



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

FOR : **The Bureau Director**
Environmental Management Bureau
Biodiversity Management Bureau
Mines and Geosciences Bureau
Land Management Bureau

The Directors
Legal Affairs Service
Policy and Planning Service
Climate Change Service

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO ATTEND THE HYBRID MEETING OF THE
COMMITTEE ON ENERGY OF THE HOUSE OF
REPRESENTATIVES**

DATE : 02 November 2022

The Committee on Energy of the House of Representatives shall have a Hybrid meeting on November 10, 2022 (Thursday), at 10:00 AM via Zoom and simultaneously held at SWA - Belmonte Hall, for the initial deliberation on the bills pertaining to the Natural Gas Industry.

In this regard, may we request your additional comments and recommendations on the House Bills on or before November 4, 2022, 5 PM through email at denrlegislative@yahoo.com, in preparation for the virtual meeting. Further, your or your representative's attendance at the mentioned meeting is requested as the agenda will deliberate on a bill that is of significance to your mandates.

Attached herewith are the invitation letter. The copy of the bills could be accessed through this link <https://bit.ly/3WyL6T0>.

Your attendance is highly encouraged.

ROMIROSE B. PADIN

cc: Undersecretary for Legal, Administration, Human Resources and Legislative Affairs
Undersecretary for Policy, Planning and International Affairs
Assistant Secretary for Administration and Legislative Affairs

MEMO NO. 2022 - 765



Republic of the Philippines
House of Representatives
 Quezon City, Metro Manila

NOTICE: The House of Representatives (HRep) is strictly implementing a "NO-FACE-MASK-AND-FACE-SHIELD, NO-ENTRY" policy. Wear your face mask and face shield at all times while inside the HRep premises.

HEALTH DECLARATION FORM

Body Temperature:	A.M.	P.M.
Last Name	First Name	Middle Name
Nationality:	Sex:	Age:
Cellphone Number:		
Email Address:	Place of Work:	
Present Address:	Street	Barangay
Municipality/City/Province		
Foreign countries you have worked, visited, transited in the past 14 days		
Cities in the Philippines you have worked, lived or transited in the past 14 days		
Have you been sick in the past 14 days? Hospital visited, if any?		<input type="checkbox"/> 'Yes', please describe condition: <input type="checkbox"/> No
Are you experiencing or have experienced, within the last 14 days, any of the following COVID-19 symptoms:		
<input type="checkbox"/> fever or chills		
<input type="checkbox"/> cough		
<input type="checkbox"/> shortness of breath or difficulty in breathing		
<input type="checkbox"/> fatigue		
<input type="checkbox"/> muscle or body aches		
<input type="checkbox"/> headache		
<input type="checkbox"/> loss of taste or smell		
<input type="checkbox"/> sore throat		
<input type="checkbox"/> congestion or runny nose		
<input type="checkbox"/> No		
Within the last 14 days, have you been directly exposed to a COVID-19: <i>If you checked Yes, please describe circumstance:</i>		Within the past 14 days, have you taken any test to detect if you have COVID-19?
Yes <input type="checkbox"/> suspect case (including a member of your household who has been sick in the past 14 days) <input type="checkbox"/> probable case <input type="checkbox"/> confirmed case		<input type="checkbox"/> Yes <input type="checkbox"/> No <i>If Yes, please specify the kind of test and the result:</i>
<input type="checkbox"/> No		
In the last 14 days, have you been in close contact with farm animals or exposed to wild animals?		<input type="checkbox"/> 'Yes', please describe circumstance: <input type="checkbox"/> No
<u>Declaration and Data Privacy Consent Form:</u>		
<i>The information I have given is true, correct, and complete. I understand that failure to answer any question or giving false answer can be penalized in accordance with law.</i>		
<i>I voluntarily and freely consent to the collection and sharing of the above personal information only in relation to the HRep COVID-19 internal protocols.</i>		
_____ Name and Signature		_____ Date
<i>Please be advised that the above information shall only be used in relation to the HRep COVID-19 internal protocols in accordance with the Data Privacy Act. For any concerns, you may contact secretary.general@house.gov.ph</i>		



Republic of the Philippines
House of Representatives
 Quezon City, Metro Manila

PAUNAWA: Ang House of Representatives (HRep) ay istriktong nagpapatupad ng "NO-FACE-MASK-AND-FACE-SHIELD, NO-ENTRY" bilang polisiya. Panatiliing nakasuot ang inyong face mask at face shield habang kayo ay nasa loob ng HRep.

PAHAYAG TUNGKOL SA KALUSUGAN

Temperatura ng Katawan:	N.U.	N.H.
Apelyido	Unang Pangalan	Gitnang Pangalan
Nasyonalidad:	Kasarian:	Edad:
Email Address:		Numero ng Cellphone:
Kasalukuyang Tirahan:	Kalye	Barangay
		Munisipalidad/Lungsod/Probinsya
Sa nakaraang 14 na araw, mga bansa kung saan ka nagtrabaho, nagpunta, o dumaan		
Sa nakaraang 14 na araw, mga siyudad sa Pilipinas kung saan ka nagtrabaho, nagpunta, o dumaan		
Nitong nakaraang 14 araw, ikaw ba ay nagkasakit? Bumisita sa isang <input type="checkbox"/> 'Oo', tukuyin: <input type="checkbox"/> Hindi Ospital?		
Kasalukuyang nakakaranas or nakaranas ka ba sa nakaraang 14 na araw ng mga sumusunod na sintomas:		
<input type="checkbox"/> lagnat o panginginig <input type="checkbox"/> ubo <input type="checkbox"/> kinakapos sa paghinga o hirap sa paghinga <input type="checkbox"/> pagkapagod <input type="checkbox"/> sakit sa kalamnan <input type="checkbox"/> sakit ng ulo <input type="checkbox"/> pagkawala ng pang-amoy o panlasa <input type="checkbox"/> namamagang lalamunan <input type="checkbox"/> baradong ilong o sipon	<input type="checkbox"/> pamumula ng mata <input type="checkbox"/> pagduduwal o pagsusuka <input type="checkbox"/> madalas na pagdumi <input type="checkbox"/> pamamantal o sugat sa balat lalo na sa bata <input type="checkbox"/> neurological na manipestasyon tulad ng bagong pagkalito, pagbabago sa kamalayan, o tulad ng sintomas ng stroke <input type="checkbox"/> iba pa _____	<input type="checkbox"/> Hindi
Sa nakaraang 14 na araw, nagkaroon ka ba ng malapitang pakikisalamuha sa COVID-19 na: <i>Kung 'Oo', ipaliwanag:</i> Oo <input type="checkbox"/> pinaghihinalaang kaso (<i>kasama ang miyembro ng inyong sambahayan na may sakit sa nakaraang 14 na araw</i>) <input type="checkbox"/> maaaring kaso <input type="checkbox"/> kumpirmadong kaso <input type="checkbox"/> Hindi	Sa nakaraang 14 na araw, ikaw ba ay sumailalim sa anumang pagsusuri para matukoy kung ikaw ay may COVID-19? <input type="checkbox"/> Oo <input type="checkbox"/> Hindi <i>Kung Oo, ihayag kung anong uri ng pagsusuri at kung ano ang resulta nito:</i>	
Sa nakaraang 14 na araw, meron ka bang pagkakataong napalapit sa mga hayop sa bukid o mga mabangis na hayop? <input type="checkbox"/> 'Oo', tukuyin: <input type="checkbox"/> Hindi		
<p><u>Pahayag at Pahintulot sa Pagkalihim ng Datos:</u></p> <p>Ang impormasyong aking ibinigay ay totoo, tama, at kumpleto. Nauumawaan ko na ang hindi ko pagsagot sa anumang katanungan o pagbibigay ng hindi totoong kasagutan ay may karamptang parusa sa ilalim ng batas.</p> <p>Ako ay kusa at malayang nagbibigay pahintulot sa paglikom at pagbahagi ng mga personal na impormasyong aking ibinigay alinsunod sa HRep COVID - 19 panloob na alituntumin.</p>		
Pangalan at Pirma		Petsa
Pinapaunawa na ang impormasyong ibinigay sa itaas ay gagamitin lamang ayon sa HRep COVID-19 panloob na alituntumin, ayon sa Data Privacy Act. Para sa anumang katanungan, makipagugnayan sa secretary.general@house.gov.ph		



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
19th Congress

COMMITTEE ON ENERGY

INVITATION TO THE HYBRID MEETING

October 29, 2022

To the **Concerned Stakeholders (Government and Private Sectors)**

Sir/Madam:

Please be informed that the Committee on Energy will hold a hybrid meeting on the date and time indicated hereunder:

DATE/TIME	November 10, 2022 (Thursday) 10:00 A.M.	ZOOM LOG-IN DETAILS: Meeting ID: 81825 2838 6854 Password: 903783 Simultaneously held at: SWA - Belmonte Hall
AGENDA	<ul style="list-style-type: none">• Initial deliberation on the bills pertaining to the Natural Gas Industry:<ul style="list-style-type: none">➤ House Bill No. 17, "<i>An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,</i>" introduced by Hon. Ferdinand G. Romualdez, Hon. Yedda Marie K. Romualdez and Hon. Jude A. Acidre➤ House Bill No. 29, "<i>An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,</i>" introduced by Hon. Lord Allan Jay Q. Velasco➤ House Bill No. 173, "<i>An Act Developing the Philippines' Natural Gas Industry and Appropriating Funds for this Purpose,</i>" introduced by Hon. Caroline L. Tanchay and Hon. Rodante D. Marcoleta➤ House Bill No. 3015, "<i>An Act Providing for the National Energy Policy and Framework for the Development and Regulation of the Philippine Midstream Natural Gas Industry, and For Other Purposes,</i>" introduced by Hon. Joey Sarte Salceda➤ House Bill No. 4097, "<i>An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,</i>" introduced by Hon. Eric G. Yap, Hon.	

