



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH (20TH) CONGRESS
First Regular Session

HOUSE BILL NO. **10016**



Introduced by KAMANGGAGAWA Partylist
Representative **ELIJAH R. SAN FERNANDO**

EXPLANATORY NOTE

The 1987 Constitution mandates the State to regulate economic activity in a manner that advances social justice, protects labor, and promotes the common good. Article II, Section 9 provides that the State shall promote a just and dynamic social order that will free the people from poverty and improve the quality of life for all. Article XII, Section 19 further directs the State to regulate or prohibit monopolies, combinations in restraint of trade, and unfair competition whenever the public interest so requires. Complementing these directives, Article XIII, Section 3 requires the State to afford full protection to labor and to guarantee the rights of all workers to humane conditions of work and a living wage. These constitutional principles clearly impose upon the government the duty to ensure that industries essential to daily survival and national development operate under a framework where public welfare prevails over private abuse.

Among such industries, none exerts a more immediate and far-reaching effect on the lives of the Filipino people than the downstream oil sector. Petroleum products are indispensable to public transportation, agriculture, fisheries, manufacturing, logistics, and household consumption. As fuel prices rise, transport fares increase, production costs escalate, and the prices of food and other necessities follow. For millions of workers whose wages remain fixed in nominal terms, each round of oil price hikes results in an automatic decline in real income. This burden is most severe among low-income households, where transport and basic goods account for a larger share of daily expenditures.



This vulnerability is magnified by the country's structural dependence on imported oil. The Philippines imports nearly all of its crude oil requirements, leaving domestic prices highly exposed to international market volatility and exchange rate movements. Recent government projections cited in policy deliberations show that under severe escalation scenarios, Dubai crude prices could rise as high as US\$165 per barrel, with sustained periods above US\$100 lasting up to fifteen months. Under the same scenarios, domestic diesel prices could reach ₱112.73 per liter while gasoline prices could climb to ₱101.75 per liter.¹ These figures underscore that oil shocks are far from abstract external events and translate directly into hardship for Filipino households and enterprises.

The effects on labor and living standards are equally severe. As of January 2026, the average daily basic pay of wage and salary workers stood at ₱697, equivalent to a mean monthly pay of ₱15,323.² At this level, even moderate inflation significantly erodes purchasing power. A 5% increase in prices reduces real monthly income by approximately ₱766, while the projected 6.8% inflation scenario would mean an effective loss of more than ₱1,042. At the macroeconomic level, unemployment is projected to rise from 4.6% to as high as 5.63% under severe oil shock scenarios, equivalent to as many as 530,000 additional unemployed Filipinos. Poverty incidence may likewise increase from 12.0% to 12.57%, pushing an estimated 650,000 more Filipinos below the poverty line.¹

Yet despite the strategic nature of petroleum products and their profound economic consequences, Republic Act No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998, adopted a framework that relied principally on market self-correction. It was enacted with the promise that liberalization would generate robust competition, efficient pricing, and better outcomes for consumers. However, persistent issues over price adjustments, limited transparency in cost structures, and continuing public vulnerability during global crises have shown the failure of deregulation in protecting the national and public interest. Where the commodity involved affects inflation, employment, and food security, passive governance is insufficient.

¹ According to the presentation by the Department of Economy, Planning, and Development (DEPDev) during the House Legislative Energy Action and Development (LEAD) Joint Committee meeting on April 8, 2026.

² Based on the January 2026 Labor Force Survey by the Philippine Statistics Authority (PSA).



This measure therefore seeks to repeal Republic Act No. 8479 and replace it with a modern system of public regulation anchored on accountability and energy security. It recognizes that while private enterprise remains an important driver of investment and innovation, the State must retain effective authority to intervene when markets fail, when abusive conduct emerges, or when emergencies threaten the welfare of the people.

At the center of the proposed reform is the creation of an independent Oil Regulatory Board empowered to supervise the downstream oil industry, investigate anti-competitive conduct, enforce transparency standards, and protect consumers against excessive or unjustified pricing. The bill likewise strengthens safeguards on inventories, storage capacity, strategic reserves, and continuity of supply, while enabling lawful state participation through the Philippine National Oil Company or other authorized entities whenever necessary to secure national fuel needs.

This proposed legislation is not an attack on enterprise, but a reaffirmation that markets must serve society. It advances a framework where efficiency is matched by accountability and where workers are not left to absorb the full cost of global crises. More fundamentally, it gives life to the constitutional promise that economic policy must uphold dignity, equity, and shared prosperity for all Filipinos.

In solidarity with the working class, the passage of this bill is earnestly sought.


ELIJAH R. SAN FERNANDO
Representative
KAMANGGAWA PARTYLIST



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AN ACT
REGULATING THE DOWNSTREAM OIL INDUSTRY, REPEALING FOR THE
PURPOSE REPUBLIC ACT NO. 8479, OTHERWISE KNOWN AS THE
"DOWNSTREAM OIL INDUSTRY DEREGULATION ACT OF 1998," CREATING
AN OIL REGULATORY BOARD, STRENGTHENING PUBLIC OVERSIGHT, AND
ENSURING ENERGY SECURITY

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 "*Downstream Oil Industry Regulation Act.*"

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to protect the public interest, promote the general welfare, and ensure the continuous, adequate, accessible, and reasonably priced supply of petroleum products indispensable to economic activity, public transportation, agriculture, industry, national defense, disaster response, and daily household consumption.

Pursuant to Article XII, Section 19 of the 1987 Constitution, the State shall regulate and, when the public interest so requires, prohibit monopolies, combinations in restraint of trade, abuse of dominant position, cartelization, and all forms of unfair competition in the downstream oil industry. Therefore, the State shall promote fair, open, and contestable markets, encourage efficient private participation, foster the entry



of new market participants, and prevent excessive market concentration and anti-competitive conduct.

The State likewise recognizes that petroleum products remain strategic commodities whose supply, storage, transport, distribution, and pricing materially affect inflation, food security, employment, productivity, and macroeconomic stability. Accordingly, the State shall maintain a regulatory framework capable of responding to supply disruptions, extraordinary price shocks, market manipulation, and emergencies affecting national welfare and security.

Towards these ends, the State shall pursue the following objectives:

- (a) Ensure a stable, sufficient, and geographically accessible supply of petroleum products throughout the country, including geographically isolated and disadvantaged areas;
- (b) Promote transparent, fair, and economically justifiable pricing mechanisms reflective of legitimate and verifiable costs;
- (c) Protect consumers, workers, farmers, fisherfolk, transport operators, and other vulnerable sectors from abusive, excessive, or unjustified pricing and supply practices;
- (d) Encourage efficiency, innovation, infrastructure investment, and responsible private sector participation in refining, importation, storage, transport, logistics, wholesale, and retail operations;
- (e) Strengthen national energy security through adequate inventories, expanded storage capacity, strategic petroleum reserves, diversified sources of supply, and resilient logistics systems;
- (f) Enable the State, through lawful and commercially prudent means, to participate in strategic segments of the industry, whether directly or through government-owned or controlled corporations, public-private partnerships, joint ventures, or other authorized arrangements, when necessary to protect the public interest;



- (g) Institutionalize public accountability, evidence-based regulation, and timely disclosure of relevant market information;
- (h) Harmonize consumer welfare, fair competition, environmental stewardship, worker welfare, and long-term energy resilience in the governance of the downstream oil industry; and
- (i) Establish an independent and competent regulatory body vested with adequate powers to implement this Act, enforce compliance, adjudicate disputes within its jurisdiction, and exercise such other authority as may be necessary to carry out the purposes hereof.
- (j) Promote evidence-based research, strategic transition planning, technological innovation, and orderly long-term measures to reduce excessive dependence on petroleum, strengthen national resilience against future energy and market disruptions, and support a socially just, economically stable, and secure energy transition consistent with national development objectives.

