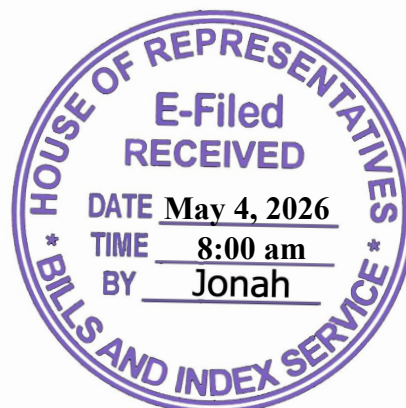


TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES
HOUSE BILL No. 9021

Introduced by **REP. CLAUDINE DIANA D. BAUTISTA-LIM**

AN ACT

REPEALING REPUBLIC ACT NO. 8479, OTHERWISE KNOWN AS THE “DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998”, CREATING AN OIL INDUSTRY REGULATORY BOARD, ESTABLISHING A STRATEGIC PETROLEUM RESERVE, MANDATING A FUEL SUBSIDY PROGRAM FOR PUBLIC TRANSPORT WORKERS AND OTHER VULNERABLE SECTORS, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Republic Act No. 8479, otherwise known as the Oil Deregulation Law, was enacted with the intent of liberalizing the downstream oil industry in order to ensure a truly competitive market that encouraged competition, and guaranteed a stable and adequate supply of petroleum products. However, more than two decades since its passage, persistent global oil price volatility, market concentration, and external geopolitical shocks have exposed structural weaknesses in the deregulated regime.

The country is remains afflicted by high energy prices and the oil industry is still dominated by three large corporations. While there are varying reasons for this, including changing global oil prices, financial crises in the international market, fluctuations in exchange rate, and most recently the geopolitical tension between Iran and the US-Israel, the state’s approach in addressing access to oil supply cannot be overstated.¹

In recent years, Filipino consumers, particularly public utility drivers and operators, have borne the brunt of unpredictable and shockingly steep increases in fuel prices, resulting in higher transportation costs and cascading effects on the prices of basic goods and services. The absence of effective regulatory mechanisms has

¹ Mendoza, E.-D., Dangcalan, R. P., & Din, A. J. (2014). Fifteen years since oil Deregulation: Assessment of the Department of Energy’s role in the implementation of Republic Act 8479. *Philippine Journal of Public Administration*, LVIII(1), 57–91.

limited the government's ability to respond swiftly and decisively to protect the public from excessive price fluctuations and potential market abuses.

This bill seeks to repeal Republic Act No. 8479 and replace it with a more responsive and equitable framework that balances market efficiency with strong State oversight.

This measure essentially creates the Oil Industry Regulatory Board (OIRB) which shall be under the supervision of the Department of Energy, to oversee the downstream oil industry. The OIRB shall be empowered to monitor prices, require transparency in cost structures, prevent anti-competitive practices, and implement appropriate regulatory interventions, including price stabilization mechanisms when necessary.

To address supply-side vulnerabilities, this bill also establishes a Strategic Petroleum Reserve (SPR), which shall serve as a buffer against supply disruptions and a tool for mitigating the impact of global oil price shocks. By maintaining a minimum inventory of petroleum products, the government will be better positioned to ensure energy security and stabilize domestic supply during times of crisis.

Recognizing the immediate and disproportionate burden of rising fuel costs on the transport sector, the bill also mandates the implementation of a fuel subsidy program for public utility drivers and other vulnerable sectors. Unlike ad hoc aid programs, this subsidy method is intended to be automatic, targeted, and responsive, triggered by predetermined thresholds of gasoline price increases or abnormal market situations. This ensures timely relief to those most affected and helps maintain the viability of public transportation services.

Ultimately, this measure seeks to restore the government's capacity to protect consumers, ensure fair market practices, and secure the country's energy needs, while providing immediate and meaningful relief to vulnerable sectors.

Immediate passage of this measure is earnestly sought.


REP. CLAUDINE DIANA BAUTISTA-LIM
DUMPER PTDA Party-List

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PUBLIC TRANSPORT WORKERS AND OTHER VULNERABLE SECTORS, AND
FOR OTHER PURPOSES

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 Reform and Consumer Protection Act.”