	<p>Paolo Z. Duterte, Hon. Edvic G. Yap, Hon. Jocelyn P. Tulfo, Hon. Jeffrey Soriano, and Hon. Ralph Tulfo</p> <ul style="list-style-type: none"> ➤ House Bill No. 4267, <i>“An Act Developing the Philippines’ Natural Gas Industry and Appropriating Funds for this Purpose,”</i> introduced by Hon. Gus S. Tambunting ➤ House Bill No. 4615, <i>“An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,”</i> introduced by Hon. Michael L. Romero
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Attached are the Agenda, comparative matrix of the Natural Gas Industry bills, copies of the bills and position papers submitted by various stakeholders, for your reference.

Your active participation on the said meeting is highly appreciated.

The Committee Secretariat appreciates your confirmation of attendance on or before November 08, 2022 through email address: committee.energy@house.gov.ph or at telephone number 8931-3593. You may also contact our Committee Staff, Mr. Lorenzo Nestor G. Cortes – 09189193698 or Ms. Joy Mariano – 09176265190 for the confirmation of your attendees.

May we also request your office to inform the Committee Secretariat if the attendee/s from your office will attend physically (onsite) or via zoom platform. If attending physically to the meeting, the attendee/s are required to bring negative antigen test result taken within 24 hours together with the filled-up Health Declaration Form (HDF). Attached is the HDF for your perusal.

May we likewise reiterate our request for your comment/position paper on the abovestated bills which were already referred to your office in advance. Reiteration is for those concerned stakeholders who are yet to submit position paper.

Thank you very much.

Very truly yours,

LORD ALLAN JAY Q. VELASCO
Chairperson



COMMITTEE ON ENERGY

HYBRID MEETING

November 10, 2022 (Thursday), 10:00 A.M.
Speaker Feliciano Belmonte Hall, South Wing Annex
Meeting ID: **825 2838 6854**
Passcode: **903783**

A G E N D A

- I. Call to Order/Roll Call
- II. Invocation
- III. Review and Approval of the Minutes of the Previous Meetings conducted on September 15 and 20, 2022
- IV. Welcome/Opening Remarks of Energy Chairperson Lord Allan Jay Q. Velasco
- V. Acknowledgment of Committee Members and Resource Persons/Guests
- VI. Initial deliberation on the bills pertaining to the Natural Gas Industry:
 - **House Bill No. 17**, *“An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,”* introduced by Hon. Ferdinand Martin G. Romualdez, Hon. Yedda Marie K. Romualdez and Hon. Jude A. Acidre
 - **House Bill No. 29**, *“An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,”* introduced by Hon. Lord Allan Jay Q. Velasco
 - **House Bill No. 173**, *“An Act Developing the Philippines’ Natural Gas Industry and Appropriating Funds for this Purpose,”* introduced by Hon. Caroline L. Tanchay and Hon. Rodante D. Marcoleta
 - **House Bill No. 3015**, *“An Act Providing for the National Energy Policy and Framework for the Development and Regulation of the Philippine Midstream Natural Gas Industry, and For Other Purposes,”* introduced by Hon. Joey Sarte Salceda
 - **House Bill No. 4097**, *“An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,”* introduced by Hon. Eric G. Yap, Hon. Paolo

Z. Duterte, Hon. Edvic G. Yap, Hon. Jocelyn P. Tulfo, Hon. Jeffrey Soriano, and Hon. Ralph Tulfo

- **House Bill No. 4267**, *“An Act Developing the Philippines’ Natural Gas Industry and Appropriating Funds for this Purpose,”* introduced by Hon. Gus S. Tambunting

- **House Bill No. 4615**, *“An Act Promoting the Development of the Philippine Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas, and Appropriating Funds Therefor,”* introduced by Hon. Michael L. Romero

VII. Other Matters

VIII. Adjournment

Invited Resource Persons/Guests:

1. Department of Energy (DOE)
2. Department of Finance (DOF)
3. Department of Trade and Industry (DTI)
4. Department of Environment and Natural Resources (DENR)
5. Department of Trade and Industry – Board of Investments (DTI – BOI)
6. Department of Trade and Industry – Bureau of Philippine Standards (DTI – BPS)
7. Department of Health (DOH)
8. Department of Transportation (DOTR)
9. Department of the Interior and Local Government (DILG)
10. National Economic and Development Authority (NEDA)
11. Energy Regulatory Commission (ERC)
12. Philippine National Oil Company - Exploration Corporation (PNOC – EC)
13. Philippine Competition Commission (PCC)
14. Philippine Independent Power Producers Association (PIPPA)
15. Shell Philippines Exploration B.V (SPEX)
16. First Gen Corporation
17. Energy World Corporation (EWC)
18. Gas Policy Development Project (GPDP)

***To be livestreamed at the HRep FB page

COMMITTEE ON ENERGY

COMPARATIVE MATRIX ON THE PHILIPPINE DOWNSTREAM NATURAL GAS INDUSTRY

<p align="center">House Bill No. 17 Reps. Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, and Jude A. Acidre</p> <p align="center">House Bill No. 4615 Rep. Michael L. Romero</p> <p align="center">House Bill No. 29 Rep. Lord Allan Jay Q. Velasco</p> <p align="center">House Bill No. 4097 Reps. Eric G. Yap, Paolo Z. Duterte, Edvic G. Yap, Jocelyn P. Tulfo, Jeffrey Soriano and Ralph Tulfo</p>	<p align="center">House Bill No. 3015 Rep. Joey Sarte Salceda</p>	<p align="center">House Bill No. 173 Reps. Caroline L. Tanchay and Rodante D. Marcoleta</p> <p align="center">House Bill No. 4267 Rep. Gus S. Tambunting</p>	<p align="center">Comments from Stakeholders</p>	<p align="center">Remarks</p>
<p align="center">AN ACT PROMOTING THE DEVELOPMENT OF THE PHILIPPINE DOWNSTREAM NATURAL GAS INDUSTRY, CONSOLIDATING FOR THE PURPOSE ALL LAWS RELATING TO THE TRANSMISSION, DISTRIBUTION AND SUPPLY OF NATURAL GAS, AND APPROPRIATING FUNDS THEREFOR</p>	<p align="center">AN ACT PROVIDING FOR THE NATIONAL ENERGY POLICY AND FRAMEWORK FOR THE DEVELOPMENT AND REGULATION OF THE PHILIPPINE MIDSTREAM NATURAL GAS INDUSTRY, AND FOR OTHER PURPOSES</p>	<p align="center">AN ACT DEVELOPING THE PHILIPPINES' NATURAL GAS INDUSTRY AND APPROPRIATING FUNDS FOR THIS PURPOSE</p>		
<p align="center">CHAPTER I TITLE AND DECLARATION OF POLICY</p>	<p align="center">CHAPTER I GENERAL PROVISIONS</p>			

<p>SECTION 1. Short Title. – This Act shall be known as the <i>"Philippine Downstream Natural Gas Industry Development Act"</i>.</p>	<p>SECTION 1. Short Title. – This Act shall be referred to as the <i>"Midstream Natural Gas Industry Development Act"</i>.</p>	<p>SECTION 1. This Act shall be known as <i>"Development of the Downstream Natural Gas Act"</i>.</p>		
<p>SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to:</p> <p>(a) Promote natural gas as a safe, environment-friendly, efficient and cost-effective source of energy, and an indispensable contributor to grid security, especially with the entry of more intermittent renewable energy sources by establishing the Philippine downstream natural gas industry (PDNGI) for the benefit of all segments of the nation’s population and all sectors of its economy;</p> <p>(b) Promote natural gas as the energy fuel, which has tremendous potential to meet the increasing local demand for fuel, and the development of the Philippines as a liquefied natural gas (LNG) trading and transshipment hub within the Asia-Pacific Region. In all cases, the State shall ensure the safe, secure, reliable, transparent, competitive and environmentally responsible operation of the PDNGI value chain;</p> <p>(c) Provide a conducive industry environment through the issuance of policies, regulations, safety code, product quality and facility operational standards, and plans and programs geared towards the promotion and development of the PDNGI;</p>	<p>SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to:</p> <p>(a) Ensure the country's energy security by developing diversification of sources of primary energy supply to various sectors of the economy;</p> <p>(b) Promote the role of natural gas as an additional energy source and complimentary fuel to variable renewable energy by creating a legal and regulatory framework that would govern the promotion and development of the natural gas industry in the country;</p> <p>(c) Create a regulatory environment that will foster a competitive market for natural gas;</p>	<p>SECTION 2. Declaration of Policies and Objectives – It is hereby declared as the policy of the State to:</p> <p>(a) Ensure reliable and sustainable clean and environmentally responsible sources of energy;</p> <p>(b) Develop policies, regulations, operational manuals, plans, and programs prioritizing the promotion of the downstream natural gas industry;</p> <p>(c) Ensure a transparent, competitive, operation of the downstream natural gas;</p>	<p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> • Include also that “natural gas” is transitional energy source from fossil fuel to renewable energy, and it will bridge the gap in transitioning to renewable energy.” • On Sec. 2(c), include the existence of PDNGR and mention the PDNGI value chain through a rephrasing (i.e. “...through the issuance of regulatory policies based on PDNGR, the localized codes and standards for products, facilities and its operations based on Philippine National Standards (PNS), and plans and programs geared towards...” • On Sec. 2(d), change “machines” to “equipment” in “...promote the conversion of existing fossil-fuel operated machines...” 	

