHAPTER VII**

23 **DECLARATION OF LPG CYLINDER AS DEFECTIVE**

24
25 **SEC. 26.** *Declaration of LPG Cylinder, Canister, or Cartridge as Defective.* –
26 When the DOE finds, *motu proprio* or upon complaint of any person, that an LPG
27 cylinder, canister, or cartridge is uncertified, defective, injurious, unsafe, dangerous,
28 or substandard, it shall, after due notice, issue the appropriate order for its
29 immediate confiscation, recall, seizure, impoundment, or prohibition from public
30 sale or distribution. The concerned LPG cylinder, canister, or cartridge owner shall
31 be afforded an opportunity to be heard from the issuance of such order, for the
32 purpose of determining the propriety of the confiscation, recall, seizure,
33 impoundment, or prohibition of the LPG cylinders, canisters, or cartridges. The DOE
34 shall terminate the proceedings and make a final determination on whether the LPG
35 cylinder, canister, or cartridge is uncertified, defective, injurious, unsafe, dangerous,
36 or substandard within thirty (30) calendar days from the issuance of the order for
37 confiscation, recall, seizure, impoundment, or prohibition.

1
2 Filled LPG cylinders which are confiscated, recalled, seized, or impounded and found
3 by the DOE to pose an imminent threat to the public or in danger of exploding shall
4 be disposed of without serving prior notice to the owners thereof. The DOE shall
5 notify the owner of such fact within five (5) calendar days after such disposition.
6

7 **SEC. 27.** *LPG in Unauthorized Canisters or Cartridges.* – It shall be unlawful
8 for any person to refill, sell, trade, or distribute LPG in a single-use canister or
9 cartridge not designed or intended for LPG, or not in compliance with existing PNS.
10

11 **CHAPTER VIII**
12 **TRANSPORT AND CONVEYANCE OF LPG**
13

14 **SEC. 28.** *Transport of LPG.* – All motor vehicles utilized in the transportation
15 of LPG and filled LPG cylinders, canisters, and cartridges shall obtain a Certificate
16 of Road Worthiness from the Land Transportation Office prior to the issuance and
17 renewal of a license to operate, and shall comply with the guidelines of DOE and
18 DOTr pursuant to Sections 6 and 9 of this Act.
19

20 An LPG industry participant who transports LPG in bulk, shall only use motor
21 vehicles that have complied with the guidelines and met the requirements prescribed
22 by the DOE, DOTr, DILG-BFP, DPWH, and the concerned LGU.
23

24 An LPG industry participant who transports LPG in cylinders, canisters, and
25 cartridges, to another LPG participant, shall only use motor vehicles that have
26 complied with the guidelines and met the requirements prescribed by the DOE,
27 DOTr, and DILG-BFP.
28

29 An LPG industry participant who transports LPG in cylinders, canisters, and
30 cartridges to end consumers, shall only use motor vehicles that have complied with
31 the guidelines and met the requirements prescribed by the DOE, DOTr, DILG – BFP,
32 and the concerned LGU.
33
34

CHAPTER IX
PROHIBITED ACTS

SEC. 29. *Prohibited Acts.* – Any natural or juridical person, whether an LPG industry participant or otherwise, shall be prohibited from the following acts:

- (a) Engaging in an activity without a valid license to operate;
- (b) Engaging in an activity as a bulk consumer without a valid certificate of non-coverage;
- (c) Manufacturing LPG pressure vessels without a valid certificate of conformity for the LPG pressure vessels;
- (d) Manufacturing LPG pressure vessels and LPG seals, or re-qualifying, repairing, or scrapping of LPG pressure vessels without a certificate of accreditation;
- (e) Transacting with, or selling or distributing LPG products, LPG cylinders, canisters, or cartridges, or LPG seals to an LPG industry participant who does not have a valid license to operate or certificate of accreditation, as the case may be;
- (f) Importing used or second-hand LPG pressure vessels without securing an authority to import from the DTI;
- (g) Failing to comply with the standards and requirements on:
 - (i) Safety design for refining plants, refilling plants, depots, storage areas, transportation facilities, retail outlets, warehouses, and other related facilities or premises of LPG industry participants,
 - (ii) Safety practices,
 - (iii) Products, and
 - (iv) Weighing devices;
- (h) Manufacturing of LPG pressure vessels using substandard materials;
- (i) Selling and distributing substandard LPG pressure vessels;
- (j) Manufacturing, selling, or distributing LPG pressure vessels without the necessary markings required by the PNS, or the standard governing LPG pressure vessels manufacture, requalification, and repair;
- (k) Selling or distributing refilled single-use canisters or cartridges which have been previously filled with butane, or not designed or intended for refilling of LPG due to non-compliance with the PNS, or not certified or allowed by the DTI;

