



HOUSE OF REPRESENTATIVES

H. No. 9010

BY REPRESENTATIVES RECTO, FERRER (J.), CORVERA, FORTES, MARAÑON, ROMAN, ALVAREZ (M.), OAMINAL (S.F.), LAGDAMEO (M.Y.M.), LAGDAMEO (J.M.), BAUTISTA (J.M.), LEGACION, ANGELES, BELTRAN, SANTOS (M.A.), FERRER (A.), AYON, QUIMBO, GONZALES (R.), ARBISON (M. JR.), BENITEZ (J.M.), DAZA, LORIA, LUMAYAG, ONGCHUAN, RIVERA, ACOSTA, DE JESUS, DAGOOC, GONZALES (A.M.), BARONDA, ALBA, ORTEGA, RODRIGUEZ (M.), RODRIGUEZ (R.) AND SALCEDA

AN ACT

GRANTING FIRST GAS PIPELINE CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OWN, OPERATE, AND MAINTAIN PIPELINES FOR THE TRANSPORTATION AND DISTRIBUTION OF NATURAL GAS, PETROLEUM, AND PETROLEUM PRODUCTS THROUGHOUT THE PHILIPPINES

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

- 1 **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to First
3 Gas Pipeline Corporation, its successors or assigns, hereunder referred to as the grantee,
4 a franchise to construct, install, own, operate and maintain for commercial purposes and
5 in the interest of the public, pipeline systems, including pumping and compressing
6 stations, metering and measurement facilities, storage tanks, gas tanks, power plants,
7 shops, storehouses and other buildings, water supply and communication systems,
8 private roads and such other equipment or facilities as may be needed from time to time

1 for the purpose of transporting and distributing natural gas, petroleum, and petroleum
2 products throughout the Philippines.
3

4 **SEC. 2. *Prior Approval of the Department of Environment and Natural***
5 ***Resources and the Department of Energy.*** – The Grantee shall secure from the
6 Department of Environment and Natural Resources (DENR), the Department of Energy
7 (DOE), or any other government agency which has jurisdiction over the operation of the
8 herein franchise, the appropriate permits and licenses for the construction, installation,
9 ownership, operation and maintenance of the said pipeline systems. The DENR, the DOE
10 and other concerned government agencies shall not unreasonably withhold or delay the
11 grant of any such authority.
12

13 **SEC. 3. *Authority to the End Consumer and the Environment.*** – The grantee
14 shall at all times provide adequate, reliable and safe service to the end consumers and
15 shall conform to the highest environment and safety standards as may be prescribed by
16 DOE, DENR, and such other appropriate agencies of the government.
17

18 **SEC. 4. *Right of Way and Construction.*** – For the purpose of constructing,
19 installing, operating and maintaining the pipeline systems, it shall be lawful for the grantee
20 to make excavations and lay pipes in any of the public lands, waters and properties,
21 including highways, streets, bridges and public works in any city or municipality
22 throughout the Philippines: *Provided*, That any public land, water and property, including
23 highways, streets, bridges and public works disturbed, altered or changed thereby shall
24 be repaired, restored and replaced in workmanlike manner by the grantee to the
25 satisfaction of the Department of Public Works and Highways (DPWH) or the local
26 engineering office, as the case may be, and in accordance with existing laws and rules
27 on excavation and reconstitution of such public works.
28

29 **SEC. 5. *Easement Over Public Land.*** – When rights or easements of temporary
30 occupancy over public land, water or property including highways, roads, bridges and
31 other public works are needed by the grantee for the purpose of carrying out work
32 essential to its operation, such right shall be granted by the DPWH who shall see to it that
33 such easement or temporary occupancy shall cause the least inconvenience to the
34 general public: whenever rights or easement of temporary occupancy over public land
35 without existing infrastructure, including foreshore lands, are needed by the grantee in its
36 operation, such rights or permit for the use or occupation of said public lands shall be
37 granted by the DENR.
38

39 **SEC. 6. *Easement Over Private Land.*** – When easement or temporary
40 occupancy over private lands are needed by the grantee for the purpose of carrying out
41 work essential to its operations, the grantee may enter into the necessary agreement with
42 the owner or legal occupant of such private lands. If no agreement could be reached, or
43 if the owner or legal occupant refuses to grant such easement, or in general, when there
44 exists any obstacle of whatever nature which may prevent the immediate and certain
45 acquisition of the necessary area, or of any right indispensable to the grantee for the
46 purpose of the franchise, the regional trial court of the city or province where the land is

1 situated shall, upon application and posting of the necessary bond therefor, authorize the
2 grantee to use and occupy the land needed by it in its operations, pending final
3 determination of the case which shall include, among others, the reasonable value or
4 rental of the land to be occupied and the compensation for any resulting damage that the
5 landowner or legal occupant may suffer as a result of such operation.