<p>(d) Promote the conversion of existing fossil fuel-operated machines and facilities to natural gas use, provided it is technically and financially feasible;</p> <p>(e) Promote access to and the financial viability of the PDNGI by liberalizing the entry of investors under a system of competition, transparency and fair trade and providing responsive policy support, with the end goal of attaining fair price for all stakeholders;</p> <p>(f) Ensure compliance with International and Philippine health, safety, security, environment (HSSE) standards and best practices under a system of safe, secure, high-quality, environmentally responsible operation and services that afford protection to consumers;</p> <p>(g) Encourage the inflow of private capital through equity participation by the private sector in the downstream natural gas value chain including gas transmission and distribution utilities;</p> <p>(h) Ensure transparent and reasonable price of natural gas and rates for its importation, storage and regasification, transmission and distribution in a regime of open and fair competition and full public accountability that shall promote greater operational and economic efficiency and enhanced competitiveness of the Philippine products in the global market;</p>	<p>(d) Encourage the inflow of private capital in the development of the midstream natural gas industry;</p> <p>(e) Ensure a safe, secure, reliable, and environmentally responsible operation of the midstream natural gas value chain to Include personnel and user protection, through the formulation and adoption of local or International standards on health, safety, security and the environment; and</p> <p>(f) Protect midstream end users by mandating transparent and fair rates, fees, and charges.</p>	<p>(d) Declare the business of transporting and selling natural gas for ultimate distribution to the public as affected with public interest, and that State regulation is necessary for the protection thereof;</p> <p>(e) To ensure transparent and reasonable rates of natural gas transmission, distribution, and supply in the spirit of fair and open competition; and</p> <p>(f) To develop the necessary skills, trade, and industry necessary to support the development of downstream natural gas.</p>	<ul style="list-style-type: none"> • On Sec. 2(f), change "...with international and Philippine health, safety, security, environment (HSSE) standards..." to "...with the Philippine Downstream Natural Gas standards on health, safety, security, and environment..." <p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> • On Sec. 2(a), rephrase "...promote natural gas as..." as "...promote the use of natural gas as...", recognizing the benefits of natural gas are contingent on its proper utilization. • On Sec. 2(j), rephrase "development of end-uses of" and "...and transport that..." as "...development of power and non-power end-uses of..." and "...and transport applications...", respectively, to emphasize the power and non-power applications of natural gas.
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<p>(i) Develop the necessary trades, technical expertise and skills to support the PDNGI; and</p> <p>(j) Facilitate the development of end-uses of natural gas including the use of natural gas as fuel for power, commercial, industrial, residential and transport that promote fuel diversity and compliance with existing environmental laws.</p>			<p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> • On Sec. 2(a), rephrase "...promote natural gas..." as "...promote the use of natural gas as...", recognizing the benefits of natural gas are contingent on its proper utilization. • On Sec. 2(j), rephrase "development of end-uses of" and "...and transport that.." as "...development of power and non-power end-uses of..." and "...and transport applications...", respectively, to emphasize the power and non-power applications of natural gas. <p>GPDP 2 on HB No. 173:</p> <ul style="list-style-type: none"> • Part of the policies and objectives should be to ensure the public health, safety, security, and environmental protection in the implementation of natural gas projects. <p>GPDP 2 on HB No. 173:</p> <ul style="list-style-type: none"> • Consider aligning objectives with the energy 	
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			trilemma of energy security, energy equity, and environmental sustainability.	
<p>SEC. 3. Scope. – This Act shall provide a framework for the development of the PDNGI and its transition from emerging industry into mature industry status within a competitive natural gas market, and define the responsibilities of various government agencies and private entities in furtherance of this national goal.</p> <p>All activities of the Department of Energy (DOE), Energy Regulatory Commission (ERC) and other concerned government agencies relevant to the development and regulation of the PDNGI shall be in accordance with this Act.</p>	<p>SEC. 3. <i>Scope and Application.</i> – This Act shall apply to the midstream natural gas industry specifically the aggregation, supply, importation, exportation, receipt, unloading, loading, processing, storage, regasification, transmission, bunkering, and transportation of natural gas. In its original or liquefied form, from local or foreign sources, and the systems and facilities utilized for such. It shall also apply to the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of such systems and facilities.</p>			
<p>SEC. 4. Definition of Terms. – As used in this Act:</p> <p>(a) <i>Affiliates</i> refer to the corporate relationships of two or more persons, one of whom either owns or controls or is being controlled by other persons. As used herein, “control” shall mean the power to direct or cause the direction of management policies as an inherent part of decision-making power;</p>	<p>SEC. 4. <i>Definition of Terms.</i> – For purposes of this Act, the following terms shall be defined as stated below:</p> <p>(a) <i>Affiliate</i> refers to any natural or juridical person who, singly or jointly with other natural or juridical persons, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another natural or juridical person. It includes a subsidiary company, a parent company, and the subsidiaries, directly or indirectly, of a common parent;</p>	SECTION 3. <i>Definition of Terms</i> –	<p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> • (If not yet done), definition of terms be reviewed and confirmed by DOE for purpose of consistency in defining technical terms and its use. • Include the official definition from the DOE for Philippine Downstream Natural Regulation or PDNGR. 	