SECTION 3. *Definition of Terms.* – For purposes of this Act, the following terms shall be defined as follows:

- (a) *Abuse of dominant position* refers to conduct by a dominant market participant that substantially prevents, restricts, or lessens competition, or exploits consumers or trading partners, including but not limited to predatory pricing, exclusionary dealing, unjustified refusal to supply, discriminatory pricing, tying, margin squeeze, or other equivalent conduct.
- (b) *Board* refers to the Oil Regulatory Board created under this Act.
- (c) *Cartelization* refers to any agreement, arrangement, concerted practice, or coordinated conduct among competitors to fix prices, manipulate bids, limit production or supply, allocate markets, divide customers, restrict output, or otherwise restrain trade.
- (d) *Consumer* refers to any natural or juridical person purchasing petroleum products for final use or consumption.



- (e) *Distributor* refers to any person or entity engaged in the bulk sale, transport, trading, or delivery of petroleum products to retailers, industrial users, commercial users, or other buyers.
- (f) *Dominant position* refers to a position of economic strength enjoyed by a market participant, whether acting alone or together with others, that enables it to prevent effective competition or behave to an appreciable extent independently of competitors, customers, suppliers, or consumers.
- (g) *Downstream oil industry* refers to the importation, exportation, shipping, transport, processing, refining, blending, storage, distribution, marketing, wholesale, retail sale, and other commercial activities involving crude oil, petroleum feedstocks, and refined petroleum products.
- (h) *Emergency* refers to any condition arising from war, rebellion, terrorism, pandemic, natural disaster, severe supply disruption, extraordinary volatility in international oil markets, or analogous events causing actual or imminent prejudice to public welfare, national security, or economic stability.
- (i) *Geographically isolated and disadvantaged areas (GIDAs)* refer to areas determined under existing laws, rules, or regulations as facing physical, economic, or logistical barriers to adequate access to essential goods and services.
- (j) *Importer* refers to any person or entity engaged in bringing crude oil or petroleum products into the country for commercial use, sale, storage, processing, or distribution.
- (k) *Inventory* refers to crude oil or petroleum products physically stored and readily available for commercial distribution, processing, or emergency release.
- (l) *Margin squeeze* refers to a form of anti-competitive conduct where a vertically integrated firm that controls an essential upstream input sets the wholesale price of that input, while also competing in the downstream retail market, in a manner that leaves downstream rivals insufficient margin to compete profitably.
- (m) *Market participant* refers to any person or entity engaged in, seeking to engage in, or materially affecting competition within the downstream oil industry.



- (n) *Oil company* refers to any natural or juridical person engaged in any segment of the downstream oil industry.
- (o) *Petroleum products* refer to gasoline, diesel, kerosene, liquefied petroleum gas (LPG), aviation fuel, bunker fuel, fuel oil, lubricants, petrochemical feedstocks, and such other products derived from crude oil or hydrocarbons as may be determined by the Board.
- (p) *Predatory pricing* refers to the sustained sale or offer for sale of petroleum products below the seller's avoidable cost or incremental cost, undertaken for the purpose or likely effect of eliminating or disciplining competitors, and with a dangerous probability of recouping losses through subsequent supra-competitive pricing.
- (q) *Reasonable price* refers to a price that is not excessive, abusive, or unjustified, taking into account verifiable acquisition costs, operating costs, taxes, efficient margins, prevailing market conditions, and the public interest.
- (r) *Reasonable return* refers to a fair and efficient return on capital or operations commensurate with prudent investment, business risk, and prevailing economic conditions, as may be determined by the Board consistent with this Act.
- (s) *Refiner* refers to any person or entity engaged in the processing of crude oil or petroleum feedstocks into finished or intermediate petroleum products.
- (t) *Retailer* refers to any person or entity engaged in the sale of petroleum products directly to end-users or consumers, whether through service stations, outlets, mobile facilities, or similar channels.
- (u) *State participation* refers to ownership, equity investment, operation, management, joint venture participation, or other lawful commercial involvement by the National Government or any government-owned or controlled corporation in any strategic segment of the downstream oil industry.
- (v) *Strategic Petroleum Reserve* refers to government-owned, government-controlled, or government-designated emergency stocks of crude oil or petroleum products maintained for release during supply disruptions, national emergencies, calamities, war, or extraordinary price shocks.



(w) *Unbundled Price Disclosure* refers to the itemized presentation of the principal components of the selling price of petroleum products, including benchmark acquisition cost, freight, insurance, foreign exchange impact, taxes, terminal charges, storage costs, inland transport, margins, and such other components as the Board may require.

SECTION 4. *Oil Regulatory Board.* – To attain the national policy and implement the objectives and purposes of this Act, there is hereby created an independent regulatory body to be known as the Oil Regulatory Board (ORB). The Board shall be attached to the Department of Energy (DOE) for policy coordination and administrative support purposes.

SECTION 5. *Composition and Qualifications.* – The Board shall be composed of one (1) Chairperson and eight (8) Members, all of whom shall be appointed by the President, subject to confirmation by the Commission on Appointments.

The Chairperson and the Members of the Board must be natural-born citizens of the Philippines, of proven integrity, competence, independence, and probity, at least thirty-five (35) years of age at the time of appointment, and must possess recognized expertise, substantial experience, or distinguished professional standing.

The membership of the Board shall include:

- (a) One (1) member with substantial training or experience in economics, competition policy, price analysis, or market regulation;
- (b) One (1) member with substantial training or experience in engineering, refining, storage, fuel terminals, distribution systems, logistics, or other technical aspects of energy operations;
- (c) One (1) member with substantial training or experience in downstream petroleum operations, fuel importing, refining, bulk storage, petroleum distribution, fuel retailing, or petroleum supply-chain management: *Provided*, That such member shall not, during tenure, directly or indirectly have any financial or pecuniary interest in any business, contract, or transaction in connection with which such member intervenes or takes part in an official capacity;



- (d) One (1) member with substantial training or experience in commerce, industry, small and medium enterprise development, trade associations, business operations, or commercial cost management;
- (e) One (1) member with substantial training or experience in consumer protection, consumer welfare advocacy, retail markets, or public interest regulation;
- (f) One (1) member with substantial training or experience in transportation systems, public transport operations, mobility policy, logistics planning, fleet management, or fuel use in the transport sector;
- (g) One (1) member with substantial training or experience in agriculture, fisheries, food systems, agri-logistics, rural enterprise development, or fuel use in the agricultural sector;
- (h) One (1) member with substantial training or experience in environmental protection, environmental policy, sustainability, climate governance, emissions management, or energy transition strategy; and
- (i) One (1) member with substantial training or experience in labor economics, industrial relations, employment policy, workforce productivity, wage policy, or the impact of fuel prices on workers and employment.

