

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9085



Introduced by: Kababaihan Kabalikatan para sa Kapakanan at Kaunlaran ng Bayan
(4K) Party-list Representative Iris Marie D. Montes

AN ACT
ESTABLISHING THE PHILIPPINE STRATEGIC PETROLEUM RESERVE SYSTEM,
PROVIDING FOR AN EMERGENCY OIL PRICE STABILIZATION MECHANISM,
PROVIDING FUNDS THEREFOR, AND STRENGTHENING NATIONAL ENERGY
SECURITY

EXPLANATORY NOTE

The Philippines continues to grapple with a profound reliance on imported petroleum to fuel the critical sectors, including transportation, agriculture, manufacturing, and utilities. This structural vulnerability leaves the national economy perilously exposed to external supply shocks triggered by geopolitical friction, maritime disruptions in key chokepoints, and the inherent volatility of global oil markets. Given the present circumstances, establishing a long-term, institutionalized framework for energy resilience is no longer optional—it is a matter of national security.

In order to undertake a program that will mitigate the vulnerability of the country from the threat of oil supply and price disruptions, the Department of Energy has mandated the Philippine National Oil Company (PNOC) under Memorandum Order No. 2019-11-0001, with assessing the feasibility of a national stockpile. This was followed by DOE Circular No. DC2021-09-0028, which formally initiated the Philippine Strategic Petroleum Reserve Program. However, for these efforts to move beyond administrative intent and achieve lasting stability, a legislative mandate from Congress is required to provide a permanent institutional structure and a sustainable funding mechanism.

The price of delay is borne by the Filipino people. Fuel supply disruptions trigger a domino effect across the economy—stalling public transportation, fisheries, driving up agricultural costs, and inflating electricity rates in off-grid areas reliant on diesel power. In a nation where the delivery of food and basic services depends almost entirely on fuel-based logistics, even a minor disruption translates into spiked inflation and immediate economic hardship for the average household.

This measure seeks to rectify these vulnerabilities by codifying a state-managed reserve that ensures the Philippines can withstand global energy uncertainties with autonomy and stability.


IRIS MARIE D. MONTES

Kababaihan Kabalikatan para sa Kapakanan at
Kaunlaran ng Bayan (4K) Party-list

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

Section 1. *Short Title.* — This Act shall be known as the **"Philippine Strategic Petroleum Reserve Act."**

Sec 2. *Declaration of Policy.* — It is the policy of the State to ensure national energy security and protect the economy from external petroleum supply shocks. The State shall maintain a government-managed strategic petroleum reserve to sustain essential services during national emergencies and adopt fiscal mechanisms to stabilize domestic fuel prices during global supply disruptions.

Sec 3. *Definition of Terms.* — For the purpose of this act:

- (a) Strategic Petroleum Reserve refers to government-controlled stockpiles of crude oil and petroleum products maintained for use during national emergencies or severe supply disruptions.
- (b) Strategic Petroleum Reserve Fund refers to all proceeds and managed funds under this section shall be remitted to a special account which shall be used exclusively for the purposes of this Act.
- (c) Petroleum Products refer to gasoline, diesel, kerosene, jet fuel, liquefied petroleum gas, and other refined petroleum products determined by the Department.
- (d) Supply Disruption refers to any sudden reduction in the availability of crude oil or petroleum products resulting from geopolitical conflict, natural disaster, global market shock, or other extraordinary circumstances affecting national energy supply.
- (e) Stock Rotation refers to the systematic replacement or exchange of stored petroleum products to maintain quality and operational readiness.
- (f) Emergency Release refers to the authorized drawdown of reserve stocks during supply disruption, national emergency, or extraordinary price instability.

Sec 4. *Establishment of the Philippine Strategic Petroleum Reserve.* — There is hereby established a Philippine Strategic Petroleum Reserve (PSPR) which shall consist of emergency stockpiles of crude oil and petroleum products maintained by the national government for the purpose of safeguarding national energy security.

The strategic petroleum reserve shall be designed to complement existing commercial inventories maintained by private oil industry participants and shall serve as an emergency buffer against severe disruptions in petroleum supply.