<p>(b) <i>Anti-Competitive Behavior</i> refers to the practices and agreements in violation of the provisions of Republic Act No. 10667, otherwise known as the "<i>Philippine Competition Act</i>";</p> <p>(c) <i>Capacity</i> refers to the maximum flow expressed in normal cubic meters per time unit or in energy unit per time unit;</p>	<p>(b) <i>Ancillary reserve</i> refers to the natural gas procured by the natural gas transmission utility or the NGTSO, whichever is applicable, necessary in the operation of the natural gas transmission system to regulate fluctuations in its operating pressure and maintain system stability, safety, and efficiency to ensure the continuous transmission of natural gas to midstream end-users in accordance with the Natural Gas Transmission Code. It shall be included in the natural gas transmission fee or the NGTSO fee, whichever is applicable;</p> <p>(c) <i>Anticompetitive behavior</i> refers to any act enumerated under Section 14 and Section 15 of Republic Act No. 10667, otherwise known as the <i>Philippine Competition Act</i>;</p> <p>(d) <i>LNG Bunkering</i> refers to the selling of natural gas for use of domestic or foreign marine vessels;</p> <p>(e) <i>LNG Bunkering Facilities</i> refers to all infrastructure built and designed for LNG bunkering;</p> <p>(f) <i>Capacity</i> refers to the handling design of a system used in the context of its functionality, expressed in a specific measurement such as volume in cubic meters or flow rate in normal cubic meters per time unit;</p>		<p>GPDP 2 on HB No. 173:</p> <ul style="list-style-type: none"> On Sec. 4(a), the DOE will also need to spearhead along with the BPS, DENR, and other government agencies the adoption of global codes and standards to ensure health, safety, security, and protection of the environment in the construction, operation, and decommissioning of LNG facilities in the country. On Sec. 4(c), the DOE will need to establish the rules of procedure for permit applications in consideration of encouraging Ease of Doing Business by streamlining the application process. <p>NEDA on HB No. 17, 29 and 173:</p> <ul style="list-style-type: none"> Provide a clear distinction between the midstream and downstream segments of the natural gas industry. <p>DOTR on HB No. 3015, Sec. 4(t), (ff), and (gg):</p>	
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	<p>(g) <i>Control</i> refers to the power to determine the financial and operating policies of an entity to benefit from its activities. It is presumed to exist when the parent entity owns, directly or through subsidiaries or associates, more than fifty percent (50%) of the voting power of an entity. It also exists when the parent entity owns fifty percent (50%) or less of the voting power of an entity, but has any of the following powers:</p> <p>(1) Power over more than fifty percent (50%) of the voting rights by virtue of an agreement with other investors,</p> <p>(2) Power to govern the financial and operating policies of the entity under a statute or agreement,</p> <p>(3) Power to appoint or remove the majority of the members of the board of directors or equivalent governing body, or</p> <p>(4) Power to cast the majority of votes at meetings of the board of directors or equivalent governing body;</p> <p>(h) <i>Dedicated natural gas pipeline</i> refers to a pipeline exclusively utilized by a midstream natural gas industry participant or its affiliate for the conveyance of natural gas from an LNG terminal or a local natural gas production facility to the said midstream natural gas Industry participant or its affiliate;</p>		<ul style="list-style-type: none"> We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations. 	
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<p>(d) <i>Delivery</i> refers to the transmission or distribution of natural gas and the supply of natural gas at wholesale or retail;</p> <p>(e) <i>Distribution</i> refers to the transportation of natural gas through a gas distribution system to end-users;</p> <p>(f) <i>Distribution system</i> refers generally to the pipeline and related facilities used to transport natural gas extending between the last delivery point of the transmission system to the last connection point to the end-user;</p>	<p>(i) <i>Emergency reserve</i> refers to the amount of natural gas, in its original or liquefied form, which may be contracted by midstream end users based on public interest, sufficient to ensure a continuous, adequate, and stable supply of natural gas for a period in the event of a supply disruption. The period shall be determined in this Act's implementing rules and regulations;</p>	<p>(a) <i>DOE</i> shall refer to the Department of Energy;</p> <p>(d) <i>Downstream Natural Gas Industry</i> shall refer to the business of importing, exporting, re-exporting, shipping, transporting, processing, refining, storing, distributing, marketing, and/or selling natural gas;</p>		
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<p>(g) <i>End-user</i> refers to any person that will receive delivery of natural gas for resale or final use;</p> <p>(h) <i>Franchise</i> refers to the right, privilege and authority issued by Congress authorizing a person to engage in the transmission of natural gas or distribution of natural gas within a specific geographical area;</p> <p>(i) <i>Gathering facilities</i> refer to natural gas pipelines and its ancillary facilities used to gather gas in the field and bring it to a location for processing or for delivery at an interconnection with the gas transmission system. The terms "gather" and "gathering" shall be construed accordingly;</p> <p>(j) <i>Importation</i> refers to the act of bringing LNG into the Philippines;</p> <p>(k) <i>Insurance</i> refers generally to a risk-transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by events beyond the control</p>	<p>(k) <i>Gas aggregation</i> refers to the activity of pooling together various demands for natural gas from midstream end users and supplying them with natural gas from one or more sources;</p> <p>(l) <i>Gas aggregator</i> refers to any natural or juridical person who engages in gas aggregation;</p> <p>(j) <i>Importation</i> refers to the bringing of natural gas. In its original or liquefied form, into the Philippines from foreign sources;</p>	<p>(b) <i>ERC</i> shall refer to the Energy Regulatory Commission created by virtue of Republic Act No. 9136;</p>		
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<p>of the insured party wherein compensation is normally proportionate to the loss incurred;</p> <p>(l) <i>Liquefied natural gas or LNG</i> refers to natural gas which has been liquefied by cooling at a cryogenic temperature;</p>	<p>(m) <i>Liquefied Natural Gas (LNG)</i> refers to natural gas which has been cooled to a cryogenic temperature, converting it to a liquid state;</p> <p>(n) <i>LNG terminal</i> refers to all facilities located onshore or offshore, that are used to import, receive, unload, load, process, store, and regasify natural gas. In its original or liquefied form, from local or foreign sources. It shall include berthing ports, unloading and loading arms, line packs, cryogenic pipelines, regasification facilities, and storage tanks, among others;</p> <p>(o) <i>LNG Terminal Development Plan</i> refers to a comprehensive plan prepared by each LNG terminal owner and operator relating to the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of each of its LNG terminals and all its required facilities and equipment, taking into consideration,</p>	<p>(c) <i>Joint Congressional Power Commission</i> has the same meaning as that of Section 62 of Republic Act No. 9136;</p> <p>(d) <i>Liquified Natural Gas or "LNG"</i> is a fossil energy source that formed deep beneath the earth's surface. When it is transported to areas other than its source, it becomes liquified;</p> <p>(e) <i>LNG Terminal</i> includes all natural gas facilities located onshore or in State waters that are used to receive, unload, load, store, transport, gasify, liquefy, or process natural gas that is imported to the Philippines from a foreign country, exported to a foreign country from the Philippines, or transported in areas within the State by waterborne vessel, but does not include waterborne vessels used to deliver natural gas to or from any such facility;</p>		
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	<p>among others, existing and projected demand and supply of natural gas;</p> <p>(p) <i>LNG Terminal Regulated Third Party Access Code</i> refers to the compendium of responsibilities, qualifications, standards, and rules promulgated by the Department of Energy (DOE) for regulated third party access by one or more third parties to a portion, the entire, or the unutilized capacity of an rTPA LNG terminal permit holder, and the evaluation of performance of an LNG terminal with respect thereto;</p> <p>(q) <i>Midstream end user</i> refers to any natural or juridical person, requiring the supply of natural gas, in its original or liquefied form, for resale or own use but excluding the retail use of natural gas. It includes power generation plants, industrial and commercial establishments, ecozones, storage facilities, bunkering facilities, virtual pipelines, and motor vehicles and marine vessels transporting natural gas;</p> <p>(r) <i>Midstream natural gas industry</i> refers to the aggregation, supply, importation, exportation, receipt, unloading, loading, processing, storage, regasification, transmission, bunkering, and transportation of natural gas. In its original or liquefied form, but shall exclude the retail of natural gas. It utilizes, among others, LNG terminals, dedicated natural gas pipelines, natural gas transmission systems, storage facilities, bunkering</p>			
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	<p>facilities, virtual pipelines, and motor vehicles and marine vessels transporting natural gas;</p> <p>(s) <i>Midstream Natural Gas Industry Development Plan</i> refers to the comprehensive plan for ensuring safe, secure, and reliable supply of natural gas, in its original or liquefied form, while establishing the efficient operations of the country's midstream natural gas infrastructure and managing demand for natural gas through specific government programs and policies. It shall include the various LNG Terminal Development Plans and Natural Gas Transmission Development Plans, and studies on overall supply and demand, capacity, and other research necessary in achieving a sound demand and supply projection for natural gas in the country;</p> <p>(t) <i>Midstream natural gas industry participants</i> refer to the supplier or importer of natural gas; gas aggregator; owner and operator of LNG terminal, dedicated natural gas pipeline, natural gas transmission system, storage and bunkering facilities, virtual pipelines, and motor vehicles and marine vessels utilized to transport natural gas; the Natural Gas Transmission System Operator; third parties; and midstream end users;</p> <p>(u) <i>Natural gas</i> refers to gas obtained from boreholes and wells consisting primarily of</p>			
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<p>(m) <i>Natural gas</i> refers to gas obtained from boreholes and wells consisting primarily of a mixture of methane, ethane, propane and butane with small amounts of heavier hydrocarbons and some impurities, consistent with the Philippine National Standards (PNS) or the standards developed by the International Organization for Standardization (ISO);</p> <p>(n) <i>Natural gas distribution code</i> refers to the code to be formulated by the DOE pursuant to Section 5(g) of this Act that shall set the technical performance standards for operating gas distribution utilities and the minimum financial standards for gas distribution systems;</p> <p>(o) <i>Natural gas distribution system</i> refers to the system of conventional pipelines and related facilities extending from the delivery points where the gas distribution system receives the natural gas to the point of connection in the premises of the end-user; and any available virtual pipeline that allows alternative modes of transportation;</p> <p>(p) <i>Natural gas distribution utility</i> refers to any person engaged in the operation of a natural gas distribution system</p>	<p>a mixture of methane, ethane, propane, and butane with small amounts of heavier hydrocarbons and some impurities, notably nitrogen and complex sulfur compounds and water, carbon dioxide, and hydrogen sulfide as well as non-conventional gas including gas from bituminous scale;</p>			
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<p>providing services for general public use, which requires a franchise to operate a gas distribution system;</p> <p>(q) <i>Natural gas sales and purchase agreement</i> or <i>NGSPA</i> refers to any contract or agreement for the delivery and sale of indigenous or imported natural gas by and between sellers, suppliers, buyers and end-users;</p> <p>(r) <i>Natural gas transmission code</i> refers to the code to be developed by the DOE pursuant to Section 5(g) of this Act that shall set the technical performance standards for operating gas transmission systems and the minimum financial standards for gas transmission utilities;</p>	<p>(v) <i>Natural Gas Transmission Code</i> refers to the compendium of rules, procedures, requirements, regulations, and minimum technical performance standards governing the safe and reliable location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of all dedicated natural gas pipelines and natural gas transmission systems in the country. It also defines and establishes the relationship of dedicated natural gas pipelines and natural gas transmission systems with facilities and installations of other midstream natural gas industry participants, if applicable;</p> <p>(w) <i>Natural Gas Transmission Development Plan</i> refers to the plan of each dedicated own use pipeline owner and operator, natural gas transmission utility, or the Natural Gas Transmission System Operator when applicable, for managing dedicated own use pipelines, natural gas transmission systems or the interconnected natural gas transmission system, whichever is applicable, through efficient</p>			
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<p>(s) <i>Natural gas transmission system</i> refers to the system of high-pressure pipelines, storage and its ancillary facilities that are used to transport natural gas from the interconnection with gathering facilities, other LNG-related facilities and other gas transmission or distribution systems;</p>	<p>planning for its location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment;</p> <p>(x) <i>Natural gas transmission system</i> refers to a network containing pipelines and other related facilities, owned and operated by a natural gas transmission utility, which convey natural gas. In its original or liquefied form, from an LNG terminal or a local natural gas production facility to a midstream natural gas industry participant;</p> <p>(y) <i>Natural gas transmission fee</i> refers to the amount paid by midstream natural gas industry participants for the use of a natural gas transmission system. It shall consist of amounts used to defray the costs of location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of the system, and provide a reasonable rate of return. It also includes the cost of operating the system while there is no Natural Gas Transmission System Operator;</p> <p>(z) <i>Natural Gas Transmission System Operator (NGTSO)</i> refers to a natural or juridical person responsible for operating and maintaining the interconnected natural gas transmission system, ensuring the continuous and reliable delivery of natural gas to midstream natural gas industry</p>			
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<p>(t) <i>Natural gas transmission utility</i> refers to a natural or juridical person that has a franchise to operate or is intending to operate a gas transmission system except own-use pipelines;</p>	<p>participants, and securing the long-term ability of the system to meet demand for the transmission of natural gas;</p> <p>(aa) <i>Natural gas transmission utility</i> refers to a natural or juridical person who has a franchise granted by law to construct, own, and operate a natural gas transmission system within a specified area;</p> <p>(bb) <i>Negotiated Third Party Access (nTPA)</i> refers to a contractual arrangement between the owner and operator of a dedicated natural gas pipeline or an own use LNG terminal permit holder and a third party to allow the use and access to such third party of a specific capacity of a dedicated natural gas pipeline or an LNG terminal with an own use permit for a fee agreed upon between the two entities. It does not include contractual arrangements entered into by an own use LNG terminal permit holder and a third party pursuant to a declaration of unutilized capacity by the DOE in accordance with the LNG Terminal Regulated Third Party Access Code;</p> <p>(cc) <i>NGTSO fee</i> refers to the amount paid by midstream natural gas industry participants to the NGTSO for its services in operating and maintaining the interconnected natural gas transmission system;</p>			
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<p>(u) <i>Own-use permit</i> refers to an authorization granted by the DOE to a permit holder or-operator for the exclusive use by the operator or its affiliates in the operation of its natural gas facility;</p> <p>(v) <i>Permit</i> refers to an authorization issued by the DOE for the importation, construction, commercial operation and maintenance of natural gas facilities;</p> <p>(w) <i>Permit holder or operator</i> refers to a natural or juridical person who is granted a</p>	<p>(dd) <i>Own use LNG terminal permit holder</i> refers to an LNG terminal whose owner and operator has been issued an own use permit;</p> <p>(ee) <i>Own use permit</i> refers to an authorization issued by DOE to the owner and operator of an LNG terminal to exclusively use or allow its affiliate to use a specific capacity of the LNG terminal for a specified period of time, subject to LNG Terminal Regulated Third Party Access Code;</p> <p>(ff) <i>Permit</i> refers to an authorization issued by the DOE, the Energy Regulatory Commission (ERC), or the Department of Transportation (DOTr) or its attached agencies, whichever is applicable, for the aggregation, supply, importation, exportation, receipt, unloading, loading, processing, storage, regasification, and bunkering of natural gas, or the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of an LNG terminal, natural gas transmission system, dedicated natural gas pipeline, storage facilities, bunkering facilities, virtual pipelines, and motor vehicles and marines vessels transporting natural gas for a specified period of time;</p> <p>(gg) <i>Permit holder</i> refers to a natural or juridical person who is granted a permit by</p>			
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<p>permit by the DOE to engage in the importation, construction, commercial operation and maintenance of natural gas facilities;</p> <p>(x) <i>Person</i> refers to a natural or juridical person, as the case may be, including the national and local governments of the Republic of the Philippines, its agencies and instrumentalities, and government-owned and controlled corporations;</p> <p>(y) <i>Philippine downstream natural gas industry</i> or <i>PDNGI</i> refers to the sectors of transmission, distribution, supply, and use of natural gas and their related activities, such as importation, storing, regasification, transmission and distribution of natural gas to end-users;</p> <p>(z) <i>Philippine Energy Plan</i> or <i>PEP</i> refers to the overall energy program formulated and updated yearly by the DOE and submitted to Congress pursuant to Republic Act No. 7638, otherwise known as</p>	<p>the DOE, ERC, or DOTr or its attached agencies whichever is applicable, to engage in the aggregation, supply. Importation, exportation, receipt, unloading, loading, processing, storage, regasification, and bunkering of natural gas, or the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of an LNG terminal, natural gas transmission system, dedicated natural gas pipeline, storage facilities, bunkering facilities, virtual pipelines, and motor vehicles and marine vessels transporting natural gas for a specified period of time;</p>			
		<p>(f) <i>Philippine Energy Plan</i> or "<i>PEP</i>" refers to the overall energy program formulated yearly by the DOE and submitted to the congress pursuant to Republic Act No. 7838;</p>		