No person shall be appointed Chairperson or Member of the Board if such person:

- (a) Has any direct or indirect financial interest in any oil company or market participant;
- (b) Is an officer, director, trustee, consultant, employee, or agent of any oil company or market participant at the time of appointment and duration of tenure;
- (c) Is related within the fourth civil degree of consanguinity or affinity to any officer, director, controlling shareholder, or beneficial owner of any oil company or market participant;



- (d) Has been convicted by final judgment of a crime involving moral turpitude, graft, corruption, or fraud;
- (e) Has been found administratively liable for grave misconduct, serious dishonesty, or conduct prejudicial to the best interest of the service; or
- (f) Does not possess the independence required by the nature of the office.

The Chairperson and Members shall, upon assumption of office, annually thereafter, and upon cessation from office, submit a sworn statement of assets, liabilities, net worth, business interests, and financial connections in accordance with existing laws. They shall devote their full time to the discharge of their duties and shall not engage in the practice of any profession, management of any business, or active participation in any enterprise which may be affected by the functions of the Board.

SECTION 6. *Terms of Office.* – The Chairperson and Members of the Board shall serve for a term of six (6) years without reappointment. Any person appointed to fill a vacancy occurring before the expiration of the term of a predecessor shall serve only the unexpired portion of the term.

The Chairperson or any Member may be removed by the President only for cause, after due notice and opportunity to be heard, on any of the following grounds:

- (a) Serious misconduct;
- (b) Gross neglect of duty;
- (c) Gross incompetence;
- (d) Serious violation of this Act or other applicable law;
- (e) Graft and corruption; or
- (f) Permanent incapacity to discharge the duties of office.

No Chairperson or Member shall be designated or appointed in an acting capacity except for temporary designation of the most senior Member as



Officer-in-Charge for administrative continuity for a period not exceeding ninety (90) days in case of vacancy in the Office of the Chairperson.

SECTION 7. *Quorum.* – Five (5) members of the Board shall constitute a quorum for the transaction of business. The affirmative vote of at least five (5) members shall be necessary for the adoption of any rule, regulation, order, decision, resolution, advisory opinion, issuance, or official act of the Board, unless a higher vote is expressly required under the internal rules of the Board.

The Board may sit en banc or, when authorized by its rules, through divisions for the reception of evidence, conduct of hearings, mediation, or preliminary determination of matters. Final decisions, rate orders, sanctions, and rules of general application shall be rendered only by the Board sitting en banc.

Regular meetings shall be held at least twice every month. Special meetings may be called by the Chairperson or by a majority of all incumbent Members upon reasonable notice. No vacancy in the membership of the Board shall impair the authority of the remaining Members to exercise all powers of the Board so long as a quorum is present.

SECTION 8. *Compensation.* – The Chairperson shall receive compensation, allowances, emoluments, and privileges equivalent to those of a Department Undersecretary, while each Member shall receive compensation, allowances, emoluments, and privileges equivalent to those of an Assistant Secretary, or such equivalent rank as may hereafter be provided by law.

All authorized salaries, allowances, benefits, and privileges shall be exempt from diminution during tenure, except pursuant to a general law applicable to all similarly situated officials.

SECTION 9. *Secretariat and Staffing.* – The Board shall appoint and maintain an adequate, professional, and merit-based Secretariat and such technical, legal, economic, financial, engineering, enforcement, administrative, and regional personnel as may be necessary for the efficient performance of its powers and functions under this Act.

The Board shall appoint an Executive Director, who shall serve as the Secretariat and shall be responsible for the implementation of the policies, directives, and lawful orders of the Board, as well as perform such other duties as may be assigned by the



Chairperson or the Board. The Executive Director shall possess proven integrity, managerial competence, and at least five (5) years of relevant experience in law, adjudication, regulation, administration, economics, engineering, or energy policy.

The Board may organize and reorganize offices, bureaus, services, divisions, centers, or units as may be necessary.

Appointments to career positions shall be made in accordance with the merit and fitness principle in accordance with civil service laws, rules, and regulations. The Board may likewise engage consultants, advisers, and technical experts for highly specialized matters, subject to applicable procurement, budgeting, and auditing laws, rules, and regulations.

SECTION 10. *General Jurisdiction and Regulatory Powers.* – The Board shall have jurisdiction, supervision, and regulatory authority over all persons, natural or juridical, firms, partnerships, associations, cooperatives, corporations, and other entities engaged in, seeking to engage in, or whose acts directly and substantially affect competition, supply security, consumer welfare, or regulated activities within the downstream oil industry, subject to the limitations of this Act and other existing laws.

For the attainment of the purposes of this Act, the Board shall have the following powers and functions:

- (a) To supervise, regulate, and monitor the operations and business conduct of market participants in the downstream oil industry;
- (b) To promulgate, administer, and enforce rules, regulations, standards, guidelines, codes, circulars, orders, and other issuances necessary to implement this Act;
- (c) To prescribe the terms, conditions, standards, and requirements under which persons or entities may engage or continue to engage in the importation, exportation, shipping, transport, processing, refining, blending, storage, distribution, marketing, wholesale, retail sale, or other commercial activities involving petroleum products;
- (d) To require registration, licensing, accreditation, certification, reporting, disclosure, and continuing compliance by market participants, and to suspend,



revoke, cancel, or modify any authority issued pursuant to this Act for cause and after due notice and hearing;

- (e) To regulate trade practices, commercial conduct, market access arrangements, supply agreements, and other acts affecting fair competition, consumer welfare, or the public interest, without prejudice to the jurisdiction of the Philippine Competition Commission (PCC) under existing laws;
- (f) To establish and enforce service, safety, technical, environmental, quality, resiliency, and consumer protection standards consistent with applicable laws and national policies;
- (g) To ensure the continuous, adequate, safe, and equitable supply of petroleum products throughout the country, including geographically isolated and disadvantaged areas (GIDAs);
- (h) To require the submission of reports, data, statistics, plans, forecasts, inventories, contracts, and such other information as may be necessary in aid of regulation;
- (i) To hear and decide complaints, petitions, applications, disputes, and administrative cases involving matters within its jurisdiction;
- (j) To issue compliance orders, cease and desist orders, preventive directives, and such other lawful issuances as may be necessary to prevent grave or irreparable injury to the public interest;
- (k) To regularly coordinate with the DOE, Department of Trade and Industry (DTI), Department of Finance (DOF), Department of Economy, Planning, and Development (DEPDev), Bureau of Customs (BOC), Bureau of Internal Revenue (BIR), Department of Transportation (DOTr), PCC, local government units, and other agencies or instrumentalities of the government;
- (l) During a declared national emergency, state of calamity, war, severe supply disruption, or analogous circumstance creating a clear and present danger to national welfare or public security, and when less restrictive measures are inadequate, to temporarily direct, require, prioritize, coordinate, or assume operational control of any refinery, terminal, depot, pipeline, transport asset, storage facility, importation program, distribution network, or other critical



facility engaged in the downstream oil industry, solely to the extent necessary to ensure the availability, movement, and distribution of petroleum products;

- (m) To conduct or commission studies, technical reviews, market assessments, and policy research relevant to the downstream oil industry;
- (n) To impose administrative sanctions in accordance with this Act and other applicable laws; and
- (o) To exercise such other powers and perform such other duties as may be necessary or incidental to carry out the provisions of this Act.

