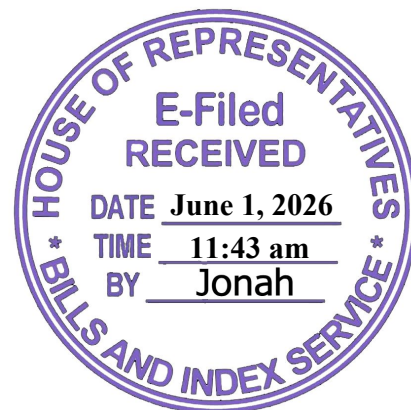


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9577



Introduced by

HON. ATTY. GERVILLE "JINKY BITRICS" R. LUISTRO

AN ACT
ESTABLISHING THE PHILIPPINE NATIONAL PETROLEUM RESERVE SYSTEM
TO ENSURE ENERGY SECURITY, MAINTAIN EMERGENCY PETROLEUM
STOCKPILES, PROVIDE MECHANISMS FOR SUPPLY STABILIZATION
DURING CRITICAL DISRUPTIONS, AND APPROPRIATING FUNDS
THEREFOR

EXPLANATORY NOTE

The Philippines continues to rely heavily on imported petroleum products to meet its energy requirements. As an archipelagic nation with a growing economy and an energy-intensive transportation and industrial sector, the country remains highly exposed to fluctuations in global oil prices, geopolitical instability, supply chain disruptions, and external market shocks.

Recent international developments, including armed conflicts in major oil-producing regions, disruptions in critical maritime trade routes such as the Strait of Hormuz, and heightened volatility in global energy markets, have underscored the urgent need for the Philippines to strengthen its energy security framework. These events have demonstrated how disruptions occurring beyond Philippine territory can immediately affect domestic fuel prices, transportation costs, inflation, food supply chains, and overall economic stability.

At present, the country largely depends on commercial inventories maintained by private oil industry participants under existing regulations. While such inventories provide a degree of short-term supply stability, they are insufficient to address

prolonged or severe disruptions in global petroleum supply. The absence of a permanent, government-controlled strategic petroleum reserve leaves the nation vulnerable during periods of international crisis, natural disasters, or extraordinary supply interruptions.

This proposed measure seeks to establish a Philippine Strategic Petroleum Reserve System that will serve as a national emergency buffer against critical petroleum supply disruptions. The measure provides for the creation and maintenance of government-managed reserves of crude oil and refined petroleum products, the establishment of strategically located storage facilities across the country, the implementation of stock rotation and quality management mechanisms, and the creation of a dedicated reserve fund to ensure sustainable financing.

The bill likewise seeks to ensure that emergency petroleum reserves are utilized solely for genuine supply emergencies and national energy security purposes, while preserving the principles of a deregulated downstream oil industry. It further promotes transparency, accountability, and coordination among relevant government agencies and private sector stakeholders in safeguarding the country's long-term energy resilience.

In light of increasing geopolitical uncertainty, recurring global energy shocks, and the country's continuing dependence on imported petroleum, the establishment of a strategic petroleum reserve has become both timely and necessary to protect the Filipino people and ensure the uninterrupted functioning of essential national services and economic activities.

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



HON. ATTY. GERVILLE "JINKY BITRICS" R. LUISTRO

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

3
4 **SECTION 1. Short Title.** - This Act shall be known as the "Philippine National
5 Petroleum Reserve Act."

6
7 **SECTION 2. Declaration of Policy.** - It is hereby declared the policy of the State
8 to ensure the stability, adequacy, security, and reliability of petroleum supply in order to
9 protect the economy and the welfare of the Filipino people from severe supply disruptions,
10 extraordinary global oil price volatility, geopolitical instability, and other energy-related
11 emergencies.

12
13 Towards this end, the State shall establish and maintain a national petroleum
14 reserve system consisting of strategic stockpiles of crude oil and refined petroleum
15 products for emergency use during periods of critical supply disruption.

16
17 The reserve system shall be implemented in a transparent, efficient,
18 accountable, and market-neutral manner consistent with the principles of a
19 deregulated downstream oil industry.

20
21 **SECTION 3. Definition of terms.** - For purposes of this Act:

1 (a) "Strategic Petroleum Reserve" refers to government-controlled stockpiles of
2 crude oil and petroleum products maintained for emergency use during severe supply
3 disruptions;

4
5 (b) "Petroleum Products" refer to gasoline, diesel, kerosene, jet fuel, liquefied
6 petroleum gas, bunker fuel, and other refined petroleum products as may be
7 determined by the Department of Energy;

8
9 (c) "Supply Disruption" refers to any sudden or prolonged interruption in the
10 availability of crude oil or petroleum products caused by geopolitical conflict, natural
11 disaster, global market shock, infrastructure failure, or other extraordinary events
12 affecting national energy supply;

13
14 (d) "Stock Rotation" refers to the replacement, exchange, or disposal of stored
15 petroleum products to preserve fuel quality and operational readiness;

16
17 (e) "Reserve Fund" refers to the Philippine National Petroleum Reserve Fund
18 established under this Act.

19
20 **SECTION 4. Establishment of the Philippine National Petroleum**
21 **Reserve System.** - There is hereby established a Philippine National Petroleum Reserve
22 System (PNPRS) which shall consist of emergency stockpiles of crude oil and petroleum
23 products maintained by the national government.