SEC. 2. **Declaration of Policy.** – Oil and other petroleum products being vital to national security and the continued supply thereof at reasonable prices being essential to the general welfare, it is hereby declared the policy of the State to:

- a. Ensure a stable, adequate, and continuous supply of petroleum products;
- b. Protect consumers and vulnerable sectors, particularly public transport workers, from the adverse effects of volatile oil prices;
- c. Promote a fair, transparent, and accountable downstream oil industry;
- d. Regulate the downstream oil industry in the public interest; and
- e. Safeguard the welfare of public transport workers, the commuting public and other vulnerable sectors.

SEC. 3. **Repeal.** - Republic Act No. 8479, otherwise known as the Oil Deregulation Law of 1998, is hereby repealed.

SEC. 4. **Regulation of the Downstream Oil Industry.** – To attain the objectives of this Act, the State shall re-establish regulatory authority over the pricing, importation, refining, distribution, and sale of petroleum products. The Oil Industry

Regulatory Board, hereinafter referred to as “Board”, is hereby created under the administrative supervision and control of the Department of Energy (DOE).

SEC. 5. Composition and Qualification of the Board. – The Board shall be composed of a Chairperson and four (4) Members to be appointed by the President, with the consent of the Commission on Appointments. The Chairperson and the Members of the Board shall be natural-born citizens and residents of the Philippines. In addition, the Chairperson and Members of the Board shall be persons of good moral character, at least thirty-five years of age, and of recognized competence in the field of law, economics, finance, banking, commerce and industry, management, or labor. No Chairperson or Member of the Board who has an interest in, or is related within the fourth civil degree of consanguinity or affinity with an officer of an oil company shall be appointed as such. The Chairperson and the Members of the Board shall devote their full time to the Board and shall not accept any other employment.

SEC. 6. Term of Office of the Board. – The term of office of the Chairperson and the Members of the Board shall be three (3) years. No person may be appointed to serve on the Board for more than two (2) consecutive terms.

SEC. 7. Quorum. – Three (3) members of the Board shall constitute a quorum, and the vote of at least three (3) members shall be necessary for the adoption of any rule, ruling, order, resolution, decision, or other act of the Board in the discharge of its functions. The Board shall have its office in Metro Manila or such other place as may be designated, and may hold hearings or any proceedings at such times and places within the Philippines as it may provide by an order in writing.

SEC. 8. Compensation. – The Chairperson shall receive compensation equal to that of a Department Undersecretary, while the Members shall each receive compensation equal to that of an official next in rank to a Department Undersecretary. They, upon completion of their terms or upon becoming eligible for retirement under existing laws, shall be entitled to the corresponding retirement benefits and privileges provided for by law.

SEC. 9. Staffing. – The Board shall appoint and maintain an adequate staff, which shall include a Secretary who shall be a member of the Integrated Bar of the Philippines with at least five (5) year-experience in the active practice of law in the Philippines or in the discharge of an office requiring as an indispensable requisite admission to the practice of law in the Philippines. The Secretary shall be the recorder and official reporter of the proceedings of the Board and shall have the authority to administer oaths in all matters falling within the jurisdiction of the Board. The Secretary shall likewise be responsible for the effective implementation of the policies, rules and directives promulgated by the Board, shall coordinate and supervise activities of the different operating units of the Board, and shall perform such functions as may be assigned by the Chairperson and/or by the Board. The members of the technical staff,

except those performing purely clerical functions, shall possess at least a bachelor's degree in the line of specialization required by their respective positions: *Provided, That*, except for positions that are policy-determining, highly technical, or primarily confidential in nature, all positions in the Board shall be subject to the provisions of the Civil Service Law and its implementing rules and regulations.