The exercise by the Board of its powers under this Act shall be without prejudice to the mandates of other government agencies under existing laws. In cases of concurrent or overlapping jurisdiction, the Board shall, as far as practicable, adopt coordinated, complementary, and non-duplicative regulation.

SECTION 11. *Price Intervention Powers.* – Upon substantial evidence, and after due notice and public hearing, the Board may impose temporary and proportionate price intervention measures whenever any of the following circumstances is found to exist:

- (a) Cartelization, collusion, abuse of dominant position, price manipulation, or other anti-competitive conduct materially affecting petroleum prices;
- (b) Abnormal, excessive, oppressive, or unjustified increases in prices not reasonably explained by verifiable costs, taxes, foreign exchange movements, supply conditions, or other legitimate market factors;
- (c) War, rebellion, terrorism, pandemic, natural disaster, severe supply disruption, extraordinary volatility in international oil markets, or a declared national emergency;
- (d) Actual or imminent shortage of petroleum products affecting transportation, agriculture, fisheries, power generation, manufacturing, public services, or household welfare; or
- (e) Any analogous circumstance creating a clear and present danger to national welfare, economic stability, or public security.



Upon determination of any of the aforementioned circumstances, the Board may adopt any of the following measures, insofar as reasonably necessary:

- (a) Temporary maximum wholesale prices;
- (b) Temporary maximum retail prices;
- (c) Temporary ceilings on margins, fees, surcharges, or other charges directly related to petroleum distribution;
- (d) Mandatory supply allocation or delivery schedules;
- (e) Priority supply directives in favor of essential services, critical industries, or affected areas;
- (f) Temporary suspension, modification, or regulation of commercial practices that materially impair supply or distort prices; and
- (g) Such other narrowly tailored measures as may be necessary to protect the public interest.

In determining whether intervention is warranted, the Board shall consider, among others, verified import parity costs, benchmark international prices, taxes, exchange rate movements, domestic logistics costs, inventory levels, market concentration, regional supply conditions, and the need to preserve incentives for continued supply and investment. Any intervention shall be the least restrictive measure reasonably available to protect the public interest.

No intervention under this Section shall remain effective for more than ninety (90) days unless renewed after further notice, hearing, and updated findings. The Board shall review all intervention measures at reasonable intervals and shall immediately lift the same when the grounds therefor cease to exist.

Nothing in this Section shall be construed to authorize confiscatory pricing, arbitrary deprivation of property, or unreasonable restraint of lawful trade.



SECTION 12. *Investigatory and Compulsory Powers.* – The Board may, motu proprio or upon verified complaint, conduct inquiries, inspections, audits, investigations, market studies, compliance examinations, and fact-finding proceedings in aid of its powers and functions under this Act. For such purpose, the Board may:

- (a) Require the production, submission, and examination of books of accounts, records, contracts, invoices, bills of lading, shipping documents, inventory records, cost data, communications, electronically stored information, and other relevant document or data;
- (b) Administer oaths, receive sworn statements, affidavits, and testimony;
- (c) Issue subpoena ad testificandum and subpoena duces tecum;
- (d) Summon witnesses and require the attendance of persons whose testimony may be material to any inquiry or proceeding;
- (e) Conduct scheduled or unannounced inspections of offices, depots, terminals, warehouses, service stations, storage facilities, transport assets, and other business premises, subject to statutory limitations;
- (f) Require the preservation of documents, records, and electronically stored information relevant to any pending or impending inquiry or proceeding;
- (g) Engage accountants, economists, engineers, auditors, forensic specialists, and other technical experts to assist in investigations; and
- (h) Apply to the proper court for the enforcement of subpoenas, lawful orders, writs, and other compulsory processes.

Any person who, without lawful cause, refuses or fails to comply with any lawful order, subpoena, summons, or directive issued by the Board shall be subject to the penalties provided under this Act, without prejudice to liability under other applicable laws.

Confidential business information lawfully obtained by the Board shall be used only for legitimate regulatory, enforcement, adjudicatory, or policy purposes and shall



not be disclosed except upon lawful order of a competent court, with the consent of the source, or when disclosure is required by law.

SECTION 13. *Industry Monitoring and Reports.* – The Board shall maintain continuing surveillance and assessment of the downstream oil industry in its domestic and international aspects. For this purpose, the Board shall:

- (a) Monitor prices, costs, margins, inventories, import arrivals, supply flows, freight rates, benchmark prices, foreign exchange movements, taxes, and such other variables as may materially affect the domestic petroleum market;
- (b) Maintain a registry and database of market participants, facilities, capacities, market shares, compliance records, enforcement actions, and such other information as may be necessary for evidence-based regulation;
- (c) Publish regular market bulletins, advisories, statistical releases, and consumer information materials in a form accessible to the public;
- (d) Prepare forecasts, scenario analyses, contingency assessments, and early warning advisories on supply adequacy, price risks, and market vulnerabilities;
- (e) Identify structural bottlenecks, barriers to entry, logistics constraints, concentration risks, and other conditions affecting competition or supply security;
- (f) Recommend to the President and to Congress such legislative, administrative, fiscal, or enforcement measures as may be necessary; and
- (g) Develop and maintain digital systems and data platforms for timely market intelligence, transparency, and public service delivery.

The Board shall submit to the President and Congress, not later than March 31 of every year, an annual report on the condition of the downstream oil industry, including its regulatory actions, enforcement activities, audited financial statements, major findings, and policy recommendations. It may submit special reports whenever public interest so requires.

All reports and submissions by the Board shall be made available to the public.



SECTION 14. *Research, Transition Planning, and Oil Dependence Reduction.* – To strengthen evidence-based regulation, anticipate structural changes affecting the petroleum market, promote long-term energy security, reduce vulnerability arising from excessive dependence on oil, and ensure the effective administration of this Act, the Board shall establish within its Secretariat a Research, Transition, and Market Futures Office, hereinafter referred to as the Office, to be composed of such technical, economic, legal, engineering, financial, environmental, data, and policy personnel as may be necessary.

The Office shall serve as the principal research and strategic policy unit of the Board and shall undertake, maintain, coordinate, or commission continuing studies, forecasts, technical reviews, scenario analyses, transition plans, and policy assessments directly relevant to the downstream oil industry, including developments that materially affect petroleum demand, supply, pricing, infrastructure viability, competition, consumer welfare, employment, macroeconomic stability, and national resilience. For the foregoing purposes, the Office shall have the following functions:

- (a) Formulate evidence-based pathways, benchmarks, and policy options for the progressive reduction of excessive national dependence on oil and petroleum products, consistent with energy security, affordability, reliability, competition, and economic development;
- (b) Identify and recommend measures to diversify energy use in petroleum-dependent sectors through electrification, renewable energy applications, cleaner fuels, and other lawful alternatives, insofar as such measures materially affect downstream oil demand, supply planning, price stability, or infrastructure requirements;
- (c) Develop strategies to reduce petroleum intensity in transport, agriculture, fisheries, logistics, manufacturing, and household consumption through efficiency gains, technology upgrades, modal shift, and alternative energy adoption;
- (d) Recommend phased, orderly, and non-disruptive adjustment measures that minimize inflationary effects, supply dislocations, stranded costs, market instability, and adverse impacts on consumers and productive sectors;