24
25 The reserve system shall serve as an emergency energy buffer against severe
26 petroleum supply disruptions and shall complement existing private sector inventory
27 requirements.

28
29 **SECTION 5. Administration of the Reserve.** - The Department of Energy
30 (DOE) shall serve as the lead implementing agency for the establishment, operation, and
31 management of the reserve system in coordination with the Philippine National Oil Company
32 (PNOC), the Department of Finance, and other relevant government agencies.

33
34 The DOE may establish a dedicated reserve management office for the effective
35 implementation of this Act.

36
37 **SECTION 6. Reserve Levels.** - The strategic petroleum reserve shall initially
38 maintain petroleum stocks equivalent to at least thirty (30) days of the country's average net
39 petroleum imports.

40 The Department of Energy may gradually increase reserve levels based on
41 national energy security requirements, fiscal capacity, and prevailing market
42 conditions.

43 **SECTION 7. Strategic Storage Facilities.** - Petroleum reserves under this Act
44 may be stored through government-owned facilities, leased commercial storage terminals,
45 underground storage structures, floating storage systems, or other secure storage
46 infrastructure.

1 The Department of Energy shall ensure that reserve storage facilities are
2 geographically distributed across strategic regions of the country to strengthen
3 disaster resilience and supply continuity.
4

5 **SECTION 8. Acquisition of Petroleum Stocks.** - Petroleum stocks for the
6 reserve may be acquired through direct procurement, government-to-government
7 agreements, long-term supply contracts, stock exchange arrangements, or other
8 lawful mechanisms determined by the Department of Energy.

9 The DOE may time acquisitions during favorable market conditions to minimize costs
10 and optimize reserve development.
11

12 **SECTION 9. Stock Rotation and Quality Management.** - The Department
13 of Energy shall implement a continuous stock rotation and quality management
14 program to ensure that petroleum reserves remain safe, usable, and operationally
15 ready.
16

17 Petroleum stocks may be periodically sold, exchanged, or replaced in order to prevent
18 deterioration and minimize losses associated with long-term storage.
19

20 **SECTION 10. Conditions for Emergency Release.** - Petroleum reserves
21 may be released only upon authorization of the President of the Philippines upon
22 recommendation of the Department of Energy under any of the following circumstances:
23

- 24 (a) Severe disruption of global petroleum supply;
- 25 (b) Declaration of a national emergency affecting fuel supply;
- 26 (c) Major natural disasters affecting transportation, food distribution, or
27 electricity generation; or
- 28 (d) Other extraordinary supply interruptions threatening essential national
29 services.
30

31 All releases shall be conducted transparently and reported to Congress.
32

33 **SECTION 11. Market Neutrality Safeguards.** - The strategic petroleum
34 reserve shall not be utilized for routine market intervention or for the artificial manipulation
35 of petroleum prices.

36 The reserve shall be used strictly for emergency energy security purposes during
37 supply disruptions.
38

39 **SECTION 12. Integration with Private Sector Inventories.** - The
40 establishment of the reserve system shall not replace or reduce the minimum inventory
41 requirements imposed upon private oil industry participants under existing laws and
42 regulations.

43 Private sector inventories shall remain the primary source of normal commercial
44 petroleum supply.

1 **SECTION 13. Philippine National Petroleum Reserve Fund.** - There is
2 hereby created a Philippine National Petroleum Reserve Fund to finance the
3 acquisition, storage, maintenance, rotation, and management of petroleum
4 reserves under this Act.

5 The Fund may be sourced from:

6
7 (a) Annual appropriations from Congress;

8
9 (b) Dividends from government-owned energy corporations;

10
11 (c) Revenues from stock rotation activities;

12
13 (d) Grants, donations, and international cooperation programs; and

14
15 (e) Other lawful sources determined by the government.
16
17

18 **SECTION 14. Public-Private Participation.** - The Department of Energy
19 may enter into agreements with private entities for the construction, leasing,
20 operation, or maintenance of petroleum storage facilities consistent with existing laws
21 and public-private partnership mechanisms.
22

23 **SECTION 15. Transparency and Reporting.** - The Department of Energy
24 shall submit an annual report to Congress detailing the status of the reserve
25 system, including reserve levels, storage capacity, acquisitions, expenditures,
26 stock rotation activities, and emergency releases.
27

28 All reserve transactions shall be subject to regular audit by the Commission on
29 Audit.
30

31 **SECTION 16. Appropriations.** - The amount necessary for the initial
32 implementation of this Act shall be charged against available appropriations of
33 concerned agencies. Thereafter, such sums as may be necessary shall be included in
34 the annual General Appropriations Act.
35

36 **SECTION 17. Implementing Rules and Regulations.** - Within ninety (90)
37 days from the effectivity of this Act, the Department of Energy, in coordination with
38 relevant government agencies, shall promulgate the implementing rules and
39 regulations necessary for the implementation of this Act.
40

41 **SECTION 18. Separability Clause.** - If any provision of this Act is declared
42 unconstitutional, the remaining provisions shall remain in full force and effect.
43

44 **SECTION 19. Repealing Clause.** - All laws, decrees, orders, rules, and
45 regulations inconsistent with this Act are hereby repealed or modified accordingly.
46

1 **SECTION 20. Effectivity.** - This Act shall take effect fifteen (15) days after
2 its publication in the Official Gazette or in a newspaper of general circulation.
3

4 Approved,