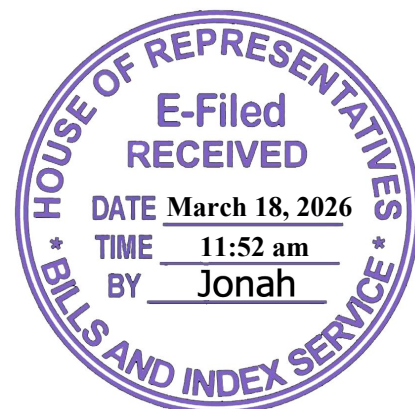


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8648



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to introduce stronger regulatory safeguards that protect Filipino consumers from arbitrary and disproportionate increases in the prices of liquefied petroleum gas (LPG), while preserving fair competition and ensuring transparency in the downstream oil industry. It amends Republic Act (RA) No. 8479, otherwise known as the "*Downstream Oil Industry Deregulation Act of 1998*".

Ongoing tensions in the Middle East, particularly disruptions along the Strait of Hormuz, have weaponized the global energy supply chain, pushing Brent crude toward a hundred dollars (\$100) per barrel breaking point. This is projected to be part of a potential prolonged period of energy insecurity that directly transmits inflationary pressures to import-dependent countries like the Philippines. In such conditions, the absence of responsive domestic safeguards allows the full burden of global volatility to fall on Filipino households, especially those who rely on LPG for daily cooking and basic needs.

At present, LPG pricing in the Philippines remains heavily influenced by international contract prices. Some market players immediately impose full price increases at the start of the month, yet delay price reductions when global prices decline. This raises concerns on fairness and transparency in price-setting mechanisms.

This bill strengthens the powers of the Department of Energy (DOE) to require disclosure of cost components, mandates timely investigation of unreasonable price increases, and designates the Energy Regulatory Commission (ERC) to determine the validity of such increases within a defined period.

These interventions prevent predatory inventory-tax profiteering where oil majors justify new price hikes using old, lower-cost stock. It provides the necessary structural armor necessary to ensure that energy remains accessible during a global war of attrition.

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



HON. ERIC G. YAP

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HOUSE BILL NO. 8648

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AN ACT
PROTECTING FILIPINO CONSUMERS FROM ARBITRARY PRICE INCREASES OF LIQUEFIED PETROLEUM GAS AND PROMOTING TRANSPARENCY IN THE PHILIPPINE DOWNSTREAM OIL INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 14, 19, AND 24 OF REPUBLIC ACT NO. 8479, OTHERWISE KNOWN AS THE “DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998”

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

Section 1. Section 14 of Republic Act No. 8479, otherwise known as the “Downstream Oil Industry Deregulation Act of 1998”, is hereby amended to read as follows:

“Sec. 14. *Monitoring.* – (a) The DOE shall monitor and publish daily international crude oil prices, as well as follow the movements of domestic oil prices. **IN PURSUANCE OF THIS MANDATE, THE DOE SHALL HAVE THE POWER TO REQUIRE DOWNSTREAM OIL INDUSTRY PARTICIPANTS ENGAGED IN THE RETAIL OF PETROLEUM PRODUCTS TO SUBMIT INFORMATION PERTAINING TO THE ACTUAL COST COMPONENTS OF THE PUMP PRICE OF THEIR PETROLEUM PRODUCTS SOLD AT RETAIL FUEL OUTLETS: PROVIDED, THAT THE AVERAGE PRICE OF DUBAI CRUDE OIL, BASED ON THE MEAN OF PLATTS SINGAPORE, FOR THREE (3) CONSECUTIVE MONTHS IS EQUAL TO OR GREATER THAN EIGHTY DOLLARS (USD 80) PER BARREL: PROVIDED FURTHER, THAT THE COST COMPONENTS SHALL INCLUDE THE FOLLOWING:**

- 1. ACTUAL COST PERTAINING TO INTERNATIONAL CONTENT SUCH AS IMPORT COSTS, FREIGHT COSTS, INSURANCE, AND FOREIGN EXCHANGE COSTS;**

2. ACTUAL COST PERTAINING TO GOVERNMENT IMPOSITIONS SUCH IMPORT DUTIES, EXCISE TAXES, VALUE ADDED TAXES, AND OTHER TAXES;

3. ACTUAL COST PERTAINING TO BIOFUEL COST;

4. ACTUAL COST PERTAINING TO OTHER COSTS SUCH AS PORT CHARGES, REFINING COSTS, STORAGE COSTS, HANDLING COSTS, MARKETING COSTS, TRANSSHIPMENT COSTS, AND OTHER COSTS; AND