- (l) Selling or distributing LPG filled cylinders, canisters, or cartridges without a seal, with a tampered, fake, or broken seal, inappropriate or unauthorized seal, or with a seal not belonging to the brand owner;
- (m) Destroying, tampering, altering, or modifying LPG pressure vessels through any means such as changing the LPG pressure valve, repainting, and re-labeling: *Provided*, That this shall not be a prohibited act if it is done by the brand owner;
- (n) Stamping wrong, misleading, incorrect, or inaccurate information on LPG pressure vessels.
- (o) Selling or distributing LPG in means, methods, and equipment other than what is prescribed under this Act;
- (p) Filling LPG pressure vessels with LPG mixed with another finished or unfinished petroleum or non-petroleum product, substance, or material resulting in the failure of the LPG to meet the required product standards and requirements: *Provided*, That possession of LPG pressure vessels containing adulterated LPG shall be prima facie evidence of violation of this provision;
- (q) Refilling LPG in single-use canisters or cartridges which have been previously filled with butane, or not designed or intended for refilling of LPG due to non-compliance with the PNS, or not certified or allowed by the DTI;
- (r) Hauling, loading, transporting, or permitting the loading and transportation of LPG cylinders, canisters, or cartridges in quantities greater than the rated capacity of the motor vehicle or in such a manner that endangers the life and safety of its passengers or the public;
- (s) Selling or storing LPG more than the volume prescribed by the DOE;
- (t) Selling or storing empty LPG cylinders, canisters, and cartridges in excess of those allowed by the DOE, through LPG cylinder swapping and other similar industry practices;
- (u) Manufacturing or selling LPG pressure vessels carrying a brand name, logo, mark, or distinction without the express approval of the registered brand owner;
- (v) Selling, exchanging, bartering, distributing, or transferring ownership or possession of empty LPG cylinders, canisters, and cartridges to a natural or juridical person other than the brand owner without the consent of the said brand owner;

- (w) Possessing LPG seals, including the seals already used in LPG pressure vessels without authority from the LPG cylinder, canister, or cartridge owner or its duly authorized refiller;
- (x) Filling of bulk tanks in refilling plants by bulk suppliers other than the owner of the tanks;
- (y) Requiring end consumers to exclusively purchase LPG from a brand owner, marketer, refiller, dealer, or retail outlet;
- (z) Refusing to refund the deposit on the LPG cylinder to any consumer, in the case of an LPG brand owner and its duly authorized dealer or retail outlet;
- (aa) Pilfering LPG;
- (bb) Failing or refusing to publicly post its license to operate;
- (cc) Failing to submit periodic reports as may be required pursuant to Section 6 of this Act; and
- (dd) Refusing, preventing, or obstructing the inspection of its premises and records.

SEC. 30. Underfilling. – The following acts undertaken by the following persons shall constitute underfilling of LPG pressure vessels:

- (a) The refiller when the net quantity of LPG contained in an LPG pressure vessel sold, transferred, delivered, or filled is less than the LPG pressure vessel content required at the filling plant; and
- (b) The dealer or retail outlet when the net quantity of LPG in a pressure vessel intentionally sold, transferred, or delivered is less than the required LPG pressure vessel content quantity.

A broken, tampered, absent, or removed seal shall be considered prima facie evidence of underfilling.