<p>the “<i>Department of Energy Act of 1992</i>”, as amended;</p> <p>(aa) <i>Rates</i> refer to the payment on the utilization of the capacity and use of other services offered by the permit holder or operator of the transmission and distribution pipeline;</p>	<p>(hh) <i>Philippine National Standard (PNS)</i> refers to the standards promulgated by the Department of Trade and Industry (DTI) - Bureau of Philippine Standards (BPS) pertaining to product specifications, test methods, terminologies, procedures, or practices pursuant to Republic Act No. 4109, otherwise known as the Standards Act, and other applicable laws, rules and regulations;</p> <p>(ii) <i>Regulated Third Party Access (rTPA)</i> refers to a contractual arrangement between the following:</p> <p>(1) An rTPA LNG terminal permit holder or a natural gas transmission</p>	<p>(g) <i>Power Development Program or “PDP”</i> refers to the indicative plan for managing electricity demand through energy-efficient programs and for the upgrading, expansion, rehabilitation, repair and maintenance of power generation and transmission facilities, formulated and updated yearly by the DOE in coordination with the generation, transmission and distribution utility companies.</p>		
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	<p>utility and a third party to allow the latter transparent, fair, reasonable, and non-discriminatory use and access of the capacity available to third parties of the LNG terminal or the natural gas transmission system,</p> <p>(2) An own use LNG terminal permit holder and a third party pursuant to a declaration of unutilized capacity by the DOE in accordance with the LNG Terminal Regulated Third Party Access Code, or</p> <p>(3) A natural gas transmission utility and a third party pursuant to a declaration of unutilized capacity by the DOE in accordance with the Transmission Regulated Third Party Access Code;</p> <p>(jj) <i>Regulated Third Party Access (rTPA) permit</i> refers to an authorization issued by the DOE to the owner and operator of an LNG terminal to offer to third parties, the fair, reasonable, and non-discriminatory use and access of a specific capacity of its LNG terminal for a specified period of time, subject to the LNG Terminal Regulated Third Party Access Code;</p> <p>(kk) <i>Reserve price</i> refers to the undisclosed rate determined by ERC using a methodology pursuant to Section 6 of this Act that serves as the price ceiling for the natural gas transmission fee;</p>			
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<p>(bb) <i>Supplier</i> refers to any person engaged and registered with the DOE to trade on indigenous or imported LNG and their subsequent supply to end-users;</p> <p>(cc) <i>Supply</i> refers to the trade or sale of indigenous or imported natural gas and their subsequent sale to end-users;</p>	<p>(ll) <i>Retail</i> refers to the sale of natural gas to the general public in relatively small quantities for consumption such as the sale of natural gas to motor vehicles and to households;</p> <p>(mm) <i>rTPA LNG terminal permit holder</i> refers to an LNG terminal whose owner or operator has been issued an rTPA permit;</p> <p>(nn) <i>Storage</i> refers to the stocking of natural gas for the purpose of regasification, bunkering, reserve, any combination thereof, or any other purpose consistent with this Act;</p> <p>(oo) <i>Storage facilities</i> refer to any equipment or infrastructure used for storage;</p> <p>(pp) <i>Supplier</i> refers to a natural or juridical person authorized by the DOE to engage in supply as defined in this Act;</p> <p>(qq) <i>Supply</i> refers to the trade of indigenous or imported natural gas, in its original or liquefied form, and its subsequent sale or transfer to midstream natural gas industry participants;</p> <p>(rr) <i>Terminal fee</i> refers to the rates, charges, and other similar considerations imposed upon third parties for the use and services of any of the following:</p>			
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<p>(dd) <i>Third-party access or TPA</i> refers to a transparent and non-discriminatory access and utilization by a third-party user of the excess capacity of the LNG terminal and its related facilities;</p> <p>(ee) <i>Transmission</i> refers to the transportation of natural gas through a natural gas transmission system;</p>	<p>(1) The capacity or a portion thereof covered by an rTPA permit of an LNG terminal, or</p> <p>(2) The unutilized capacity or a portion thereof covered by an own use permit of an LNG terminal;</p> <p>(ss) <i>Third party</i> refers to a midstream natural gas industry participant who is not the owner, operator, or affiliate of the owner and operator of an LNG terminal, dedicated natural gas pipeline, or natural gas transmission system;</p> <p>(tt) <i>Transmission</i> refers to the conveyance of natural gas either through a dedicated natural gas pipeline or a natural gas transmission system;</p> <p>(uu) <i>Transmission Regulated Third Party Access Code</i> refers to the compendium of responsibilities, qualifications, standards, and rules promulgated by the ERC for regulated third party access by one or more third parties to a portion, the entire, or the unutilized capacity of a natural gas transmission system, and the evaluation of performance of a natural gas transmission utility with respect thereto;</p>			
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<p>(ff) <i>Virtual Pipeline</i> refers to alternative methods of transporting natural gas to places where there is no pipeline network available. It is based on a modular system of compression or liquefaction, transport and decompression and regasification of natural gas, which communities, industries, gas stations and others may use.</p>	<p>(vv) <i>Unutilized capacity</i> refers to a portion of the capacity of an LNG terminal, with an own use permit, an rTPA permit or both, or a natural gas transmission system, set apart for the use of the LNG terminal owner and operator or a third party with regulated third party access to the LNG terminal or the natural gas transmission system, which remains unused after a reasonable period of time and declared as such by the DOE or the ERC pursuant to Sections 5 and 6 of this Act and the LNG Terminal Regulated Third Party Access Code and the Transmission Regulated Third Party Access Code, whichever is applicable; and</p> <p>(ww) <i>Virtual Pipelines</i> refer to alternative methods of transporting natural gas using modules coupled to mobile platforms such as motor vehicles, marine vessels, or rail platforms.</p>			
<p align="center">CHAPTER II POWERS AND RESPONSIBILITIES OF THE DOE AND THE ERC</p>	<p align="center">Chapter II POWERS AND RESPONSIBILITIES OF GOVERNMENT AGENCIES</p>			
<p>SEC. 5. Powers and Responsibilities of the DOE. – In addition to its existing powers and functions, the DOE shall have the overall responsibility of supervising and monitoring the development of the Philippine downstream natural gas industry.</p>	<p><i>SEC. 5. Powers and Responsibilities of the Department of Energy (DOE).</i> – In addition to its functions under Republic Act No. 7638, otherwise known as the Department of Energy Act of 1992, the DOE shall be the lead implementing</p>	<p>SECTION 4. Powers and Functions of the DOE – Aside from its existing powers and functions, the DOE shall exercise oversight and monitoring of the development of the downstream natural gas industry, and the regulation of the</p>	<p>EWCL on HBs No. 17, 29 and 173:</p> <ul style="list-style-type: none"> • EWCL respectfully submits that the role of PIA-TC be 	

