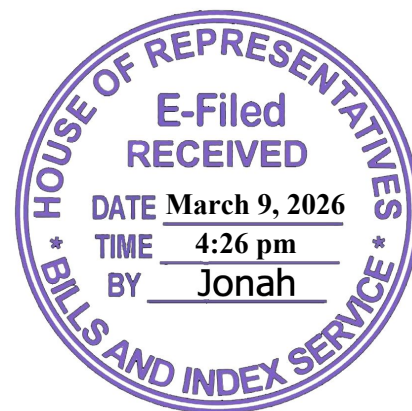


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
1st Regular Session

House Bill No. **8377**



**Introduced by Representatives OMAR VINCENT S. DUTERTE and
PAOLO Z. DUTERTE**

EXPLANATORY NOTE

Republic Act No. 8479 or the *Downstream Oil Industry Deregulation Act of 1998* was enacted to promote competition, transparency, and affordability within the local oil market. However, the complexity of global oil dynamics, the vulnerability of consumers to price fluctuations, and the necessity of ensuring energy security warrant a critical review of the current regulatory framework.

For nearly three decades, the Philippine government has operated under a policy of non-interference, leaving the pricing of essential fuels to the invisible hand of the free market. The deregulation of the oil industry was originally intended to promote market competition and consumer welfare, especially to put a halt to three (3) notable oil companies back then—Petron, Shell, and Caltex—whose marketing schemes effectively function as cartels. However, despite the passage of the Oil Deregulation Law, fuel prices continue to skyrocket. Accordingly, years thereafter, oil companies still fail to explain the mechanisms used in setting oil prices and the prices' relation to the international crude market supply and even foreign exchange rate. While the intent of the Oil Deregulation Law is sound, it is not successful in lowering fuel prices and checking the unilateral move of the oil prices to dictate the price of oil.

The geopolitical volatility of 2026, specifically the outbreak of the Iran-Israel War and the subsequent closure of the Strait of Hormuz, has exposed the fatal flaw of the *Oil Deregulation Law* which is the state's inability to protect its citizens from external shocks. As global oil prices soar and domestic retailers implement double-digit price hikes in a single week, the deregulated market has become a mechanism for rapid inflation rather than competition.

Fuel is not a luxury; it is the lifeblood of our economy. Uncontrolled surges in oil prices trigger a domino effect, raising the costs of transportation, food, and basic utilities, thereby pushing more Filipinos into poverty.

It is in this regard that this bill seeks to repeal the Republic Act No. 8479 or the Downstream Oil Industry Deregulation Act of 1998 to reestablish government price control of fuel pump prices and address the negative impact of frequent and abrupt fuel price changes on consumers. In addition, this proposed measure also aims to establish the Oil Price Stabilization Fund (OPSF), administered by the Office of the President, in order to help maintain and stabilize oil prices whenever feasible, at prevailing reasonable retail or pump price levels.

By restoring government oversight, the bill seeks to protect ordinary Filipinos' interests through addressing concerns on transparency and anti-competitive practices by fostering a fair market environment through government control. Further, the restoration of government price control is critical for energy security, insulating the nation from volatile global markets and ensuring affordable fuel availability. The proposed repeal emphasizes robust consumer protection measures and regulatory oversight to intervene in case of unjustified price hikes.

Note, however, that this bill is not intended to stifle competition or hinder economic growth. Instead, it seeks to recalibrate the regulatory framework to strike a balance between market dynamics and the government's responsibility to protect the welfare and interests of its citizens. By reclaiming regulatory authority, the State honors its constitutional mandate to promote the general welfare and ensure that the Filipino people are not left defenseless against the whims of a volatile global energy market.



HON. OMAR VINCENT S. DUTERTE



HON. PAOLO Z. DUTERTE

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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House Bill No. **8377**

Introduced by Representatives **OMAR VINCENT S. DUTERTE** and
PAOLO Z. DUTERTE

AN ACT
ESTABLISHING THE OIL PRICE STABILIZATION FUND, REPEALING FOR
THE PURPOSE REPUBLIC ACT NO. 8479, OTHERWISE KNOWN AS
THE “DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998”,
AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. *Short Title.* – This Act shall be known as the "*Oil Industry Regulation and National Energy Security Act of 2026*."

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to ensure the continuous, adequate, and stable supply of petroleum products at reasonable and fair prices. Recognizing that petroleum is a commodity affected with public interest, the State shall exercise its power to regulate the downstream oil industry to protect consumers from the adverse effects of global market volatility and geopolitical conflicts.

SEC. 3. *Establishment of the Oil Price Stabilization Fund (OPSF).* – The Oil Price Stabilization Fund (OPSF) is hereby established to support all Filipinos and help maintain and stabilize oil prices whenever feasible, at prevailing reasonable retail/pump price level. The OPSF shall be deposited in the National Treasury and administered by the Office of the President. The administration, utilization, and disposition of the OPSF herein established shall be subject to the audit jurisdiction of the Commission on Audit (COA) which shall promulgate the necessary accounting and auditing rules and regulations to carry out the provisions of this Act.

SEC. 4. *Application* - Application of the Oil Price Stabilization Fund (OPSF) shall be subject to the following conditions:

- (1) That the OPSF shall be used to reimburse the oil companies for: (a) cost increases of imported crude oil and finished petroleum products resulting from foreign exchange rate adjustments and/or increases in world market prices of crude oil; (b) cost under recovery incurred as a result of fuel oil sales to the National Power Corporation (NPC); and (c) other cost under recoveries incurred as may be finally decided by the Supreme Court;
- (2) That the return on investment of the oil companies does not exceed twelve percent (12%); and

- (3) That no amount of the OPSF shall be used to pay any oil company which has an outstanding obligation to the Philippine Government, or any of its branches, agencies or instrumentalities, without said obligation being offset first, subject to the requirements of compensation or offset under the Civil Code of the Philippines.

SEC. 5. Appropriations - The amount of Ten Billion Pesos (Php10,000,000,000.00) is hereby appropriated for this purpose which shall be sourced from excess revenues from ad valorem tax and/or import duty on crude oil and finished petroleum products, incremental dividends and receipts from government corporations and overall savings of the National Government. Any claims against the OPSF in excess of Ten Billion Pesos (Php10,000,000,000.00) shall be sourced from the current budget upon approval of this Act.

SEC. 6. Monitoring Compliance - The Department of Budget and Management shall, within ten (10) days after the end of each month, submit to Congress a monthly report on the releases to each oil company and outstanding balance of the Oil Price Stabilization Fund (OPSF).

SEC. 7. Implementing Rules and Regulations - The Department of Finance and Department of Budget and Management shall promulgate the necessary rules and regulations to implement this Act within ninety (90) days from its effectivity.

SEC. 8. Repealing Clause. - All provisions of laws and rules inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 9. Separability Clause. - If for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

SEC. 10. Effectivity Clause. - This Act shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

Approved,