6
7 **SEC. 7. Eminent Domain.** – The grantee may acquire such private property or
8 portion thereof as is actually necessary for the realization of the purposes for which this
9 franchise is granted: *Provided*, That in case the owner refuses to sell or allow the use
10 thereof, the proper proceedings shall be instituted by the grantee, posting therefor a bond
11 as may be fixed and approved by the regional trial court of the city or province where the
12 land is situated. The court shall issue an order allowing such right pending the final
13 determination of the proper amount that shall be paid by the grantee to the landowner or
14 legal occupant.

15
16 **SEC. 8. Term of Franchise.** – This franchise shall be for a term of twenty-five (25)
17 years from the date of effectivity of this Act, unless sooner revoked or cancelled. This
18 franchise shall be deemed *ipso facto* revoked, in the event the grantee fails to commence
19 the exercise of any privileges granted herein within five (5) years from the effectivity
20 hereof.

21
22 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**
23 **Opportunities.** – The Grantee shall create employment opportunities and shall allow on-
24 the-job training in its franchise operation: *Provided*, That priority shall be accorded to the
25 residents of the place where its principal or physical offices, or significant system
26 components are located: *Provided, further*, That the Grantee shall follow the applicable
27 labor standards and allowance entitlement under existing labor laws, rules and
28 regulations and similar issuances.

29
30 **SEC. 10. Warranty in Favor of National and Local Government.** – The grantee
31 shall hold the national, provincial and municipal governments of the Philippines harmless
32 from all claims, accounts, demands or actions arising out of accidents or injuries, whether
33 to property or to persons, caused by the construction, installation, operation and
34 maintenance of the pipeline system.

35
36 **SEC. 11. Sale, Lease, Transfer, Usufruct, or Assignment of the Franchise.** –
37 The Grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise
38 or the rights and privileges acquired thereunder to any person, firm, company, corporation
39 or other commercial or legal entity, or merge with any other corporation, or entity, or
40 transfer the controlling interest of the Grantee, whether as a whole or in part, and whether
41 simultaneously or contemporaneously, to any person, firm, company, corporation, or
42 entity without the prior approval of the Congress: *Provided*, That Congress shall be
43 informed of any sale, lease, transfer, grant of usufruct of, or assignment of the franchise
44 or the rights and privileges acquired thereunder, or of the merger, or transfer of the
45 controlling interest within sixty (60) days after the completion of said transaction:
46 *Provided, further*, That, any such sale, transfer, or assignment is in accordance with the

1 constitutional limitations: *Provided, furthermore*, That failure to report to Congress such
2 change of ownership shall render the franchise *ipso facto* revoked: *Provided, finally*, That
3 any person or entity to which this franchise is sold, transferred, or assigned shall be
4 subject to the same conditions, terms, restrictions, and limitations of this Act.
5

6 **SEC. 12. Reportorial Requirement.** – The Grantee shall submit an annual report
7 to Congress, through the Committee on Legislative Franchises of the House of
8 Representatives and the Committee on Public Services of the Senate, on its compliance
9 with the terms and conditions of the franchise and on its operations on or before April 30
10 of every year during the term of the franchise.
11

12 **SEC. 13. Fine.** – The failure of the Grantee to submit the requisite annual report
13 to Congress shall be penalized with a fine in the amount of Five hundred pesos (P500.00)
14 per working day of noncompliance which shall be collected by the DOE. The fine shall be
15 collected separately from the reportorial penalties imposed by the DOE and shall be
16 remitted to the Bureau of the Treasury.
17

18 **SEC. 14. Equality Clause.** – Any advantage, favor, privilege, exemption, or
19 immunity granted under existing franchises, or which may hereafter be granted, upon
20 prior review and approval of Congress, shall become part of this franchise and shall be
21 accorded immediately and unconditionally to herein Grantee: *Provided, however*, That
22 the foregoing shall neither apply to nor affect provisions concerning territory covered by
23 the franchise, the term of the franchise, or the type of service authorized by the franchise:
24 *Provided, further*, That the foregoing shall not apply to the sale, lease, transfer, grant of
25 usufruct, or assignment of legislative franchises with prior congressional approval.
26

27 **SEC. 15. Separability Clause.** – If any of the sections or provisions of this Act is
28 held invalid, all the other provisions not affected thereby shall remain valid.
29

30 **SEC. 16. Repealability and Nonexclusivity Clause.** – This franchise shall be
31 subject to amendment, alteration or repeal by the Congress of the Philippines when the
32 public interest so requires and shall not be interpreted as an exclusive grant of the
33 privileges herein provided for.
34

35 **SEC. 17. Effectivity.** – This Act shall take effect fifteen (15) days from the date
36 of its publication in the *Official Gazette* or in any newspaper of general circulation in the
37 Philippines.

Approved,