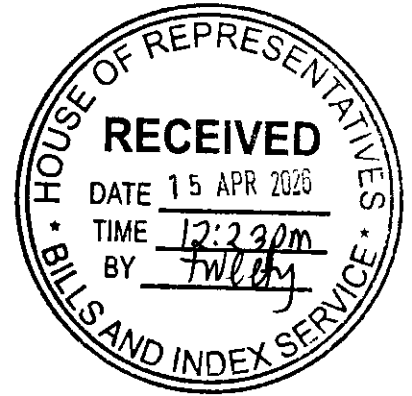




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila
TWENTIETH CONGRESS
First Regular Session
HOUSE BILL NO. **8870**

Introduced by Representative EDGAR R. ERICE

EXPLANATORY NOTE

The Philippines is once again confronted with a surge in global oil prices triggered by geopolitical instability, including tensions involving the United States and Iran that threaten critical supply routes such as the Strait of Hormuz.

Diesel, as the backbone fuel for public transportation, agriculture, and logistics, has a direct and cascading effect on inflation and the cost of basic commodities.

While Republic Act No. 8479, or the Downstream Oil Industry Deregulation Act of 1998, promotes a free market system, it does not prevent the State from exercising its police power during times of national emergency or economic disruption.

This proposed measure is firmly anchored on the following constitutional provisions:

Article II, Section 9 – The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.;

Article XII, Section 6 – The use of property bears a social function, and all economic agents shall contribute to the common good. Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic

enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands.;

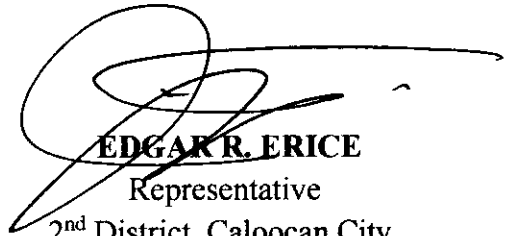
Article XII, Section 19 – The State shall regulate or prohibit monopolies when the public interest so requires. No combinations in restraint of trade or unfair competition shall be allowed.;

Article XIII, Section 1 – The Congress shall give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good.

To this end, the State shall regulate the acquisition, ownership, use, and disposition of property and its increments.

Jurisprudence has consistently upheld that police power includes the authority to regulate prices in industries affected with public interest, especially in times of crisis.

Accordingly, this bill seeks to temporarily impose a diesel price ceiling to shield the Filipino people from excessive price volatility while maintaining supply stability through a calibrated subsidy mechanism.



EDGAR R. ERICE
Representative
2nd District, Caloocan City



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AN ACT

IMPOSING A TEMPORARY PRICE CEILING OF SEVENTY PESOS (₱70.00) PER LITER ON DIESEL FUEL FOR A PERIOD OF SIX (6) MONTHS DURING A GLOBAL OIL CRISIS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

- 1
- 2 **SEC. 1. Short Title.** This Act shall be known as the “**DIESEL CAP Act**” (Diesel Intervention
- 3 for Economic Stability, Energy Leveling, Citizens Assistance and Protection Act)
- 4
- 5 **SEC. 2. Declaration of Policy.** It is the policy of the State to:
- 6 a. Protect citizens from excessive and unreasonable increases in fuel prices during
- 7 periods of crisis;
- 8 b. Ensure the affordability and accessibility of essential energy resources;
- 9 c. Promote economic stability and equitable pricing mechanisms; and
- 10 d. Safeguard public welfare while maintaining a stable and continuous fuel supply.
- 11

SEC. 3. Definition of Terms. For the purpose of this Act, the following terms are defined, as follows:

- a. Diesel Fuel – Refined petroleum product commonly used for compression-ignition engines, including automotive diesel oil and industrial diesel variants;
- b. Price Ceiling – The maximum allowable retail price of diesel fuel set at Seventy Pesos (₱70.00) per liter, inclusive of all applicable taxes and charges;
- c. Global Oil Crisis – A period of significant disruption in global oil supply or extraordinary volatility in international crude oil prices, as may be determined by the Department of Energy (DOE);
- d. Covered Entities – All persons or juridical entities engaged in the importation, refining, distribution, and retail sale of diesel fuel within the Philippines;
- e. Subsidy – Financial assistance provided by the national government to qualified covered entities to offset losses or cost differentials arising from the implementation of the price ceiling;
- f. Energy Leveling – A government intervention mechanism aimed at stabilizing and equalizing fuel prices to prevent excessive market fluctuations and protect consumers.

SEC. 4. Imposition of Price Ceiling. A temporary price ceiling of Seventy Pesos (₱70.00) per liter is hereby imposed on diesel fuel sold in the domestic market for a period of six (6) months from the effectivity of this Act.

SEC 5. Coverage. This Act shall apply to all covered entities nationwide, including wholesalers, retailers, and fuel stations.

SEC. 6. Subsidy and Compensation Mechanism. The government shall provide subsidies to qualified covered entities to ensure uninterrupted supply and mitigate financial losses resulting from the imposed price ceiling.

The Department of Energy (DOE), in coordination with the Department of Finance (DOF) and the Department of Budget and Management (DBM), shall promulgate the necessary rules and regulations for the proper implementation of this section

SEC. 7. Appropriations. The amount of Four Hundred Billion Pesos (₱400,000,000,000.00) is hereby appropriated for the implementation of this Act, to cover:

- a. Subsidies for affected industry participants;
- b. Administrative and operational expenses;
- c. Monitoring, enforcement, and compliance activities.

The funding shall be sourced from available appropriations, contingency funds, excess revenues, or such other funding sources as may be identified by the Department of Finance.

SEC. 8. Implementing Agencies. The Department of Energy (DOE) shall serve as the lead implementing agency, in coordination with:

- a. Department of Trade and Industry (DTI);
- b. Department of Transportation (DOTr);
- c. Department of Agriculture (DA);
- d. Other relevant government agencies.

SEC. 9. Monitoring and Enforcement. The DOE and DTI shall jointly monitor compliance with the provisions of this Act and ensure strict enforcement of the price ceiling.

SEC. 10. Penalties. Any person or entity found violating this Act shall, upon conviction, be subject to:

- a. A fine of not less than ₱1,000,000.00 but not more than ₱5,000,000.00;
- b. Suspension or revocation of business permits and licenses; and
- c. Imprisonment of responsible officers, as determined by the court.

SEC. 11. Sunset Clause. This Act shall automatically expire after six (6) months from its effectivity unless extended by Congress.

SEC. 12. Separability Clause. If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in full force and effect.

1 **SEC. 13. Repealing Clause.** All laws, decrees, rules, and regulations inconsistent with this
2 Act are hereby repealed or modified accordingly.

3
4 **SEC. 14. Effectivity.** This Act shall take effect fifteen (15) days after publication in the Official
5 Gazette or in a newspaper of general circulation.

6
7 Approved,