- (e) Formulate just transition frameworks for workers, enterprises, suppliers, contractors, and communities materially affected by structural changes in the downstream oil industry, including reskilling, redeployment, enterprise diversification, social protection pathways, regional development support, and phased adjustment mechanisms;
- (f) Identify priority public and private investments, infrastructure programs, financing mechanisms, and incentive structures necessary to strengthen long-term fuel resilience and reduce structural exposure to oil market shocks;
- (g) Conduct studies on the reduction of excessive dependence on imported oil, vulnerability to external supply disruptions, geopolitical shocks, freight disruptions, exchange rate movements, and international price volatility;
- (h) Develop medium-term and long-term demand outlooks for petroleum products by sector, including transport, agriculture, fisheries, manufacturing, power support uses, logistics, aviation, maritime, and household consumption;
- (i) Assess energy efficiency, conservation, modal shift, demand-side management, and fuel substitution measures insofar as they materially affect petroleum consumption, pricing behavior, or supply adequacy;
- (j) Study transport electrification, charging systems, battery ecosystems, industrial electrification, and other electrification pathways insofar as they materially affect downstream oil demand, infrastructure utilization, competition, or fuel security;
- (k) Evaluate renewable fuels, biofuels, synthetic fuels, green hydrogen, sustainable aviation fuels, low-carbon fuels, and other emerging substitutes insofar as they may affect the downstream oil industry, consumer costs, logistics systems, or strategic fuel planning;
- (l) Assess the economic, technical, regulatory, safety, financing, infrastructure, and supply-security implications of expanding non-oil energy sources, including nuclear and renewable energy, insofar as such expansion may materially affect petroleum dependence, strategic reserves planning, import requirements, or long-term fuel demand, subject to existing laws and the mandates of competent agencies;



- (m) Study domestic refining, blending, storage, pipeline, port, depot, and retail infrastructure requirements under varying market scenarios, including risks of underinvestment, overcapacity, stranded assets, and regional supply gaps;
- (n) Develop policy options to reduce lifecycle emissions, improve operational efficiency, modernize logistics, reduce waste, and lessen the carbon footprint of activities covered by this Act;
- (o) Formulate just transition strategies for workers, enterprises, and communities materially affected by structural changes in the downstream oil industry, including reskilling, redeployment, enterprise conversion, local economic diversification, income support pathways, and phased adjustment measures;
- (p) Evaluate the likely effects of structural demand shifts and market transition pathways on fuel affordability, inflation, employment, poverty incidence, competitiveness, fiscal revenues, household welfare, and the cost structure of key sectors;
- (q) Identify opportunities for domestic manufacturing, innovation, technology transfer, skills development, and value-chain development arising from changes in fuel markets and related infrastructure investments;
- (r) Monitor international best practices, treaty developments, technological trends, regional market reforms, and comparative regulatory models relevant to petroleum transition, supply resilience, and consumer protection;
- (s) Maintain strategic datasets, models, and early warning systems concerning structural demand shifts, investment risks, supply vulnerabilities, and future market conditions affecting the downstream oil industry;
- (t) Recommend priority legislation, administrative actions, regulatory reforms, fiscal measures, incentive structures, public investments, or institutional coordination mechanisms necessary or appropriate to address findings under this Section; and
- (u) Perform such other related research and advisory functions as may be necessary to carry out the purposes of this Act.



In the performance of its functions, the Office shall coordinate, whenever appropriate, with the DOE, DEPDev, DOF, DTI, DOTr, Department of Labor and Employment (DOLE), Department of Environment and Natural Resources (DENR), Climate Change Commission (CCC), PNOC, state universities and colleges, research institutions, local government units, industry associations, labor organizations, consumer groups, and other relevant stakeholders.

Based on studies conducted under this Section, the Board may issue policy advisories within its jurisdiction and recommend to the President, Congress, or appropriate agencies such legislative, fiscal, administrative, regulatory, or investment measures as may be necessary or appropriate to strengthen energy security, protect consumers, gradually reduce dependence on petroleum, accelerate viable alternatives, and promote a socially just and economically orderly transition.

All studies, reports, forecasts, models, technical reviews, principal findings, and policy recommendations prepared, commissioned, or adopted under this Section shall, subject to existing laws on confidential information, national security, data privacy, and intellectual property rights, be made publicly available through the official website of the Board, public reports, open data platforms, or such other accessible means as the Board may prescribe. The Board shall ensure that such publications are timely, machine-readable, and regularly updated.

The Board shall include in its annual report a dedicated chapter summarizing studies undertaken, scenarios evaluated, principal findings, policy recommendations, and the status of measures relating to oil dependence reduction, market transition, decarbonization, and long-term fuel resilience.

SECTION 15. *State Participation and Strategic Investments.* – To promote energy security, supply resilience, and the public interest, the State may, through the Philippine National Oil Company (PNOC), other government-owned or controlled corporations, government financial institutions, or such entities as may be authorized by law, participate in strategic segments of the downstream oil industry through direct purchase of oil and petroleum products, direct operations, commercial partnerships, asset acquisition, equity participation, market development, and other lawful arrangements consistent with this Act.

Subject to the pertinent statute and upon recommendation by the Board, such participation may include:



- (a) Entering into joint ventures, public-private partnerships, lease agreements, management contracts, tolling arrangements, supply agreements, or other commercial arrangements with qualified private entities for the financing, construction, exploration, rehabilitation, modernization, management, or operation of refineries, terminals, depots, logistics systems, retail networks, and other strategic facilities;
- (b) Establishing, acquiring, rehabilitating, leasing, operating, or managing refineries, import terminals, storage depots, pipelines, transport assets, bunkering facilities, retail networks, or other strategic infrastructure, whether directly, through PNOC, through a subsidiary, or through a special purpose vehicle organized in accordance with law;
- (c) Acquiring equity interest or controlling participation in strategic petroleum assets or enterprises when necessary to protect national energy security, prevent abuse of dominant position, or ensure continuity of supply, including the acquisition, subject to existing laws and fair valuation, of material ownership or controlling interest in strategically significant refiners, importers, storage operators, or integrated petroleum enterprises;
- (d) Authorizing, directing, or empowering PNOC to engage in the direct purchase, importation, trading, wholesale supply, retail sale, storage, transport, refining, blending, or other commercial activities in the downstream oil industry, whenever such participation will improve supply reliability, moderate prices, or serve the public interest;
- (e) Entering into transitional commercial partnerships, joint ventures, management contracts, technical service agreements, lease-operate-transfer schemes, or other lawful commercial arrangements with qualified private entities for the purpose of developing, transferring, or strengthening the technical, managerial, logistical, trading, refining, storage, transport, or retail capabilities of the State, PNOC, or other authorized government entities: *Provided*, That such arrangements shall include clear performance standards, technology and skills transfer mechanisms, defined timelines or exit provisions, and safeguards to ensure the progressive attainment of independent State operational capability whenever economically viable, technically feasible, and fiscally prudent.



- (f) Developing, maintaining, and operating strategic petroleum reserves, emergency stocks, or government-backed supply facilities;
- (g) Supporting investments in underserved, unserved, missionary, or high-risk areas where private participation is inadequate; and
- (h) Undertaking such other acts as may be necessary to attain the purposes of this Section.