SEC. 31. Illegal Refilling. – The following acts shall constitute illegal refilling of LPG pressure vessels:

- (a) Filling LPG pressure vessels with products or substances other than LPG in an effort to achieve the correct net weight;
- (b) Filling of LPG pressure vessels directly from LPG tank trucks without the use of approved filling machines;
- (c) Cross-filling;

- (d) Refilling of LPG from one LPG pressure vessel to another without using the prescribed equipment;
- (e) Refilling of LPG pressure vessels other than in duly licensed LPG refilling plants;
- (f) Refilling of LPG pressure vessels:
 - (i) By a person other than the brand owner or its duly authorized person evidenced by a written contract or similar instrument;
 - (ii) Bearing defaced, tampered, or illegible markings contrary to the mandatory labeling and stamping requirements under this Act;
 - (iii) Due for repair, re-qualification or scrappage, or are subject to a recall or prohibition order of the DOE;
 - (iv) For end consumers, whether for household or commercial use, by auto-LPG dispensing stations;
- (g) Refilling of single-use canisters or cartridges;
- (h) Refilling of canister or cartridges, not designed or intended for refilling of LPG due to non-compliance with the PNS, or not certified or allowed by the DTI;
- (i) Unauthorized loading of bulk LPG tanks; and
- (j) Any other filling or refilling of LPG pressure vessels in violation of the requirements and standards under this Act.

SEC. 32. Hoarding. – An LPG industry participant who, before a price increase or in times of tight supply, unduly accumulates LPG and LPG products beyond its normal inventory level and unreasonably limits or refuses to dispose of, sell, or distribute LPG or LPG products to the general public, even if the buyer or consumer has the ability to pay in cash for the LPG or LPG products shall be liable for hoarding. The determination of the normal inventory level shall be reckoned from the time the LPG industry participant started the business. The following conditions shall be prima facie evidence of hoarding:

- (a) The LPG industry participant has stocks of LPG or LPG products fifty percent (50%) higher than its normal inventory capacity; and
- (b) The 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. 33. Penalties. – Any person found in violation of the following acts shall have the following administrative and criminal penalties:

- (a) **Section 29 (a) and (b):**

- (i) *First offense* – Fine of five thousand pesos (P5,000.00) for each day of operation without the required license or certificate,
- (ii) *Second offense* – Fine of ten thousand pesos (P10,000.00) for each day of operation without the required license or certificate, and
- (iii) *Third offense* – Fine of twenty thousand pesos (P20,000.00) for each day of operation without the required license or certificate, or in the case of Section 29 (aa) for every pressure vessel imported, and permanent disqualification from engaging in any activity as an LPG industry participant;
- (b) **Section 29 (c), (d), (e), and (f):**
- (i) *First offense* – Fine of ten thousand pesos (P10,000.00) for every pressure vessel or seal manufactured, re-qualified, repaired, scrapped, imported, transacted, sold, or distributed without a valid license to operate, certificate of accreditation, certificate of conformity, or authority to import, whichever is applicable, and closure until the required licenses and permits are accomplished,
- (ii) *Second offense* – Fine of twenty thousand pesos (P20,000.00) for every pressure vessel or seal manufactured, re-qualified, repaired, scrapped, imported, transacted, sold, or distributed without a valid license to operate, certificate of accreditation, certificate of conformity, or authority to import, whichever is applicable, closure until the required licenses and permits are accomplished, and upon conviction, imprisonment of at least six (6) months but not more than two years, and
- (iii) *Third offense* – Fine of thirty thousand (P30,000.00) for every pressure vessel or seal manufactured, re-qualified, repaired, scrapped, imported, transacted, sold, or distributed without a valid license to operate, certificate of accreditation, certificate of conformity, or authority to import, whichever is applicable, closure, permanent disqualification from engaging in any activity as an LPG industry participant, and upon conviction, imprisonment of at least one (1) year but not more than three (3) years;
- (c) **Section 29 (g) (i), (ii), and (iii):**
- (i) *First offense* – Fine of three hundred thousand pesos (P300,000.00),
- (ii) *Second offense* – Fine of five hundred thousand pesos (P500,000.00), suspension of license to operate, and upon conviction,