<p>Towards this end, the DOE shall perform the following powers and functions:</p> <p>(a) Prepare the Natural Gas Industry Development Plan (NGIDP) within two (2) years from the effectivity of this Act, incorporating therein the plans submitted by public and private stakeholders after open discussions and consultations with them. The NGIDP shall consist of approved regasification, transmission and distribution development plans which shall be integrated into the Philippine Energy Plan (PEP), and reviewed and updated every three (3) years after its adoption;</p> <p>(b) Establish standards on gas quality, facility installation and safety of operation. For this purpose, a Philippine Inter-Agency Technical Committee (PIA-TC) shall be created by the Bureau of Philippine Standards (BPS) to be chaired by the DOE. The PIA-TC shall have as members the representatives of concerned government agencies and private industries. A Philippine Inter-Agency Health, Safety, Security and Environment Inspection and Monitoring Team (PIA-HSSE IMT) shall likewise be created to monitor and enforce compliance with established standards;</p>	<p>agency for this Act. Towards this end, it shall:</p> <p>(a) Supervise and monitor the development of the midstream natural gas industry, and ensure the security and sufficiency of the supply of natural gas for local demand;</p> <p>(b) Require the annual submission of, review, and approve LNG Terminal Development Plans and Natural Gas Transmission Development Plans: <i>Provided</i>, That the specific guidelines and timeline for the approval of these plans shall be determined In this Act's implementing rules and regulations taking into consideration the policy declarations of this Act and upon consultation with other relevant government agencies, midstream natural gas Industry participants, and other public and private stakeholders;</p>	<p>construction and establishment of natural gas terminals and other natural gas-related facilities. In order to achieve this purpose, the DOE shall have the following authority:</p> <p>(a) To create and promulgate the rules and regulations to implement this Act within six (6) months from effectivity, in coordination with the ERC, DENR, and other concerned Government Agencies and natural gas participants.</p> <p>(b) Jointly with the natural gas industry participants and the Joint Congressional Power Commission, to formulate the <i>Natural Gas Supply, Transmission, and Distribution Code</i> which shall contain the detailed rules for the sale and purchase of natural gas. Said rules shall provide the mechanism for determining the price of electricity covered by bilateral contracts between sellers and purchasers of natural gas. The price determination methodology shall be subject to the approval of the ERC and shall reflect accepted economic principles and provide a level playing field to all natural gas industry participants. Said rules shall likewise establish standards on gas quality,</p>	<p>clarified on whether it has the rule-making authority or purely for monitoring purposes. Also, since there is an immediate need for new energy sources, the creation of a unified system for the purpose of permitting compliance will fast-track all natural gas power plant projects as there are several government departments involved.</p> <p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> On Sec. 5(b), rephrase "...facility installation and safety of operation..." to "...facility installation, safety and security of operation, and environmental preservation..." to codify alignment with (health, safety, security, and environment) HSSE principles. <p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> On Sec. 5(b), indicate clearly if the PIA-HSSE IMT will also be by the DOE. 	
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<p>(c) Evaluate applications and issue permits on the importation, exportation, receipt, unloading, loading, storage, regasification of liquefied natural gas; transmission, distribution, marketing, utilization, aggregation of natural gas; and the safe, secure, reliable and efficient planning, construction, operation, expansion, modification, maintenance, decommissioning and abandonment of the downstream natural gas industry infrastructure and facilities;</p> <p>(d) Evaluate applications for permits or authorities to operate, including a Notice to Proceed (NTP), a Permit to Construct, Expand, Rehabilitate and Modify (PCERM), and a Permit to Operate and Maintain (POM) downstream natural gas projects and facilities, accreditation to import, supply and transport natural gas, Acknowledgement to Import (ATI) LNG and Acknowledgement to Supply and Transport (AST) natural gas;</p>	<p>(c) Prepare a Midstream Natural Gas Industry Development Plan based on the various LNG Terminal Development Plans and Natural Gas Transmission Development Plans within two (2) years from the effectivity of this Act's implementing rules and regulations, upon consultation with other relevant government agencies, midstream natural gas industry participants, and other public and private stakeholders. The Midstream Natural Gas Industry Development Plan shall be reviewed and updated annually, and integrated into the Philippine Energy Plan;</p> <p>(d) Promulgate the PNS or Identify and adopt other international standards adopted as PNS by the DTI-BPS, together with relevant government agencies and upon consultation with midstream natural gas industry participants and other public and private stakeholders, within eighteen (18) months from the effectivity of this Act's implementing rules and regulations, for the following:</p> <ol style="list-style-type: none"> (1) Natural gas, in its original or liquefied form, (2) Location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, 	<p>facility installation, and safety of operation.</p> <p>(c) To prepare a Philippine Natural Gas Industry Development Plan and integrate the same into the PEP.</p> <p>(d) To establish the rules of procedure for the application for permits for the construction and maintenance of LNG generation facilities and regasification units, including terminals, pipelines, and other related facilities for the transmission and distribution of natural gas, which include, among others: (1) Notice to Proceed (NTP), (2) Permit to Operate and Maintain a downstream natural gas project/facility (POM), (3) Permit to Construct, Expand, Rehabilitate, and Modify a downstream natural gas project/facility (PCERM), (4) Accreditation to Import, Supply, and Transport Natural Gas, (5) Acknowledgement to Import LNG, (6)</p>	<ul style="list-style-type: none"> • On Sec. 5(b), add “notify” or a similar word to make DOE’s role in deterring anti-competitive behavior more proactive and not just waiting for requests to come from a 3rd party (i.e. “Notify the Philippine Competition Commission and endorse requests for investigations of any anti-competitive behavior...”) <p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> • On Sec. 5(b), rephrase, “...facility installation and safety operation...” to “...facility installation, safety and security of operation, and environmental preservation...” to codify alignment with (health, safety, security, and environment) HSSE principles. <p>DOTR on HB No. 3015, Sec. 5(d)(5):</p> <ul style="list-style-type: none"> • We propose the addition of railways as one of the indicated means of transporting natural gas in
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<p>(e) Review, suspend or revoke, after due notice and hearing, permits issued in accordance with the preceding paragraphs (c) and (d) herein, and Section 12 of this Act after a finding of non-compliance with the provisions of this Act, rules and regulations that shall be issued to implement it, and related issuances;</p> <p>(f) Issue a written approval on the assignment or transfer of interest on any permits issued in accordance with Section 50 of this Act, after finding that the assignee or transferee has met all the legal, technical, and financial qualifications and has committed itself to assume all existing</p>	<p>repair, maintenance, decommissioning, and abandonment of all LNG terminals,</p> <p>(3) Storage and bunkering of natural gas and its respective facilities,</p> <p>(4) Virtual pipelines, and</p> <p>(5) Motor vehicles and marine vessels transporting natural gas;</p> <p>(e) Ensure compliance with the health, safety, security, and environmental standards of the following, together with the Department of Environment and Natural Resources (DENR), Department of Health (DOH), and other relevant government agencies:</p> <p>(1) Natural gas, in its original or liquefied form,</p> <p>(2) Location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of all LNG terminals, and</p> <p>(3) Storage and bunkering of natural gas and its respective facilities;</p> <p>(f) Convene and co-chair with DTI-BPS, within two (2) months from the effectivity of this Act, a technical working group comprised of relevant government agencies to include the ERC, DTI, DOTr, DENR, DOH, Department of Labor and Employment (DOLE), Department of</p>	<p>Acknowledgment to Supply and Transport Natural Gas, (7) Certificate of Public Convenience and Necessity.</p> <p>(e) To evaluate the applications for permits for the construction and maintenance of LNG generation facilities and regasification units, including terminals, pipelines, and other related facilities for the transmission and distribution of natural gas, which include, among others: (1) Notice to Proceed (NTP), (2) Permit to Operate and Maintain a downstream natural gas project/facility (POM), (3) Permit to Construct, Expand, Rehabilitate, and Modify a downstream natural gas project/facility (PCERM), (4) Accreditation to Import, Supply, and Transport Natural Gas, (5) Acknowledgement to Import LNG, (6) Acknowledgment to Supply and Transport Natural Gas, (7) Certificate of Public Convenience and Necessity.</p> <p>(f) To revoke or suspend, after due notice and hearing, any permits issued in pursuance of a natural gas project/facility of any person that fails to comply with the rules and regulations of this act, the <i>Natural Gas Supply, Transmission, and Distribution Code</i>,</p>	<p>anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations.</p>	
