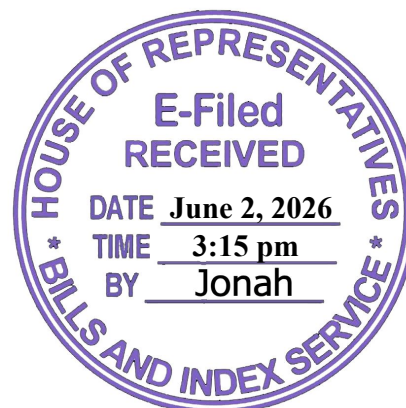


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 9675

Introduced by **REP. BERNADETTE "DETTE" G. ESCUDERO**

AN ACT
ESTABLISHING THE NATIONAL STRATEGIC FUEL RESERVE AND THE
TARGETED FUEL RELIEF PROGRAM, AND PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

The Philippines remains highly vulnerable to external shocks in the global oil market. As a net importer of crude oil and refined petroleum products, the country is directly exposed to geopolitical conflicts, disruptions in major shipping routes, supply chain instability, and sudden increases in international fuel prices. These shocks are immediately felt by Filipino households through higher fuel pump prices and, subsequently, through rising transportation, electricity, food, and basic commodity costs. Recent tensions in the Middle East and disruptions affecting key maritime routes, including the Strait of Hormuz, underscore the urgent need for the country to strengthen its energy security. Fuel is not an ordinary commodity. It is essential to transportation, agriculture, fisheries, food logistics, power generation, emergency response, and the daily movement of goods and people. Any prolonged fuel supply disruption can therefore trigger serious economic and social consequences.

This bill, which serves as the counterpart measure of Senate Bill No. 1993 filed in the Senate, seeks to establish a National Strategic Fuel Reserve to provide the country with a reliable emergency buffer against severe petroleum supply disruptions and extraordinary oil price shocks. The Reserve shall be equivalent to not less than ninety (90) days' supply and not more than one hundred eighty (180) days' supply, subject to the standards and mechanisms provided under the measure. The Reserve shall be released or utilized only under clearly defined circumstances, including severe supply disruptions, sharp increases in international fuel prices, a declared State of Calamity or State of Emergency, or for stock rotation, quality management, and other measures necessary to ensure the usability and readiness of the Reserve. This ensures that the Reserve will not be used as a routine market intervention tool, but as a strategic national safeguard during periods of genuine need. The bill likewise establishes a Targeted Fuel Relief Program to provide direct cash assistance or fuel vouchers, as may be appropriate, to sectors most affected by fuel supply disruptions and sharp increases in petroleum prices. These include small farmers and fisherfolk,

public transport and delivery drivers, micro and small enterprises engaged in fuel-dependent activities, and other vulnerable sectors to be identified in coordination with relevant government agencies.

By creating a strategic fuel reserve and a targeted relief mechanism, this measure seeks to protect Filipino consumers, safeguard essential sectors, strengthen disaster and crisis preparedness, and promote greater stability in the national economy.

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



HON. BERNADETTE "DETTE" G. ESCUDERO

Representative
1st District, Sorsogon

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

1 **SECTION 1. Short Title.** This Act shall be known as the "Fuel Security Act."

2
3 **SEC. 2. Declaration of Policy.** It is hereby declared the policy of the State
4 to promote a just and dynamic social order that will ensure the prosperity and
5 independence of the nation and free the people from poverty through policies that
6 provide adequate social services, promote full employment, economic development
7 and sustainability, improved standard of living, and quality of life for all. Towards this
8 end, in recognition of the country's dependence on imported oil, and the volatility of
9 global fuel markets and their vulnerability to price shocks, supply disruptions, and
10 geopolitical tensions, the State shall establish a system to stabilize domestic fuel
11 supply and prices, strengthen the country's energy security, and sustain economic
12 development.

13
14 **SEC. 3. Definition of Terms.** As used in this Act:

15 (a) Crude oil refers to oil in its natural state before the same has been refined
16 or otherwise treated, but excluding water, bottom substances and foreign substances.

17 (b) Days supply refers to the equivalent number of days of in-country stocks of
18 petroleum crude oil and products based on the average daily sales or liftings for the
19 past six (6) months;

20 (c) Petroleum refers to a naturally occurring mixture of compounds of hydrogen
21 and carbon with a small proportion of impurities and shall include any mineral oil,
22 petroleum gas, hydrogen gas, bitumen, asphalt, mineral wax, and all other similar or
23 naturally-associated substances, with the exception of coal, peat, bituminous shale,
24 and/or other stratified mineral fuel deposits;

25 (d) Petroleum products refers to products formed in the course of refining crude
26 petroleum through distillation, cracking, solvent refining and chemical treatment

1 coming out as primary stocks from the refinery such as, but not limited to, liquified
2 petroleum gas, naphtha, gasolines, solvent, kerosene, aviation fuels, diesel oils, fuel
3 oils, waxes and petrolatums, asphalts, bitumen, coke and refinery sludges, or such
4 refinery petroleum fractions which have not undergone any process or treatment as
5 to produce separate chemically-defined compounds in a pure or commercially pure
6 state and to which various substances may have been added to render them suitable
7 for particular uses: Provided, That the resultant product contains not less than fifty
8 percent (50%) by weight of such petroleum products;

9 (e) Fuel inventory refers to the quantity of crude oil, petroleum, and petroleum
10 products.