5. ACTUAL COST PERTAINING TO THE OIL COMPANY'S PROFIT.

"THE DOE SHALL NOT DISCLOSE ANY PROPRIETARY AND CONFIDENTIAL INFORMATION TO THE PUBLIC AND TO OTHER OIL INDUSTRY PARTICIPANTS UNLESS PRIOR CONSENT OF THE SOURCE OR OWNER OF SUCH INFORMATION HAS BEEN OBTAINED BY THE REQUESTING PARTY: PROVIDED, THAT PRIOR CONSENT SHALL NOT BE REQUIRED IF THE PROPRIETARY AND CONFIDENTIAL INFORMATION IS REQUESTED BY A GOVERNMENT AGENCY IN THE PERFORMANCE OF ITS FUNCTIONS: PROVIDED, FINALLY, THAT THE REQUESTING GOVERNMENT AGENCY SHALL NOT DISCLOSE THE PROPRIETARY AND CONFIDENTIAL INFORMATION TO THE PUBLIC AND TO OTHER OIL INDUSTRY PARTICIPANTS.

"It shall likewise monitor the quality of petroleum products and stop the operation of businesses involved in the sale of petroleum products which do not comply with the national standards of quality that are aligned with the national standards/protocols of quality. The Bureau of Product Standards 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-related products to improve fuel composition for increased efficiency and reduced emissions. The BPS shall also specify the allowable content of additives in all types of fuels and fuel-related products.

"x x x

"(d) Any report from any person of an unreasonable rise in the prices of petroleum products shall be immediately acted upon. For this purpose, the [creation of the DOE-DOJ Task Force] **ENERGY REGULATORY COMMISSION (ERC)** is hereby mandated to determine within thirty (30) days the merits of the report and initiate

the necessary actions warranted under the circumstance: *Provided*, That nothing herein shall prevent the said task force from investigating and/or filing the necessary complaint with the proper court or agency *motu proprio*.

“x x x”

SEC. 2. Section 19 of the same Act is hereby amended to read as follows:

“Sec. 19. *Start of Full Deregulation*. – x x x

“PROVIDED, FURTHER, THAT EFFECTIVE IMMEDIATELY, THE PRICE OF LPG HAS TO BE GUIDED BY AN AUTOMATIC PRICING MECHANISM (APM) WHICH SHALL BE DETERMINED BY THE ERC, AFTER PRIOR NOTICE AND HEARING, WITHIN SIX (6) MONTHS FROM THE EFFECTIVITY OF THIS ACT. MOREOVER, THE APM SHALL PROVIDE FOR CYLINDER REPAIR AND MAINTENANCE COST IN ORDER TO ENSURE THAT ONLY SAFE AND QUALIFIED LPG CYLINDERS ARE PUT IN CIRCULATION.”

SEC. 3. Section 24 of the same Act is hereby amended to read as follows:

“Sec. 24. *Penal Sanction*. – Any person who violates any of the provisions of this Act shall suffer the penalty of three (3) months to one (1) year imprisonment and a fine ranging from Fifty thousand pesos (P50,000.00) to Three hundred thousand pesos (P300,000.00): **PROVIDED, THAT ANY PARTICIPANT IN THE DOWNSTREAM OIL INDUSTRY ENGAGED IN THE RETAIL OF PETROLEUM PRODUCTS WHO SHALL FAIL TO COMPLY WITH THE REQUIREMENT TO SUBMIT INFORMATION PURSUANT TO THE PROVISIONS OF SECTION 14(A) OF THIS ACT SHALL BE SUBJECT TO AN ADMINISTRATIVE PENALTY EQUIVALENT TO A FINE RANGING FROM A MINIMUM OF FIVE MILLION PESOS (P5,000,000,000.00) TO A MAXIMUM OF FIFTY MILLION PESOS (P50,000,000.00): PROVIDED, FURTHER, THAT ANY GOVERNMENT OFFICIAL WHO SHALL DISCLOSE PROPRIETARY AND CONFIDENTIAL INFORMATION CONTRARY TO THE PROVISIONS OF SECTION 14(A) OF THIS ACT SHALL BE SUBJECT TO AN ADMINISTRATIVE PENALTY EQUIVALENT TO A FINE NOT EXCEEDING THE EQUIVALENT OF SIX (6) MONTHS’ SALARY, OR SUSPENSION NOT EXCEEDING ONE (1) YEAR, OR REMOVAL DEPENDING ON THE GRAVITY OF THE OFFENSE.”**

SEC. 4. *Implementing Rules and Regulations*. – Within sixty (60) days after the effectivity of this Act, the ERC shall, in coordination with the Department of Energy, Department of Trade and Industry, and other relevant government agencies,

promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

SEC. 5. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the other provisions not so declared shall remain in force and effect.

SEC. 6. *Repealing Clause.* – All laws, decrees, orders and rules, and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,