Sec 5. Strategic Reserve Levels. — The strategic petroleum reserve shall maintain petroleum stocks equivalent to at least ninety (90) days of the country's average net petroleum imports during the initial phase of implementation. The Department of Energy (DOE) may gradually expand the reserve level based on national energy security requirements and available resources.

Sec 6. Strategic Storage Facilities. — The DOE shall ensure that strategic petroleum reserves are geographically distributed across major islands of the country to enhance resilience against natural disasters, infrastructure failure, or security threats.

Further, the Department shall:

- (a) Develop and maintain secure storage facilities nationwide with strategic geographic dispersion;
- (b) Enter into a Public-Private partnership where appropriate;
- (c) Ensure compliance with safety and environmental standards;
- (d) Implement inventory rotation mechanisms to maintain fuel integrity.

Sec 7. Release Protocol. — The President, upon recommendation of the Department of Energy, may authorize release of reserve stocks under the following conditions:

- (a) Severe Global Supply Disruption during a significant contraction in the international supply of crude oil or refined petroleum products occurs, including but not limited to, the closure of maritime chokepoints or the imposition of international trade embargoes that directly threaten domestic energy availability;
- (b) National Emergency during a declared state of national emergency, state of calamity, or state of rebellion, where the movement or availability of fuel is severely restricted, jeopardizing national security or public order;
- (c) Economic Stabilization during the occurrence of extraordinary price volatility in the global market that, if left unmitigated, poses an imminent and substantial threat to the country's inflation targets, economic stability, and the purchasing power of the general public; or
- (d) Force Majeure and Logistical Failure in the aftermath of major natural disasters, pandemics, or catastrophic infrastructure failures that paralyze the domestic fuel supply chain and require immediate state intervention to restore essential services.

Sec 8. Safeguards — The strategic petroleum reserve shall not be used for routine market intervention or for the purpose of artificially controlling petroleum prices. The reserve shall be utilized strictly as an emergency energy security mechanism during supply disruptions

Sec 9. Priority Allocations — In the event of an authorized emergency release from the PSPR, the DOE shall provide real-time guidance on allocation percentages to ensure the continued operation of critical sectors. Allocation shall be based on the severity of the supply disruption and specific regional needs, with priority given to

sectors such as, but not limited to, agriculture, public transportation, power generation, and National Defense and Security.

Sec 10. *Appropriations.* — The amount necessary for the initial implementation of this Act shall be charged against the current year's appropriations of the DOE.

Thereafter, the funding required for the sustained operation, maintenance, and expansion shall be charged against any remaining and future proceeds of the net national government share from the Malampaya Fund under the Special Account in the General Fund after deducting the Two Hundred Eight Billion Pesos (P208,000,000,000) allocated for the payment of stranded contract costs and stranded debts pursuant to Republic Act No. 11321 or the Murang Kuryente Act.

Further, the DOE may also utilize levy on energy related tax, structured procurement contracts, and concessional financing arrangements.

Sec 11. *Public-Private Participation.* — The DOE may enter into agreements with private entities, including oil companies, terminal operators, logistics providers, and infrastructure developers, for the construction, operation, maintenance, or leasing of petroleum storage facilities for the strategic reserve. Such arrangements may be undertaken through public-private partnership mechanisms consistent with existing laws.

Provided that the establishment of the PSPR shall not replace or reduce the minimum inventory requirements imposed upon oil industry participants under existing laws and regulations governing the downstream oil industry.

Sec 12. *Reporting Requirement.* — The DOE shall submit an annual report to Congress detailing reserve levels, infrastructure development, financial status, risk assessments, and any emergency releases conducted.

Sec 13. *Implementing Rules and Regulations.* — Within ninety (90) days from effectivity of this Act, the DOE shall promulgate the necessary rules and regulations.

Sec 14. *Separability Clause.* — If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in force and effect.

Sec 15. *Repealing Clause.* — All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

Sec 16. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two newspapers of general circulation.

Approved,