- 1 imprisonment of at least one (1) year but not more than three (3)
2 years,
- 3 (iii) *Third offense* – Fine of one million pesos (P1,000,000.00), closure,
4 permanent disqualification from engaging in any activity as an LPG
5 industry participant, and upon conviction, imprisonment of at least
6 three (3) years but not more than six (6) years;
- 7 (d) **Section 29 (g) (iv):**
- 8 (i) First offense – Fine of ten thousand pesos (P10,000.00),
9 (ii) Second offense – Fine of twenty thousand pesos (P20,000.00),
10 suspension of license to operate, and
11 (iii) Third offense – Fine of thirty thousand pesos (P30,000.00), closure,
12 and permanent disqualification from engaging in any activity as an
13 LPG industry participant;
- 14 (e) **Section 29 (h), (i), (j), (k), (l), (m), (n), (p), and (q)**
- 15 (i) *First offense* – Fine of twenty-five thousand pesos (P25,000.00) for
16 every LPG pressure vessel manufactured, sold, distributed,
17 destroyed, tampered, altered, or modified, and confiscation of the
18 said LPG pressure vessels,
- 19 (ii) *Second offense* – Fine of fifty thousand pesos (P50,000.00) for every
20 LPG pressure vessel manufactured, sold, distributed, destroyed,
21 tampered, altered, or modified, confiscation of the said LPG
22 pressure vessels, suspension of the license to operate, and upon
23 conviction, imprisonment of at least one (1) year but not more than
24 three (3) years,
- 25 (iii) *Third offense* – Fine of one hundred thousand pesos (P100,000.00)
26 for every LPG pressure vessel manufactured, sold, distributed,
27 destroyed, tampered, altered, or modified, confiscation of the said
28 LPG pressure vessels, closure, permanent disqualification from
29 engaging in any activity as an LPG industry participant, and upon
30 conviction, imprisonment of at least three (3) years but not more
31 than six (6) years;
- 32 (f) **Section 29 (o):** Fine of one million pesos (P1,000,000.00), closure, and
33 upon conviction, imprisonment of at least three (3) years but not more
34 than six (6) years;
- 35 (g) **Section 29 (r):**
- 36 (i) *First offense* – Fine of one hundred thousand pesos (P100,000.00),

1 (ii) *Second offense* – Fine of two hundred thousand pesos (P200,000.00),
2 suspension of license to operate, and upon conviction,
3 imprisonment of at least six (6) months but not more than two (2)
4 years, and

5 (iii) *Third offense* – Fine of three hundred thousand pesos (P300,000.00),
6 closure, closure, permanent disqualification from engaging in any
7 activity as an LPG industry participant, and upon conviction,
8 imprisonment of at least three (3) years but not more than six (6)
9 years;

10 (h) **Section 29 (s), (t), and (x):**

11 (i) *First offense* – Fine of one hundred thousand pesos (P100,000.00),

12 (ii) *Second offense* – Fine of two hundred thousand pesos (P200,000.00),
13 suspension of the license to operate, and upon conviction,
14 imprisonment of at least six (6) months but not more than two (2)
15 years, and

16 (iii) *Third offense* – Fine of three hundred thousand pesos (P300,000.00),
17 closure, permanent disqualification from engaging in any activity
18 as an LPG industry participant, and upon conviction,
19 imprisonment of at least three (3) years but not more than six (6)
20 years;

21 (i) **Section 29 (u), (v), and (w):**

22 (i) *First offense* – Fine of ten thousand pesos (P10,000.00) for every LPG
23 pressure vessel or seal manufactured, sold, exchanged, bartered,
24 distributed, transferred ownership or possession of, or possessed,
25 whichever is applicable,

26 (ii) *Second offense* – Fine of twenty thousand pesos (P20,000.00) for every
27 LPG pressure vessel or seal manufactured, sold, exchanged,
28 bartered, distributed, transferred ownership or possession of, or
29 possessed, whichever is applicable, suspension of license to
30 operate, and upon conviction, imprisonment of at least six (6)
31 months but not more than two (2) years, and