All actions under this Section shall be governed by the principles of transparency, fiscal prudence, commercial reasonableness, accountability, and competitive neutrality. No subsidy, guarantee, preference, or special privilege shall be granted in a manner that unduly distorts competition, except as may be expressly authorized by law or justified by a declared emergency.

The Board shall coordinate with the DOE, PNOC, DOF, the Governance Commission for Government-Owned or Controlled Corporations (GCG), the DEPDev, and such other agencies as may be necessary for the implementation of this Section.

SECTION 16. *Rules of Procedure.* – Within one hundred twenty (120) days from the effectivity of this Act, the Board shall promulgate and publish rules of procedure governing the commencement, conduct, and disposition of petitions, applications, complaints, investigations, hearings, mediation, settlement, adjudication, enforcement, and all other proceedings before it.

The rules shall ensure the observance of due process, speedy disposition of cases, accessibility of remedies, transparency of proceedings, and efficient administration of justice.

The Board may cite in direct or indirect contempt any person guilty of misbehavior in its presence, disobedience of its lawful orders, refusal to answer as a witness without lawful cause, unlawful interference with its proceedings, or other analogous acts, in accordance with pertinent laws.

The Board may encourage mediation, conciliation, voluntary compliance undertakings, consent orders, and other alternative modes of dispute resolution whenever consistent with the public interest and the objectives of this Act.



SECTION 17. *Review of Board Orders and Decisions.* – Any person or entity adversely affected by any final order, ruling, decision, resolution, or sanction of the Board issued in the exercise of its adjudicatory, regulatory, or enforcement powers under this Act may, within a period of fifteen (15) days from receipt of said order, ruling, decision, resolution, or sanction, or from receipt of the denial of a timely motion for reconsideration, file an appeal to the Supreme Court by Certiorari. The appeal or the pendency thereof shall not stay, bar, suspend, or otherwise prevent the execution or implementation of such order, ruling, decision, resolution, or sanction in the absence of a Temporary Restraining Order, Writ of Preliminary Injunction, or other lawful injunctive relief issued by the Supreme Court.

SECTION 18. *Inventory Requirements.* – Every oil company engaged in the importation, refining, blending, bulk distribution, or wholesale marketing of petroleum products shall maintain at all times the minimum inventory levels prescribed by the Board as buffer stock for the protection of public welfare and the security of national fuel supply.

Unless otherwise increased by the Board pursuant to this Act, the minimum inventory requirement shall be as follows:

- (a) For refiners and major importers, not less than forty-five (45) days of average daily sales, withdrawals, or supply commitments of crude oil and refined petroleum products;
- (b) For medium-scale importers, distributors, and wholesalers, not less than thirty (30) days of average daily sales, withdrawals, or supply commitments;
- (c) For retailers operating company-owned or franchised service stations, such minimum operational inventory as may be prescribed by the Board, taking into account business scale, storage capacity, and continuity of retail service; and
- (d) For new market entrants, small enterprises, or participants operating in GIDAs, such transitional or differentiated inventory levels as may be determined by the Board for a limited period and upon such conditions as it may prescribe.

The Board shall implement the foregoing requirements through a phased schedule within three (3) years of the effectivity of this Act, taking into account storage availability, financing constraints, market concentration effects, and consumer price impacts.



For purposes of this Section, the Board shall classify market participants according to objective criteria, including annual sales volume, storage capacity, market share, geographic scope of operations, and systemic importance to fuel supply.

Inventories required under this Section shall be physically available, merchantable, readily releasable to the domestic market, and stored in facilities compliant with applicable safety, environmental, and technical standards. Inventories pledged, encumbered, double-counted, or otherwise unavailable for lawful commercial release shall not be credited, except as may be authorized by the Board under rules issued for such purpose.

The Board may likewise require the maintenance of specific inventories for critical products, strategic grades, aviation fuel, LPG, diesel, gasoline, kerosene, bunker fuel, or such other products as public necessity may require.

Every covered entity shall submit periodic inventory reports in the form, manner, and frequency prescribed by the Board. The Board may verify such reports through inspection, audit, reconciliation, digital monitoring systems, and third-party validation.

Willful understatement, concealment, diversion, hoarding, speculative withholding, or falsification of inventories shall constitute a violation of this Act.

SECTION 19. *Price Transparency and Cost Unbundling.* – Every oil company engaged in the importation, refining, distribution, wholesale, or retail sale of petroleum products shall regularly submit to the Board indicative and actual price data in such form, detail, frequency, and manner as the Board may prescribe.

At a minimum, the Board may require the unbundled disclosure of the principal components of the selling price of petroleum products, including:

- (a) Benchmark or acquisition cost of crude oil or finished petroleum products at the time of purchase;
- (b) Freight, insurance, shipping, demurrage, and logistics costs;
- (c) Foreign exchange impact or currency conversion costs;



- (d) Customs duties, excise taxes, value-added tax, documentary stamp taxes, and other taxes, fees, or government charges;
- (e) Port charges, wharfage, arrastre, brokerage, bank charges, financing costs, and similar charges;
- (f) Refining, processing, blending, storage, and terminal costs;
- (g) Inland transport, distribution, handling, and delivery costs;
- (h) Dealer margin, retail margin, marketing costs, and commissions;
- (i) Importer or refiner margin, where applicable; and
- (j) Such other components as the Board may determine to be necessary in the interest of transparency and informed regulation.

The Board shall establish and maintain a public fuel price transparency system, which may include an online portal, digital dashboard, consumer advisories, and periodic public reports showing relevant price movements, historical trends, and explanatory data in a form understandable to the public.

The Board may prescribe differentiated disclosure requirements depending on the size, market role, or operational model of the reporting entity: *Provided*, That no exemption shall be granted where disclosure is necessary to protect consumers or preserve market integrity.

Submitted information shall be subject to audit, validation, and reconciliation with import data, tax filings, customs records, financial statements, inventory reports, and such other records as may be relevant.

The Board shall protect legitimate trade secrets and confidential business information in accordance with law: *Provided, however*, That confidentiality shall not be invoked to conceal anti-competitive conduct, fraudulent pricing, material misrepresentation, or any violation of this Act.



Failure to submit required disclosures, submission of false or misleading information, refusal to maintain supporting records, or obstruction of verification proceedings shall constitute a violation of this Act.

SECTION 20. *Storage Capacity and Strategic Reserves.* – In accordance with the policy of the State to expand petroleum storage capacity, strengthen strategic petroleum reserves, reduce supply bottlenecks, and promote resilient fuel logistics systems capable of withstanding emergencies, disasters, and external shocks, the Board, in coordination with the DOE, the PNOC, local government units, and other relevant agencies, shall formulate and periodically update a National Petroleum Storage and Reserves Program (NPSRP).

The Program shall include, among others:

- (a) Baseline determination of existing national and regional storage capacity;
- (b) Legally binding target reserve levels for crude oil and refined petroleum products, including the phased establishment and maintenance of a Strategic Petroleum Reserve (SPR) equivalent to not less than ninety (90) days of the country's average net daily petroleum import requirement, domestic consumption requirement, or such other appropriate benchmark as the Board may determine, whichever better protects national energy security: *Provided, That* the full ninety (90)-day reserve requirement shall be achieved not later than ten (10) years from the effectivity of this Act under a phased implementation schedule to be promulgated by the Board, taking into account annual appropriations, available storage capacity, stock rotation requirements, and fiscal sustainability.
- (c) Identification of priority locations for new depots, terminals, pipelines, tank farms, and related facilities;
- (d) Measures to address geographic supply vulnerabilities and logistics chokepoints;
- (e) Standards for stock rotation, replenishment, emergency release, and reserve management;
- (f) Investment priorities for underserved, disaster-prone, frontier, and strategically sensitive areas; and



(g) Such other measures as may be necessary to ensure long-term supply resilience.

