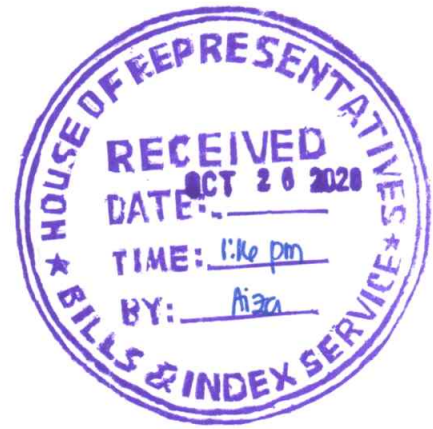




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS

Second Regular Session

House Bill No. **7928**

Introduced by
APEC Party-List Representative Sergio C. Dagooc
Philreca Party-List Representative Presley C. De Jesus,
Ako Padayon Pilipino Party-List Representative Adriano A. Ebcas,
RECOBODA Party-List Representative Godofredo N. Guya

EXPLANATORY NOTE

In 1998, Republic Act No. 8479, otherwise known as “Downstream Oil Industry Deregulation Act”, was enacted to liberalize the flow of crude oil and petroleum products into the country by way of imposing a lax approach in supplier qualifications. Yet, it fails to account for the undue and unreasonable increase in fuel prices, spanning from its effectivity up to the present time.

In 2001, Republic Act No. 9136 (EPIRA) deregulated the generation sector to encourage private companies to take part in power generation and provide for competitive prices to attain more affordable electricity. The deregulation in R.A. 8479, however, did not include government pricing control for oil used by the generation companies. Despite the creation of the Energy Regulatory Commission (ERC) under the EPIRA, which is tasked to investigate any violation of laws which affect the energy sector, it still lacks jurisdiction over entities that provide power generation inputs, such as oil suppliers. There is a direct relationship between oil prices and electricity prices; any increase in oil prices, will undauntedly result to an increase in the generation cost of electricity and passed on to the electric consumers.

Furthermore, pursuant to Section 38 of the EPIRA, the ERC was created as an independent, quasi-judicial regulatory body. Under the same statute, the ERC shall promote competition, encourage market development, ensure customer choice and penalize abuse of market power in the electricity industry. To achieve the Act’s legislative intent, it is empowered to promulgate necessary rules and regulations, and

impose fines or penalties for any non-compliance with or breach of the EPIRA, its IRR, and other relevant laws which it is mandated to implement¹.

Wherefore, it is imperative that we establish the jurisdiction of both the Energy Regulatory Commission and the Department on Energy, to investigate and monitor matters related to the variable pricing of fuel and petroleum products charged by power generation companies. The jurisdiction of the ERC and DOE over oil providers under this proposed bill is limited for fact-finding purposes. With the current mark-up on fuel and petroleum goods, the penalties and fines indicated in RA 8479 can be considered as measly change to oil suppliers. There is a need to reinforce the sanctions and increase the amounts stated in the RA 8479 to deter and prevent any attempt in oil price control.

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



SERGIO C. DAGOOC
APEC Party-List Representative



PRESLEY C. DE JESUS
PHILRECA Party-List Representative



ADRIANO A. EBCAS
Ako Padayon Pilipino Party-List Representative



GODOFREDO N. GUYA
RECOBODA Party-List Representative

¹ Section 43, EPIRA



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Representative Godofredo N. Guya, RECOBODA Party List
Representative Sergio C. Dagooc, APEC Party List
Representative Adriano A. Ebcas, Ako Padayon Pilipino Party List

“AN ACT
EMPOWERING THE ENERGY REGULATORY COMMISSION IN
MONITORING OIL PRICES CHARGED TO OIL-BASED POWER
GENERATION FACILITIES, AMENDING REPUBLIC ACT NO. 8479,
OTHERWISE KNOWN AS THE DOWNSTREAM OIL DEREGULATION
ACT OF 1998 FOR THAT PURPOSE”

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

SECTION 1. Section 14 of Republic Act No. 8479 is hereby amended to read as follows:

a) The DOE shall monitor and publish daily international crude oil prices, as well as follow the movements of domestic oil prices. **The publication of the prices shall either be in a newspaper of general circulation or online.** It shall likewise monitor the quality of petroleum products and stop the operation of businesses involved in the sale of petroleum products with the national standards of quality that are aligned with the international standards/protocols of quality. The Bureau of Product Standards (BPS) of the DTI, together with the Department of Environment and Natural Resources (DENR), the DOE, the Department of Science and Technology (DOST), representatives of the fuel and automotive industries and the consumers, shall set the specifications for all types of fuel and fuel-

1 related products to improve fuel composition for increased efficiency
2 and reduced emissions. The BPS shall also specify the allowable
3 content of additives in all types of fuels and fuel-related products.

4 XXX XXX

5 d) Any report from any person of an unreasonable rise in the prices of
6 petroleum products shall be immediately acted upon. For this purpose,
7 the creation of DOE-DOJ Task Force is hereby mandated to determine
8 within ~~thirty (30)~~ **fifteen (15)** days the merits of the report and initiate
9 the necessary actions warranted under the circumstances: Provided,
10 That nothing herein shall prevent the said task force from investigating
11 and/or filing the necessary complaint with the proper court or agency
12 moto proprio; **Provided, that any undue and unreasonable delay**
13 **as to the investigation, caused by the reported party, whether**
14 **directly or indirectly, shall be punishable under Section 24 of**
15 **this Act; Provided further that, in case of any discrepancy on**
16 **the capital recovery factor pertaining to fuel costs used by oil-**
17 **based power generation companies, as compared to the**
18 **prices published under subsection (a) of this provision, shall**
19 **vest original and concurrent jurisdiction to the Energy**
20 **Regulatory Commission and Department of Energy.**

21 **SECTION 2.** Section 24 of Republic Act No. 8479 shall be amended as follows:

22 SEC. 24. Penal Sanction. – Any person who violates any of the provisions
23 of this Act shall suffer the penalty of ~~three (3)~~ **six (6) months to one**
24 **(1) 6 years imprisonment** and a fine ranging from ~~Fifty Five~~
25 **hundred thousand pesos (P50,000.00) (P500,000) to Three**
26 **hundred thousand Three million pesos (P3,000,000.00).**

27 **SECTION 3. Repealing Clause.** - All laws, decrees, orders, rules and regulations,
28 or parts thereof, inconsistent with the provisions of this Act are hereby amended or
29 repealed accordingly.

30 **SECTION 4. Separability Clause.** - The provisions of this Act are hereby declared
31 separable. In the event that any provision hereof is rendered unconstitutional, those
32 that are not affected shall remain valid and effective.

33 **SECTION 5. Effectivity.** - This Act shall take effect fifteen (15) days following its
34 publication in the Official Gazette or a newspaper of general circulation

35 **Approved.**