11
12 **SEC. 4. National Strategic Fuel Reserve.** There is hereby established a
13 National Strategic Fuel Reserve, hereinafter referred to as the Reserve, which shall be
14 composed of a stockpile of crude oil, petroleum, and petroleum products to be
15 maintained for the purpose of mitigating the adverse effects of severe oil market
16 shocks and supply disruptions and ensuring the long-term stability of domestic fuel
17 supply and prices.

18
19 **SEC. 5. Fuel Inventory.** The Department of Energy (DOE) shall be
20 responsible for the formulation of policies for the establishment, buildup,
21 management, utilization and replenishment of the Reserve, including the
22 determination of the optimal level of fuel inventory to be maintained by the
23 government: Provided, That such level shall not be less than the equivalent of ninety
24 (90) days supply nor more than one hundred eighty (180) days supply, as may be
25 determined by the DOE, taking into account supply risks, prevailing fuel prices, current
26 storage capacity, and national energy requirements. Sec. 6. Acquisition of Fuel
27 Inventory. — The acquisition of fuel inventory for the Reserve shall be undertaken by
28 the DOE, or through Philippine National Oil Company (PNOC) or its subsidiary. For this
29 purpose, the DOE shall adopt commercial strategies and engage in activities to ensure
30 timely, cost-efficient and secure acquisition of fuel inventory including, but not limited
31 to, the following:

- 32 (a) Spot purchases from domestic or international fuel markets;
33 (b) Government-to-government fuel supply agreements and other similar
34 arrangements;
35 (c) Government shares from domestic fuel service contracts;
36 (d) Transfers from government-owned fuel inventories or assets;
37 (e) Swap arrangements, stockholding agreements, or similar business
38 undertaking; and
39 (f) Such other arrangements as may be determined by the DOE.

40
41 **SEC. 7. Storage of Fuel Inventory.** The DOE, through the PNOC or its
42 designated subsidiary, shall be responsible for the construction, management,
43 maintenance, and operation of fuel storage facilities, and the procurement, handling,
44 storage, quality maintenance, rotation and transport of fuel inventory for the Reserve.
45 For this purpose, the PNOC shall utilize its existing facilities, lease storage facilities
46 from the private sector, or construct additional facilities in strategic locations in the
47 country, including the construction of a ninety- (90-) day or one hundred eighty- (180-
48) day capacity crude oil tank farm in the Municipality of Limay, Province of Bataan.

1 **SEC. 8. Utilization of Fuel Inventory.** The fuel inventory in the Reserve
2 may be released, utilized or otherwise disposed of by the President of the Philippines,
3 upon the recommendation of the Secretary of Energy, under any of the following
4 circumstances:

5 (a) In the event of a severe fuel supply disruption as evidenced by at least a
6 twenty percent (20%) decline in the national fuel inventory maintained by the
7 government and private sector from their average levels for a sustained period of
8 seven (7) days, or such other threshold or period as may be determined by the DOE
9 based on the prevailing market conditions and national energy requirements;

10 (b) In the event of a surge in international fuel prices, as evidenced by a twenty
11 percent (20%) increase in the weekly average Dubai Crude Oil Price based on the
12 Mean of Platts Singapore compared to the preceding week, or such other threshold or
13 period as may be determined by the DOE based on the prevailing market conditions
14 and national energy requirements; and

15 (c) In the event of a State of Calamity or State of Emergency as may be
16 declared by the President of the Philippines or the local sanggunian concerned, in
17 accordance with Republic Act No. 10121, otherwise known as the "Philippine Disaster
18 Risk Reduction and Management Act of 2010;" Republic Act No. 11332, otherwise
19 known as the "Mandatory Reporting of Notifiable Diseases and Health Events of Public
20 Health Concern Act;" and other relevant laws, rules, and regulations; and

21 (d) For the purpose of stock rotation, quality management, replacement of
22 aging fuel inventory, and such other activities to ensure usability and readiness of the
23 Reserve; The PNOC or its designated subsidiary shall implement the release,
24 utilization, disposition and distribution of fuel inventory in accordance with the policies,
25 guidelines, and standards promulgated by the DOE.