32 (iii) *Third offense* – Fine of thirty thousand pesos (P30,000.00) for every
33 LPG pressure vessel or seal manufactured, sold, exchanged,
34 bartered, distributed, transferred ownership or possession of, or
35 possessed, whichever is applicable, closure, permanent
36 disqualification from engaging in any activity as an LPG industry

participant, and upon conviction, imprisonment of at least one (1) year but not more than three (3) years;

(j) **Section 29 (z):**

(i) *First offense* – Fine of five thousand pesos (P5,000.00) for every LPG cylinder and a warning,

(ii) *Second offense* – Fine of ten thousand pesos (P10,000.00) for every LPG cylinder and a suspension of the license to operate, and

(iii) *Third offense* – Fine of twenty thousand pesos (P20,000.00) for every LPG cylinder, closure, and permanent disqualification from engaging in any activity as an LPG industry participant;

(k) **Section 29 (y) and (aa):** Fine of one million pesos (P1,000,000.00) and upon conviction, imprisonment of at least six (6) months but not more than two (2) years. In the event that the violator is an LPG industry participant, the administrative penalty will include closure and permanent disqualification from engaging in any activity as an LPG industry participant;

(l) **Sections 29 (bb) and (cc):**

(i) *First offense* – Fine of twenty thousand pesos (P20,000.00),

(ii) *Second offense* – Fine of fifty thousand pesos (P50,000.00), suspension of its license to operate, and

(iii) *Third offense* – Fine of one hundred thousand pesos (P100,000.00), closure, and permanent disqualification from engaging in any activity as an LPG industry participant;

(m) **Section 29 (dd):**

(i) *First offense* – Fine of three hundred thousand pesos (P300,000.00),

(ii) *Second offense* – Fine of five hundred thousand pesos (P500,000.00), suspension of license to operate, and

(iii) *Third offense* – Fine of one million pesos (P1,000,000.00), closure, and permanent disqualification from engaging in any activity as an LPG industry participant;

(n) **Sections 30 and 31:**

(i) *First offense* – Fine of ten thousand pesos (P20,000.00) for each underfilled or illegally refilled pressure vessel,

(ii) *Second offense* – Fine of twenty thousand pesos (P30,000.00) for each underfilled or illegally refilled pressure vessel, and upon conviction, imprisonment of at least six (6) months but not more than two years, and

(iii) *Third Offense* – Fine of thirty thousand pesos (P40,000.00) for each underfilled or illegally refilled pressure vessel, closure, permanent disqualification from engaging in any activity as an LPG industry participant, and upon conviction, imprisonment of at least one (1) year but not more than three (3) years.

The illegally refilled LPG cylinders in Section 31 (c), (d), (e), (f), (g), (h), and (i) shall be confiscated outright; and

(o) **Section 32:** Fine of thirty thousand pesos (P30,000) for each LPG product beyond its normal inventory capacity, and upon conviction, fine of not less than one million pesos (P1,000,000.00) but not more than ten million pesos (P10,000,000.00), permanent disqualification from engaging in any activity as an LPG industry participant, and imprisonment of at least one (1) year but not more than three (3) years.

If the offender is an alien, the person shall be deported immediately, without further proceedings, after the service of sentence.

SEC. 34. *Violations by Juridical Entities.* – If the violation is committed by a corporation, partnership, association or other juridical entity, the penalty of imprisonment shall be imposed on the responsible directors or officers thereof. Any new juridical entity formed by persons or agents of such persons previously found in violation of the prohibited acts under this Chapter for the the third time, shall be permanently disqualified from engaging in any activity as an LPG industry participant.

SEC. 35. *Suspension, Cessation, and Closure.* – Nothing in this Chapter shall preclude the DOE from ordering the suspension or cessation of the operation of the facility, or the closure thereof until such time that the mandatory requirements or corrective measures directed by the DOE have been met.