In furtherance of such policy, the Board may, subject to applicable laws:

- (a) Facilitate, coordinate, and streamline the processing of permits, clearances, licenses, and approvals for qualified storage and logistics projects, without prejudice to environmental, safety, land use, and indigenous peoples' rights requirements;
- (b) Prescribe technical, safety, environmental, cybersecurity, interoperability, and resiliency standards for storage and reserve facilities;
- (c) Recommend fiscal or non-fiscal incentives under existing investment laws for projects that materially expand storage capacity or strengthen national fuel security;
- (d) Enter into or recommend public-private partnerships, lease agreements, management contracts, tolling arrangements, or other lawful modalities for the development or operation of strategic facilities;
- (e) Require fair, reasonable, and non-discriminatory third-party access to essential storage or terminal facilities when necessary to avoid supply foreclosure, subject to just compensation and due process; and
- (f) Establish emergency protocols for coordinated release, transport prioritization, and replenishment of strategic stocks.

Strategic petroleum reserves may be owned, leased, managed, or otherwise controlled by the National Government, PNOC, a government-owned or controlled corporation, or through contractual arrangements authorized by law.

The Board shall ensure that measures under this Section do not unreasonably discriminate against new entrants or smaller participants and shall promote broad-based market access, operational efficiency, and fair competition.



Within six (6) months from the effectivity of this Act, the Board shall submit to the President and to Congress the initial NPSRP, and thereafter update the same at least once every three (3) years or as public necessity may require.

The NPSRP and all updates thereof shall be made available to the public.

SECTION 21. *Prohibited Conduct.* – It shall be unlawful for any oil company, market participant, association, or combination of persons, whether acting directly or indirectly, by agreement, arrangement, concerted practice, abuse of market power, or unilateral conduct proscribed under this Act, to engage in any act which has the object or effect of substantially preventing, restricting, or lessening competition, exploiting consumers, impairing supply, or otherwise injuring the public interest in the downstream oil industry.

Without prejudice to the application of other relevant laws, the following acts are prohibited:

- (a) **Collusive and Restrictive Acts.** – The following acts, agreements, arrangements, or concerted practices shall be prohibited:
- (i) Price fixing, whether by fixing, maintaining, increasing, depressing, stabilizing, coordinating, or otherwise controlling purchase or selling prices, discounts, margins, surcharges, fees, or any material component of price;
 - (ii) Bid rigging, cover bidding, bid suppression, bid rotation, market allocation, customer allocation, territorial allocation, or any analogous collusive tendering arrangement;
 - (iii) Agreements to limit production, imports, deliveries, storage releases, supply volumes, or market availability of petroleum products;
 - (iv) Collective withholding, hoarding, or coordinated refusal to supply designed to influence prices or create artificial scarcity; and
 - (v) Any agreement among competitors the object of which is to restrain trade or eliminate competition.



(b) Abuse of Dominant Position. – It shall be unlawful for a person or entity holding a dominant position in any relevant market to abuse such position by engaging in conduct which substantially prevents, restricts, or lessens competition, or exploits consumers or trading partners, including but not limited to:

- (i) Predatory pricing;
- (ii) Imposition of unfairly excessive prices or grossly disadvantageous trading terms;
- (iii) Margin squeeze;
- (iv) Tying, bundling, or forced purchases without legitimate business justification;
- (v) Unjustified refusal to deal or refusal to supply essential products or services;
- (vi) Exclusive dealing, loyalty rebates, or restrictive arrangements that foreclose a substantial part of the market;
- (vii) Discriminatory pricing or discriminatory terms not based on legitimate cost or risk differences;
- (viii) Denial of access to essential facilities, terminals, depots, pipelines, or storage infrastructure on fair, reasonable, and non-discriminatory terms;
- (ix) Imposition of resale price maintenance or equivalent restraints in circumstances that substantially lessen competition; and
- (x) Other analogous conduct of equivalent anti-competitive effect.

(c) Deceptive, Manipulative, and Fraudulent Conduct. – The following acts are likewise prohibited:

- (i) Submission of false, misleading, or materially incomplete reports, disclosures, or statements required under this Act;



- (ii) Falsification or concealment of inventory, cost, pricing, quality, or supply data;
 - (iii) Misrepresentation of fuel quantity, quality, grade, origin, or specifications;
 - (iv) Use of devices, schemes, or artifices to manipulate prices, evade regulation, circumvent lawful orders, or conceal prohibited conduct;
 - (v) Tampering with meters, pumps, gauges, seals, measuring devices, digital monitoring systems, or official records; and
 - (vi) Such other fraudulent or deceptive acts as may be determined by the Board after due notice and hearing.
- (d) Unfair Supply Practices. – The following acts are prohibited when undertaken without lawful justification and to the prejudice of competition, consumers, or supply security:
- (i) Hoarding or speculative withholding of petroleum products;
 - (ii) Unreasonable refusal to deliver contracted volumes;
 - (iii) Diversion of supply committed to a priority or regulated market;
 - (iv) Discriminatory supply allocation during shortage periods;
 - (v) Artificial closure, shutdown, or underutilization of facilities to manipulate prices or supply; and
 - (vi) Other acts producing artificial scarcity or serious market disruption.
- (e) Exemptions. – Conduct otherwise covered by this Section may be exempted by the Board, upon application and after notice and hearing, if the party invoking exemption clearly proves that:
- (i) The conduct is indispensable to achieve substantial efficiencies, technical improvements, safety compliance, environmental protection, or supply resilience;



- (ii) The benefits materially outweigh the anti-competitive effects;
- (iii) The restraint is narrowly tailored and no less restrictive alternative is reasonably available; and
- (iv) Consumers receive a fair share of the resulting benefits.

The burden of proving exemption shall rest upon the applicant.

The Board and the PCC shall establish a joint framework providing rules on case referrals, designation of the lead agency, timelines for inter-agency action, exchange and use of confidential information subject to applicable law, coordination of investigative, adjudicatory, and remedial measures, avoidance of duplicative or conflicting proceedings, and the issuance of consistent and non-contradictory orders, decisions, and remedies.

The Board shall be the lead agency when the principal issue involves downstream oil supply adequacy, inventory compliance, access to terminals, depots, pipelines, storage facilities, or other essential downstream oil infrastructure, fuel allocation during shortage or emergency conditions, sector-specific service, technical, or access regulation, or local fuel availability.

The PCC shall be the lead agency when the principal issue involves cartel conduct, abuse of dominant position extending beyond the downstream oil industry, merger review under Republic Act. No. 10667, otherwise known as the "*Philippine Competition Act*," anti-competitive agreements with substantial cross-sector effects, or other competition law violations of general economy-wide application.

In all cases, the non-lead agency shall have the right to participate, submit technical findings, receive relevant records subject to confidentiality rules, and recommend appropriate remedies. Where jurisdictional doubt exists, the Board and the PCC shall jointly determine the lead agency within fifteen (15) days from referral. In the absence of joint determination within such period, the PCC shall act as lead agency for competition matters, while the Board shall act as lead agency for supply security, access regulation, and operational compliance matters.