SEC. 10. Jurisdiction, General Powers and Functions of the Board. – When warranted and when public interest and necessity requires as it may determine, the Board shall have jurisdiction and supervision over all persons, natural or juridical, firms or entities engaged in the business of importing, exporting, shipping, transporting, processing, refining crude oil or other petroleum products, storing, marketing, distributing, or selling, both at wholesale and retail, gasoline, gas, oil, kerosine, and other crude or refined petroleum products, and shall have the power to supervise and regulate their operations and activities including the following:

- a. To set conditions for the accomplishment of the purposes of this Act under which persons, natural or juridical, and business entities can engage or continue engaging in business of importing, exporting, shipping, transporting, processing, refining, storing, distributing, marketing or selling of crude oil, diesel, gasoline, kerosene, gas, and other refined petroleum products or by-products;
- b. To study the importation of crude oil into the Philippines and to determine its most economical sources, transportation routes, and freight rates;
- c. To look into all available sources of supply of crude oil, draw up plans to cope up with such contingencies as may arise should prevailing sources of supply become closed, insufficient or inaccessible, and enter into such preliminary negotiations or arrangements with possible alternative sources as may be necessary to assure a stable, adequate and continuous supply of crude oil and refined petroleum products under the most economic and competitive terms possible;
- d. To recommend to the President that the State, through such agency or agencies as the President may designate, acquire equity in any oil company or refinery now existing or that may be organized hereafter: *Provided, however, That* equity so acquired shall be made available to the public;
- e. To set and approve price ceilings for petroleum products based on transparent cost structures;
- f. To regulate profit margins of oil companies to prevent excessive pricing;
- g. To require full disclosure of pricing components, including import costs, taxes, and markups;
- h. To monitor and penalize anti-competitive practices, including hoarding, cartelization, and price manipulation; and
- i. To do and perform any and all such acts as may be necessary and proper to carry out the purpose of this Act.

SEC. 11. Powers of the Board Upon Notice and Hearing. – The Board shall have power, upon proper notice and hearing, in accordance with the provisions of this Act:

- a. To determine whether current market prices of petroleum products are reasonable, providing for a fair and reasonable return;
- b. To regulate and fix prices of oil and other petroleum products. No changes in prices may thereafter be made by the Board without prior public notice and hearing at which parties who may be affected may appear and participate. In setting prices or making changes thereof, the Board shall be guided by the following considerations:
 - 1. Whether claimed increases or decreases in costs, sales or profits are real of stimulated;
 - 2. Whether expenses and costs which are claimed to have been incurred, being incurred, or are to be incurred are necessary and reasonable;
 - 3. The impact of the proposed prices or change therein on the economy and on the consuming public, particularly low-income groups and industries essential to the national welfare of security; and
 - 4. The cost profit levels of the industry.
- c. To regulate the capacities of new refineries or additional capacities of existing refineries so as to accomplish the purposes and objectives of this Act;
- d. To regulate the operations and trade practices of the oil industry in order to encourage orderly competition, prevent monopolies and collusive practices within the industry, giving due regard to the ecological and environmental needs of the country;
- e. To review the cost at which crude oil had been imported into the Philippines within the preceding year and to look for alternative source for a lower cost;
- f. To take adequate steps to prevent monopolies and combinations in restraint of trade within the petroleum industry, or involving enterprises engaged in the oil industry; and
- g. To recommend to the President that the government, through such agency as the President may designate, take over the operation of any refinery or other firm. Corporation or entity engaged in the oil industry whenever the public welfare or national interest so requires or when (1) such refinery, firm, corporation or entity ceases or threatens to cease or substantially reduces or threatens to reduce substantially its operations; and (2) its cessation or threatened cessation or reduction or threatened reduction of operations threatens the continued supply of petroleum products at reasonable prices to the general public or to industries dependent on petroleum products for sources of energy, or otherwise creates a clear and present danger to the national welfare or national security: *Provided, however, That* the operation by the government shall continue only for such period of time as the threat or danger persists: *Provided, further, That* just compensation shall be paid for the use of

the property: and *Provided, finally, That* any unrecovered investment made by the government during the take-over shall be reimbursed by the refinery, firm, corporation or entity.

SEC. 12. Powers of the Board Without Hearing. – The Board shall have the power to do the following without hearing:

- a. Require importers of crude oil and petroleum products to file with the Board data on their import and the landed costs thereof at the time of purchase including port and brokerage charges, bank charges, wharfage, and other material information relative thereto;
- b. Require oil refineries to file with the Board their refining costs, storage costs, marketing and transportation or shipping costs, among many others.
- c. Require all dealership agreements to be filed and registered with the Board as public documents;
- d. Issue subpoena *ad testificandum* and subpoena *duces tecum* in any inquiry, study, hearing, investigation, or proceedings which it may decide to undertake in the exercise of its functions, powers and duties under this Act; and
- e. Perform such other acts as may be necessary or conducive to the effective and efficient exercise of its functions, powers and duties under this Act.