SEC. 36. *Initiation of administrative action by the DOE.* – An administrative action shall be initiated by the DOE through the issuance of a show cause order to the LPG industry participant, giving the latter the opportunity to explain in writing within the period prescribed by DOE: *Provided,* That the entire administrative proceeding shall not exceed sixty (60) calendar days from issuance of a show cause

1 order to the final resolution by the DOE. The DOE shall have the discretion to
2 conduct a hearing pertaining to the violation, or to impose an outright penalty based
3 on the merits of the written explanation.
4

5 **SEC. 37.** *Imposition of preventive suspension order.* - During the pendency
6 of an administrative proceeding, the DOE may suspend the operations of an LPG
7 industry participant within a maximum period of sixty (60) calendar days to prevent
8 undue interference on the ongoing investigation and tampering of evidence.
9

10 **SEC. 38.** *Impoundment and Disposition of Impounded evidence.* - The DOE
11 and other duly authorized law enforcement agencies shall be authorized to impound
12 LPG, LPG products, LPG pressure vessels, ancillary equipment, motor vehicles used
13 in the transportation of LPG and filled LPG pressure vessels, and other
14 appurtenances as evidence of the violations under this act. The final disposition of
15 the impounded evidence shall be subject to the final resolution of the administrative
16 or criminal case, whichever may be applicable.
17

18 **CHAPTER XI**

19 **FINAL PROVISIONS**

20

21 **SEC. 39.** - *Sharing of Fines and Penalties.* - The city or municipality where
22 the principal place of business of an LPG industry participant is located shall be
23 allotted a forty percent (40%) share of the proceeds from fines and penalties collected
24 by the DOE from the concerned LPG industry participant: *Provided*, that the
25 remaining sixty percent (60%) shall be used by the DOE to implement the provisions
26 of this act.
27

28 **SEC. 40.** *Utilization of LGU Share.* - The LGU shall use its share from the
29 fines and penalties collected pursuant to Section 44 of this Act exclusively for the
30 purpose of transporting, hauling, storing, decanting, and disposing confiscated LPG,
31 LPG products, pressure vessels, ancillary equipment, and other appurtenances.
32

33 **SEC. 41.** *Implementing Rules and Regulations.* - The DOE together with the
34 DTI, and in consultation with the concerned government agencies and stakeholders,
35 shall promulgate the implementing rules and regulations of this Act within sixty (60)
36 days from its effectivity. All guidelines, regulations, and other issuances mandated

1 to be promulgated in this Act shall be issued within sixty (60) days from the
2 promulgation of this Act's implementing rules and regulations.

3
4 **SEC. 42.** *Transition Period.* – The DOE shall, upon prior consultation with
5 the LPG industry participants and other government agencies and taking into
6 account data obtained from LPG industry participants and other sources, determine
7 the appropriate transition period to allow for compliance by all LPG industry
8 participants with the objectives of this Act: *Provided,* That such transition period
9 shall not be beyond six (6) months from the effectivity of this Act's implementing
10 rules and regulations.

11
12 **SEC. 43.** *Congressional oversight.* — The Joint Congressional Energy
13 Commission shall exercise oversight powers over the implementation of this Act.

14
15 **SEC. 44.** *Construction and Interpretation.* – Any doubt in the interpretation
16 of any provision in this Act shall be interpreted in favor of the interests of the
17 consumers particularly to ensure access to reasonably priced LPG and the safety of
18 the consumers and the general public.

19
20 **SEC. 45.** *Separability Clause.* – If for any reason, any chapter, section or
21 provision of this Act shall be declared unconstitutional, illegal, or invalid, such parts
22 not affected thereby shall remain in full force and effect.

23
24 **SEC. 46.** *Repealing Clause.* – All laws, decrees, executive orders,
25 proclamations and administrative regulations, or parts thereof inconsistent herewith
26 are hereby repealed or modified accordingly.

27
28 **SEC. 31.** *Effectivity Clause.* – This Act shall take effect after fifteen (15) days
29 after its publication in the Official Gazette or in at least two (2) newspapers of general
30 circulation.

31
32 Approved,