26
27 **SEC. 9. Fuel Industry Participation.** The DOE may engage oil companies,
28 refineries, and other fuel industry participants for any of the following activities in
29 support of the establishment, maintenance and operationalization of the Reserve:

30 (a) Supply of crude oil, petroleum and petroleum products;

31 (b) Lease of fuel storage facilities and refineries;

32 (c) Transport and distribution of crude oil, petroleum and petroleum products;

33 (d) Such other forms of participation as may be identified by the DOE.
34

35 **SEC. 10. Targeted Fuel Relief Program.** The DOE, in coordination with
36 other government agencies concerned, shall establish and implement a Targeted Fuel
37 Relief Program to provide assistance in the form of direct cash assistance or fuel
38 vouchers, as the case may be, to sectors adversely affected by severe fuel supply
39 disruption, surge in international fuel prices, or state of calamity or emergency,
40 including, but not limited to the following:

41 (a) Small farmers and fisherfolks registered under the Registry System for Basic
42 Sectors in Agriculture;

43 (b) Drivers of public utility vehicle, taxi, tricycle, and full-time ride-hailing and
44 delivery services nationwide as identified and validated by the Land Transportation
45 Franchising and Regulatory Board;

46 (c) Operators of micro and small enterprises engaged in importation,
47 exportation, transportation, logistics services, and other fuel-dependent activities as
48 may be determined by the Department of Trade and Industry; and

1 (d) Other vulnerable and affected sectors as may be identified by the DOE in
2 consultation with other government agencies concerned.

3
4 **SEC. 11. Sound Fiscal Management and Housekeeping.** Taking into
5 consideration fiscal prudence, cost-efficiency and long-term financial sustainability,
6 the DOE, in coordination with the Department of Finance and the Department of
7 Budget and Management shall ensure that:

8 (a) The acquisition of fuel inventory for the Reserve shall be undertaken in a
9 cost-effective manner, taking into account prevailing international fuel prices, market
10 conditions, and optimal timing of purchases;

11 (b) The acquisition, maintenance, rotation, and disposition of fuel inventory
12 shall be phased and aligned with available fiscal resources, storage capacity, and
13 national energy requirements, and shall be undertaken in a manner that avoids undue
14 financial losses and promotes value preservation and sustainability;

15 (c) The utilization of funds for the Reserve and the Targeted Fuel Relief
16 Program shall be subject to appropriate financial controls and safeguards;

17 (d) Mechanisms shall be established to minimize fiscal risks, including exposure
18 to price volatility, storage costs, and potential losses from inventory rotation;

19 (e) The Targeted Fuel Relief Program shall be implemented to ensure that
20 intended beneficiaries are served and that duplication or overlap with existing subsidy
21 or assistance programs are avoided; and

22 (f) All expenditures and financial transactions under this Act shall be subject to
23 existing budgeting, accounting, and auditing laws, rules, and regulations.

24
25 **SEC 12. Reporting.** The DOE shall submit to Congress an annual report on
26 the implementation of this Act. The report shall contain the following information:

27 (a) The current level of fuel inventory in the Reserve, expressed in days supply;

28 (b) The location, capacity, and operational status of fuel storage facilities;

29 (c) The acquisition, utilization, rotation, and replenishment of fuel inventory
30 during the preceding year;

31 (d) The financial status and utilization of funds allocated for the Reserve and
32 the Targeted Fuel Relief Program;

33 (e) The implementation status of the Targeted Fuel Relief Program, including
34 the number of beneficiaries and the amount of assistance provided;

35 (f) Policy recommendations, including the proposed funding levels for the
36 Reserve and the Targeted Fuel Relief Program for the succeeding year; and

37 (g) Such other information and recommendations as may be required by
38 Congress or may be deemed necessary by the DOE.

39
40 **SEC. 13. Congressional Oversight.** Upon the effectivity of this Act, the Joint
41 Congressional Energy Commission (JCEC), formerly known as the Joint Congressional
42 Power Commission (JCPC), under Section 62 of Republic Act No. 9136, otherwise
43 known as the "Electric Power Industry Reform Act of 2001," shall exercise oversight
44 powers over the implementation of this Act.

45
46 **SEC. 14. Implementing Rules and Regulations.** Within sixty (60) days
47 from the effectivity of this Act, the DOE, in consultation with PNOC and other

1 government and private stakeholders concerned, shall promulgate the rules and
2 regulations to effectively implement the provisions of this Act.
3

4 **SEC. 15. Appropriations.** The initial amount of Sixty Billion Pesos
5 (P60,000,000,000.00) shall be appropriated for the construction of the necessary
6 facilities identified in Section 7 of this Act. The other amounts necessary for the
7 implementation of this Act shall be included in the annual General Appropriations Act.

8 **SEC. 16. Separability Clause.** If any provision or part hereof is declared
9 unconstitutional, the remainder of this Act or any provision not affected thereby shall
10 remain in full force and effect.

11 **Sec. 17. Repealing Clause.** All laws, acts, decrees, executive orders,
12 issuances, and rules and regulations or parts thereof which are contrary to and
13 inconsistent with this Act are hereby repealed, amended or modified accordingly.
14

15 **SEC. 18. Effectivity.** This Act shall take effect after fifteen (15) days following
16 its publication in the Official Gazette or at least a newspaper of general circulation.

Approved,