Nothing herein shall be construed to diminish the powers of the PCC under existing laws.

SECTION 22. *Review of Mergers and Market Concentration.* – Any merger, acquisition, consolidation, joint venture, share purchase, asset purchase, long-term exclusive supply arrangement, terminal sharing agreement, storage control arrangement, or any transaction or series of transactions involving market participants in the downstream oil industry which may substantially prevent, restrict, or lessen competition, impair supply security, or result in undue market concentration shall be subject to review under this Section.

No covered transaction shall be consummated without prior notice to the Board and the PCC when the value of the transaction, the size of the parties, market share, control over strategic infrastructure, or such other thresholds as may be jointly prescribed by the Board and the PCC are met.

Upon receipt of notification, the lead agency, in coordination with the non-lead agency, may:

- (a) Approve the transaction;
- (b) Approve the transaction subject to conditions, structural remedies, behavioral commitments, access obligations, divestiture undertakings, supply assurances, firewalls, reporting obligations, or such other measures as may be necessary; or
- (c) Prohibit the transaction where no adequate remedy can prevent substantial anti-competitive effects or serious injury to supply security or the public interest.

In evaluating a transaction, the lead agency shall consider:

- (a) Market concentration and market shares;
- (b) Potential foreclosure of competitors or new entrants;
- (c) Control over essential facilities, depots, terminals, pipelines, or logistics networks;
- (d) Likelihood of coordinated behavior or abuse of dominance;



- (e) Efficiencies, innovation, investment, or resilience gains;
- (f) Effects on prices, output, quality, consumer choice, and service levels;
- (g) Effects on regional supply access, including GIDAs; and
- (h) Such other factors relevant to competition and public welfare.

The lead agency may issue interim measures to preserve competition or prevent irreversible harm pending review.

A transaction consummated in violation of this Section, or in willful breach of imposed conditions, may be declared void or subjected to such remedial orders as justice and public interest may require, without prejudice to the rights of innocent third persons.

SECTION 23. Penalties. – Without prejudice to civil liability and the application of other laws, any person or entity found liable for violation of this Act, its implementing rules and regulations, or any lawful order of the Board shall be subject to administrative and criminal penalties as herein provided.

- (a) Administrative Penalties. – After due notice and hearing, the Board may impose one or more of the following administrative sanctions:
 - (i) Warning or reprimand;
 - (ii) Cease and desist order;
 - (iii) Compliance order or mandatory corrective action;
 - (iv) Restitution, refund, or reimbursement to affected parties;
 - (v) Administrative fine of not less than One hundred thousand pesos (₱100,000.00) but not more than Five million pesos (₱5,000,000.00) for each violation, or up to one percent (1%) of the gross annual revenue of the violator during the preceding fiscal year, whichever is higher, and in the



case of a continuing violation, an additional fine for every day of continued non-compliance, in such amount as the Board may determine;

- (vi) Suspension, revocation, or cancellation of license, permit, accreditation, or authority;
- (vii) Disqualification from applying for or holding any authority issued by the Board for a period not exceeding five (5) years; and
- (viii) Such other analogous sanctions as may be necessary to enforce this Act.

In determining the proper administrative penalty, the Board shall consider the gravity and duration of the violation, injury caused, market impact, value of commerce involved, frequency of violations, degree of intent, cooperation with authorities, remedial actions taken, and ability to pay. Mere technical, clerical, or first-time reporting violations absent fraud, bad faith, or material harm shall be addressed primarily through corrective orders and proportionate administrative sanctions.

(b) Criminal Penalties. – Any person who willfully commits any of the acts enumerated in Section 20 of this Act shall, upon conviction, be punished by imprisonment of two (2) years to twelve (12) years and a fine of not less than One million pesos (₱1,000,000.00) but not more than Fifty million pesos (₱50,000,000.00), or up to five percent (5%) of the gross annual revenue of the violator during the preceding fiscal year, whichever is higher, at the discretion of the court.

- (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, without prejudice to the liability of the juridical entity.
- (ii) If the offender is a Member of the Board or any government official or employee, the maximum 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.

(c) Citizen Suits and Complaints. – Any consumer, competitor, workers' group, transport group, farmers' organization, civil society association, or other interested party may file a verified complaint before the Board for any violation of this Act. The Board shall prescribe simplified procedures for complaints involving small claims or urgent consumer harm.

SECTION 24. Congressional Oversight. – To ensure faithful implementation of this Act and accountability in the exercise of authority, there is hereby created a Joint Congressional Oversight Committee on Oil Industry Regulation, hereinafter referred to as the Oversight Committee, to be composed of:

- (a) The Chairperson of the Committee on Energy of the Senate and four (4) other Senators designated by the Senate President; and
- (b) The Chairperson of the Committee on Energy of the House of Representatives and four (4) other Members designated by the Speaker of the House of Representatives.

The Senate President and the Speaker of the House of Representatives shall designate the Co-Chairpersons of the Oversight Committee. The minority in each House shall be represented.

The Oversight Committee shall have the following functions:

- (a) Monitor and evaluate the implementation of this Act;
- (b) Review the performance of the Board, including its regulatory issuances, enforcement actions, adjudicatory output, and institutional capacity;
- (c) Examine the effectiveness of measures relating to price stability, supply security, competition, and consumer protection;
- (d) Review the use of appropriations, collected fines, fees, and other public funds related to this Act;



- (e) Recommend to Congress such remedial legislation or amendments as may be necessary; and
- (f) Require the submission of reports, data, and information from the Board and other implementing agencies.

The Board shall submit to the Oversight Committee and to the President the following reports:

- (a) Quarterly reports on prices, inventories, supply conditions, enforcement actions, complaints received, cases resolved, and major regulatory actions;
- (b) An annual report on the overall condition of the downstream oil industry, including market concentration, investment trends, strategic reserves, consumer outcomes, and policy recommendations; and
- (c) Such special reports as may be required by the Oversight Committee or when public necessity so demands.

All reports and submissions by the Board to the Oversight Committee shall be made available to the public.

Nothing in this Section shall be construed to authorize congressional interference in specific adjudicatory cases, quasi-judicial determinations, or matters requiring independence under this Act, except through lawful oversight, legislation, or appropriations.

SECTION 25. *Appropriations.* – The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the DOE and such other available sources, including funds from the National Treasury not otherwise appropriated. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 26. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Board, in coordination with the DOE, DEPDev, DOF, DTI, PCC, PNOC, and such other concerned agencies as may be necessary, shall promulgate the implementing rules and regulations for the effective implementation of this Act.



SECTION 27. *Transitory Provision.* – All permits, licenses, accreditations, registrations, certificates, and lawful issuances existing at the time of effectivity of this Act shall remain valid until amended, suspended, revoked, or replaced by the Board in accordance with this Act. Pending administrative cases, investigations, and proceedings shall continue without prejudice and may be assumed by the Board.

SECTION 28. *Repealing Clause.* – Republic Act. No. 8479, otherwise known as the “*Downstream Oil Industry Deregulation Act of 1998*,” is hereby repealed. All other laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 29. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining parts or provisions hereof not affected thereby shall remain in full force and effect.

SECTION 30. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication, in English and Filipino, in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,