SEC. 13. Other Powers and Duties of the Board. – The Board shall undertake a continuing study of the oil or petroleum industry in its domestic and international aspects, gather and collate information and statistics bearing on the industry, submit an annual report to Congress and to the President of the Philippines on its activities and the results of its studies, including such matters as it may deem appropriate subjects of legislation or executive action. The Board shall keep itself regularly and thoroughly informed of conditions in the industry in order to enable it to perform its functions, exercise its powers and discharge its duties efficiently and effectively. In furtherance to the objective of this Act, the Board shall regularly conduct unannounced inspection of the premises and facilities owned, leased or operated by persons and corporations engaged in the oil or petroleum industry in the conduct of their business. The Board shall have authority to spot-audit and inspect books of accounts and other corporate records of these persons and corporations.

SEC. 14. Procedure. – The Board shall have the power to promulgate rules and regulations that shall govern the conduct of inquiries, studies, hearings, investigations and proceedings before it as well as the enforcement of its orders, rules and decisions. The Board shall not be bound by the technical rules of evidence but the Rules of Court shall apply in a suppletory character; *Provided, That* said rules and regulations promulgated shall take effect fifteen (15) days after publication thereof in the Official Gazette: *Provided, further, That* the Board may summarily punish for contempt by a fine not exceeding Five Thousand Pesos (Php5,000.00) or by imprisonment not exceeding thirty (30) days or both, any person found guilty of

misconduct in the presence of the Board in any hearing or session or any proceedings before it, or who willfully fails or refuses without just cause to comply with a summons or subpoena legally issued by the Board or, being present at a hearing, session or investigation, refuses to be sworn as a witness or to answer questions when lawfully required to do so, or to furnish information required by the Board under this Act.

SEC. 15. Review of Board's Orders and Decisions. – A party adversely affected by any order, ruling or decision of the Board in the exercise of its powers under this Act may, within a period of fifteen (15) days from receipt of said order, ruling or decision, or from receipt of denial of a motion for reconsideration files, file an appeal to the Supreme Court by Certiorari. The order, ruling or decision of the Board shall become final and executory unless an appeal is seasonably filed. The appeal or the pendency thereof shall not bar execution or implementation of such order, ruling or decision in the absence of a Temporary Restraining Order issued by the Court.

SEC. 16. Requirements to Oil Companies. – Every oil company shall maintain a minimum inventory requirement of thirty (30) day-supply of both crude and refined oil as buffer stock to ensure the security of oil supply and shall regularly submit to the Board indicative retail price which shall be unbundled as follows:

- a. Landed cost of crude oil at the time of purchase; and
- b. Additional costs to include port charges, brokerage and bank fees, wharfage, documentary stamp taxes, refining costs. Storage costs, and marketing and transportation costs.

SEC. 17. Prohibited Acts and Penalties. – To ensure fair competition and prevent cartels and monopolies in the oil industry, and to effectively attain the policy and purposes of the State through this Act, the following acts are hereby declared prohibited and illegal:

- a. Giving false or misleading data or information or willfully or through gross negligence, concealing or falsifying a material fact, in any investigation, inquiry, study or other proceedings held by the Board pursuant to this Act, which shall be punishable by imprisonment of not less than six (6) years and one (1) day nor more than seven (7) years and fine of not less than One Million Pesos (Php1,000,000.00) nor more than Two Million Pesos (Php2,000,000.00);
- b. Violation of any provision of this Act or any order, ruling, decision, or rule or regulation issued by the Board, which shall be punishable by imprisonment of not less than seven (7) years nor more than eight (8) years and a fine of not less than Two Million Pesos (Php2,000,000.00) nor more than Three Million Pesos (Php3,000,000.00);