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<p>obligations of the permit holder, and such assignment or transfer is in accordance with existing laws, rules, and regulations: <i>Provided</i>, That permits requiring the prior issuance of a legislative franchise shall not be subject to assignment or transfer of interest;</p> <p>(g) Issue, in coordination with the ERC and in consultation with other concerned government agencies and the PDNGI participants, the Gas Transmission and Distribution Codes, which shall contain the standards and best practices on safe, high-quality, environmentally responsible and consumer protected operation and service, competitive practices and reasonable rates of service;</p> <p>(h) Endorse requests for investigation to the Philippine Competition Commission (PCC) of any anti-competitive behavior in the conduct of any business under the downstream natural gas industry;</p> <p>(i) Issue directives to qualified government agencies, in their capacities as investing arms, to spearhead the development of the PDNGI value chain as</p>	<p>Interior and Local Government (DILG), their respective attached agencies, midstream natural gas industry participants, and other relevant public and private stakeholders to ensure consistent and streamlined standards and regulations in the midstream natural gas industry. The members of the technical working group shall fully cooperate and collaborate in the creation, promulgation, and streamlining of standards and regulations;</p> <p>(g) Promulgate the guidelines for the establishment of safety and exclusion zones of LNG terminals, and determine such safety and exclusion zone for every LNG terminal, in consultation with the technical working group, relevant government agencies, local government units, and public and private stakeholders;</p> <p>(h) Evaluate and act on applications for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of all LNG terminals as well as storage facilities and bunkering facilities;</p> <p>(i) Issue the following:</p> <p>(1) Permits for the aggregation, supply, importation, exportation, receipt, unloading, loading,</p>	<p>and any other requirement issued by the DOE in compliance with this Act. For this purpose, the DOE shall, within six (6) months from the issuance of the IRR and the Natural Gas Supply, Transmission, and Distribution Code, issue the corresponding rules of procedure in relation to this Act.</p> <p>(g) To issue rules and regulations for the importation, storage, regasification, and transport of LNG in accordance with the PEP.</p> <p>(h) Original and exclusive jurisdiction over all cases of contesting permits, non-price regulation, abuse of market power, any anti-competitive behavior, and other penalized acts in accordance with this Act.</p> <p>(i) To establish a set of fiscal incentives to promote and encourage the further exploration of potential supplies of indigenous natural gas, in consultation with the natural gas</p>		
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<p>the DOE may deem imperative to catalyze its development within a given timeline;</p> <p>(j) Determine the qualifications and detailed responsibilities of the Natural Gas Transmission System Operator (NGTSO) and Natural Gas Distribution Utilities (NGDUs) pursuant to their responsibilities provided in this Act;</p> <p>(k) Initiate actions against the NGTSO or NGDUs for failure to comply with the qualifications and detailed responsibilities specified in this Act;</p> <p>(l) Review and approve the natural gas supply and regasification development plan of the regasification terminal owner or operator, natural gas transmission development plan of the NGTSO, and the natural gas distribution development plans of the NGDUs, and integrate the same into the PEP;</p>	<p>processing, storage, regasification, and bunkering of natural gas, in its original or liquefied form in accordance with this Section, and</p> <p>(2) Own use and rTPA permits to owners and operators of LNG terminals;</p> <p>(j) Establish a methodology and timeframe for the determination of the unutilized capacity of LNG terminals, which shall be integrated in the LNG Terminal Regulated Third Party Access Code, taking into consideration the following:</p> <p>(1) Reasonable period to use the capacity,</p> <p>(2) Existing market demand, and</p> <p>(3) Existing contracts;</p> <p>(k) Promulgate the LNG Terminal Regulated Third Party Access Code, within one (1) year from the effectivity of this Act's Implementing rules and regulations, and upon consultation with other relevant government agencies, midstream natural gas industry participants, and other public and private stakeholders, and ensure compliance therewith. The LNG Terminal Regulated Third Party Access Code shall be reviewed and updated regularly. The following principles shall govern the creation of this code:</p>	<p>industry participants and the approval of the Joint Congressional Power Commission;</p> <p>(j) To undertake an information campaign, to educate the public on the benefits of developing the downstream natural gas industry, in coordination with other government agencies, and as may be appropriate.</p> <p>(k) To issue rules and regulations to promote competition and prohibit/penalize abuse of market power, market manipulation, and any other anti-competitive behavior, within one (1) year from the effectivity of this Act, in coordination with the ERC, and upon due notice and public consultation.</p>		
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<p>(m) Require the PDNGI participants to submit the regasification, transmission and distribution development plans, and regular and special reports regarding the organization, business, conduct, practices, and management of any business entity duly registered as part of the downstream natural gas industry, subject to Section 20 hereof; and</p> <p>(n) Exercise such other powers and functions as may be necessary or incidental to attain the objectives of this Act. Subject to existing laws, rules and regulations, the DOE is hereby authorized to create offices and appoint personnel as may be necessary to efficiently and effectively implement this Act.</p>	<p>(1) Reliable and continuous supply of natural gas, and</p> <p>(2) Transparent, fair, reasonable, and non-discriminatory use and access;</p> <p>(l) Declare the unutilized capacity of an LNG terminal and mandate regulated third party access for such in accordance with the LNG Terminal Regulated Third Party Access Code;</p> <p>(m) Determine minimum guidelines to ensure the transparent, fair, reasonable, and non-discriminatory conduct of competitive selection processes by owners and operators of LNG terminal; <i>Provided</i>, That these minimum guidelines shall not include the mode of competitive selection process;</p> <p>(n) Approve or disapprove any sale, assignment, or transfer of control to another entity by a midstream natural gas industry participant with a DOE issued permit within ninety (90) calendar days from submission of complete documentary requirements. Concomitantly, the DOE may require from any midstream natural gas industry participant with a DOE issued permit the prior disclosure of any sale, assignment, or transfer of ownership or direct or indirect interests, rights, or participation not amounting to control to another entity. In both these cases, the DOE may review, modify, cancel,</p>	<p>(l) To exercise such other powers and functions as may be necessary or incidental to obtain the objectives of this Act.</p>		
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	<p>approve, or disapprove any permit it has issued taking into consideration the legal, technical, and financial qualifications of the purchaser, assignee, or transferee and its compliance with its own use or rTPA permit or other DOE issued permits under this Act and existing laws, rules and regulations;</p> <p>(o) Determine the qualifications of and procedure for the competitive selection of a single independent NGTSO taking into consideration Section 22 of this Act, upon consultation with relevant government agencies, midstream natural gas industry participants, and other public and private stakeholders, and undertake its selection upon the interconnection of natural gas transmission systems;</p> <p>(p) Require the submission of the following information from suppliers, importers, aggregators, and owners and operators of LNG terminals, storage facilities, and bunkering facilities, whichever is applicable, subject to Section 32 of this Act:</p> <p>(1) Progress and status reports on location, construction, improvement, operation, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG terminals and storage and bunkering facilities,</p>			
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	<p>(2) Regular reports on the following:</p> <ul style="list-style-type: none"> (i) Compliance with health, safety, security, and environmental standards, (ii) Utilization of the LNG terminal by its owner and operator, the owner and operator's affiliates, and third parties, whichever is applicable, (iii) Compliance with the LNG Terminal Regulated Third Party Access Code to include compliance with DOE directive to subject an unutilized capacity to regulated third party access; <p>(3) Supply and demand of natural gas with respect to their own facilities or operations,</p> <p>(4) Volumes of specific inventories to include levels of importation and emergency reserve,</p> <p>(5) Progress and status reports on mitigation measures and responses in relation to accidents and other emergency incidents,</p> <p>(6) Mode of competitive selection of third parties for rTPA LNG terminal permit holders, reports on competitive selection processes undertaken, and status of utilization by third parties of the LNG terminal with an rTPA permit: <i>Provided</i>, That the mode for each competitive selection process shall be determined by each rTPA LNG terminal</p>			
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	<p>permit holder: <i>Provided further</i>, That each competitive selection process shall be transparent, fair, reasonable, and non-discriminatory, and</p> <p>(7) Other data and information necessary to the performance of the duties and functions of DOE;</p> <p>(q) Determine the necessity of and then direct the interconnection of natural gas transmission systems based on the Philippine Energy Plan, Midstream Natural Gas Development Plan, and the Natural Gas Transmission Development Plans, taking into consideration the maturity of the industry, the existing natural gas transmission systems' infrastructure, and the cost efficiency of interconnection, and upon consultation with the ERC, other relevant government agencies, midstream natural gas industry participants, and other public and private stakeholders;</p> <p>(r) Ensure compliance with the publication and unbundling of the terminal fee in accordance with Section 25 of this Act;</p> <p>(s) Ensure and review compliance with, and investigate, <i>motu proprio</i> or upon complaint, any non-compliance with this Act including any permit DOE has issued in relation hereto, its rules and regulations, the LNG Terminal Regulated Third Party Access Code, and any other issuance promulgated pursuant to the DOE's powers</p>			
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	<p>under this Act, except those under the jurisdiction of the ERC as provided under Section 6 herein. Thereafter, the DOE may penalize, suspend, or revoke, after due notice and hearing, any permit it has issued;</p> <p>(t) Endorse the findings of investigations against midstream natural gas industry participants, for any of the following:</p> <p>(1) Anticompetitive behavior before the Philippine Competition Commission (PCC), or</p> <p>(2) Violations of the provisions of this Act and other applicable laws, rules, and regulations before the ERC, other quasi-judicial agencies, or the courts; and</p> <p>(u) Perform all other acts that are analogous to the aforementioned and in furtherance of the implementation of this Act.</p>			
<p>SEC. 6. Powers and Responsibilities of the ERC. – In addition to its existing powers and functions, the ERC shall have the sole regulatory responsibility for establishing the rates and related terms and conditions of service for the transmission and distribution, regasification and supply of natural gas to the extent that such activities are regulated pursuant to the requirements set forth in this Act. It shall:</p>	<p><i>SEC. 6. Powers and Responsibilities of the Energy Regulatory Commission (ERC).</i> – In addition to its functions under Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001, the ERC shall have the authority to:</p>	<p>SECTION 5. Powers and Functions of the ERC – Aside from its existing powers and functions, the ERC shall exercise regulatory responsibility for the implementation of this Act. In order to achieve this purpose, the ERC shall have the authority for the following:</p>		