- c. Predatory pricing, which means selling or offering to sell any petroleum product at a price unreasonably below the industry average cost to attract customers to the detriment of competitors, which shall be punishable by imprisonment of not less than seven (7) years nor more than eight (8) years and a fine of not less than Two Million Pesos (Php2,000,000.00) nor more than Three Million Pesos (Php3,000,000.00); and
- d. Cartelization, which means any agreement, combination or concerted action by oil refiners, importers, dealers or distributors or their representatives to fix prices, restrict outputs or divide markets, either by products or by areas, or allocating markets, either by products or by areas, in restraint or trade of free competition, which shall be punishable by imprisonment of not less than ten (10) years nor more than twelve (12) years and a fine of not less than Five Million Pesos (Php5,000,000.00) nor more than Eight Million Pesos (Php8,000,000.00).
 - i. If the offender is a juridical person, the penalty shall be imposed on the officer or officers, responsible for or permitting or causing the violation;
 - ii. If the offender is a Member of the Board or any government official or employee, the maximum of the penalty prescribed shall be imposed and the offender shall suffer the additional penalty of perpetual disqualification from holding any public office, without prejudice to any administrative action or criminal prosecution under other pertinent laws; and
 - iii. If the offender is an alien, in addition to the penalty herein provided, the offender shall be deported after service of sentence and shall not be permitted reentry into the Philippines.

SEC. 18. Strategic Petroleum Reserve (SPR). – To ensure energy security, price stability, and adequate supply of petroleum products, especially during periods of global supply disruptions, emergencies, and extraordinary price volatility, the government shall establish and maintain a Strategic Petroleum Reserve which shall consist of government-owned stocks of crude oil and refined petroleum products to be maintained for emergency use and market stabilization.

The SPR shall maintain at least thirty (30) days of national petroleum consumption, subject to periodic review.

SEC. 19. Objectives of the SPR. - The SPR shall be maintained to:

- a. Provide an emergency buffer against supply disruptions;
- b. Stabilize domestic petroleum prices during periods of excessive volatility;
- c. Ensure continuous availability of fuel for critical sectors, including public transportation, agriculture, and national defense; and

- d. Support the implementation of government fuel subsidy and price mitigation programs.

SEC. 20. **Administration of the SPR.** – The SPR shall be administered by the DOE in coordination with the Board.

SEC. 21. **Mandatory Fuel Subsidy Program.** – The government shall provide a fuel subsidy to qualified public transport workers and other vulnerable groups to mitigate the impact of increases in petroleum product prices. The subsidy shall be automatically implemented upon the occurrence of any of the conditions set forth in this Act.

- a. **Coverage** – The fuel subsidy shall be granted to:
 - 1. Drivers and operators of public utility jeepneys (PUJs), buses, UV Express, taxis, Transport Network Vehicle Services (TNVS), and other duly registered public utility vehicles;
 - 2. Other transport sectors as may be determined by the Department of Transportation (DOTr), in coordination with the Land Transportation Franchising and Regulatory Board (LTFRB), Department of Social Welfare and Development (DSWD) and local government units (LGUs);
 - 3. Other vulnerable sectors as identified by the government.
- b. **Trigger Mechanism.** — The subsidy shall be released when:
 - 1. The average retail price of diesel or gasoline exceeds a threshold to be determined by the DOTr, in consultation with relevant agencies; or
 - 2. There is a sustained increase in global crude oil prices, as determined by the Department of Energy (DOE); or
 - 3. Such other conditions as may be prescribed in the Implementing Rules and Regulations (IRR) to address extraordinary price volatility.
- c. **Amount of Subsidy.** — The amount shall be determined by the DOTr, in coordination with the DOE and the Department of Budget and Management (DBM).

SEC. 22. **Appropriations.** – The amount necessary for the proper implementation of this Act for the current year is hereby appropriated out of any funds in the National Treasury not otherwise appropriated. Thereafter, the necessary amount for the full implementation of this Act shall be included in the General Appropriations Act.

SEC. 23. **Implementing Rules and Regulations (IRR).** – Within sixty (60) days from the effectivity of this Act, the DOE, in coordination with relevant agencies, shall promulgate the necessary rules and regulations.

SEC. 24. **Separability Clause.** – If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in full force and effect.

SEC. 25. **Repealing Clause.** – R.A. No. 8479, otherwise known as the “Downstream Oil Deregulation Act of 1998,” is hereby repealed. All laws, decrees, executive orders, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 26. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.