<p>(a) In the public interest, establish and enforce a methodology for setting transmission, distribution, and supply rates, taking into account all relevant considerations, including the efficiency or inefficiency of the regulated entities. The rates shall be to allow the recovery of just and reasonable costs and a reasonable return to enable the entity to operate viably. The ERC may, upon due notice and public consultation, adopt internationally accepted rate setting methodology. The rate setting methodology so adopted and applied shall promote efficiency and ensure a reasonable price or tariff, and the rates to be prescribed shall be non-discriminatory. For this purpose, the ERC is hereby authorized to require from all participants in the natural gas supply chain all necessary and appropriate records and documents relevant to the determination of just and reasonable fuel cost used in power generation as recoverable component of electricity cost to end-users;</p> <p>(b) Regasification services and supply services shall be subjected to rate regulation when there is no competing regasification operators;</p>	<p>(a) Promulgate the PNS or identify and adopt other international standards adopted as PNS by the DTI-BPS, together with relevant government agencies and upon consultation with midstream natural gas industry participants and other public and private stakeholders, within eighteen (18) months from the effectivity of this Act's implementing rules and regulations, for the following:</p> <ul style="list-style-type: none"> (1) Dedicated natural gas pipelines, and (2) Natural gas transmission systems; <p>(b) Ensure compliance with the health, safety, security, and environmental standards of the following, together with the Department of Environment and Natural Resources (DENR), Department of Health (DOH), and other relevant government agencies:</p> <ul style="list-style-type: none"> (1) Dedicated natural gas pipelines, and (2) Natural gas transmission systems; 	<p>(a) Establish the rate-setting methodology of the sale and purchase of natural gas, including the supply, transmission, and distribution of natural gas. The rates must provide a level playing field to all natural gas industry participants. Said rules shall likewise establish standards on gas quality, facility installation, and safety of operation.</p> <p>(b) Exercise such other powers and functions as may be necessary or incidental to obtain the objectives of this Act.</p>		
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<p>(c) Apply administrative procedures that will ensure the constitutional right to due process;</p> <p>(d) Before the end of April of each year, submit to the Office of the President of the Philippines and Congress, copy furnished the DOE, an annual report containing such matters or cases, which have been filed before or referred to it during the preceding year, the actions and proceedings undertaken thereon and its decision or resolution on each case. The ERC shall make copies of such report available to any interested party upon payment of a charge, which shall reflect the printing costs;</p> <p>(e) Publish in newspapers of general circulation all its cases and decisions involving rates;</p> <p>(f) Create offices and appoint personnel thereto as may be necessary to efficiently and effectively perform its functions as stipulated in this Act, subject to existing laws, rules and regulations; and</p>	<p>(c) Participate in the technical working group convened by DOE pursuant to Section 5 of this Act;</p> <p>(d) Evaluate and act on applications for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of dedicated natural gas pipelines and natural gas transmission systems;</p> <p>(e) Issue permits for the transmission of natural gas to include certificates of public convenience and necessity (CPCN) to natural gas transmission utilities;</p> <p>(f) Establish a methodology and timeframe for the determination of the unutilized capacity of natural gas transmission systems, which shall be integrated in the Transmission Regulated Third Party Access Code, taking into consideration the following:</p> <ol style="list-style-type: none"> (1) Reasonable period to use the capacity, (2) Existing market demand, and (3) Existing contracts; 			
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<p>(g) Exercise such other powers as may be necessary or incidental to attain the objectives of this Act.</p>	<p>(g) Promulgate the Transmission Regulated Third Party Access Code, within one (1) year from the effectivity of this Act's implementing rules and regulations, and upon consultation with other relevant government agencies, midstream natural gas industry participants, and other public and private stakeholders, and ensure compliance therewith;</p> <p>(h) Promulgate the Natural Gas Transmission Code and Transmission Regulated Third Party Access Code, within one (1) year from the effectivity of this Act's implementing rules and regulations, and upon consultation with other relevant agencies, midstream natural gas industry participants, and other public and private stakeholders, and ensure compliance therewith. The Natural Gas Transmission Code and the Transmission Regulated Third Party Access Code which shall be reviewed and updated regularly. The following principles shall govern the creation of these codes:</p> <p>(1) Reliable and continuous supply of natural gas, and</p> <p>(2) Transparent, fair, reasonable, and non-discriminatory use and access;</p> <p>(i) Declare the unutilized capacity of a natural gas transmission system and mandate regulated third party access for</p>			
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	<p>such in accordance with the Transmission Regulated Third Party Access Code;</p> <p>(j) Determine minimum guidelines to ensure the transparent, fair, reasonable, and non-discriminatory conduct of competitive selection processes by natural gas transmission utilities; <i>Provided</i>, That these minimum guidelines shall not include the mode of competitive selection process;</p> <p>(k) Approve or disapprove any plan of a natural gas transmission utility, an owner and operator of a dedicated natural gas pipeline, and the NGTSO to sell, assign, or transfer control to another entity. Concomitantly, the ERC may require from a natural gas transmission utility, an owner and operator of a dedicated natural gas pipeline, and the NGTSO the prior disclosure of any sale, assignment, or transfer of ownership or direct or indirect interests, rights, or participation to another entity. In both these cases, the ERC may review, modify, cancel, approve, or disapprove any permit it has issued taking into consideration the legal, technical, and financial qualifications of the purchaser, assignee, or transferee and its compliance with its ERC issued permits under this Act and existing laws, rules and regulations;</p> <p>(l) Require the submission of the following information from the owner and operator of dedicated natural gas pipelines, the</p>			
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	<p>natural gas transmission utility, and the NGTSO, whichever is applicable, subject to Section 32 of this Act:</p> <p>(1) Progress and status reports on location, construction, improvement, operation, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of dedicated natural gas pipelines, natural gas transmission systems, and the interconnected natural gas transmission system,</p> <p>(2) Regular reports on the following:</p> <ul style="list-style-type: none"> (i) Compliance with health, safety, security, and environmental standards, (ii) Utilization of the dedicated natural gas pipeline and natural gas transmission system by its owner and operator, the owner and operator's affiliates, and third parties, whichever is applicable, (iii) Compliance with the Transmission Regulated Third Party Access Code to include compliance with DOE directive to subject an unutilized capacity to regulated third party access; <p>(3) Supply and demand of natural gas with respect to their own facilities or operations,</p>			
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	<p>(4) Volumes of specific inventories to include levels of ancillary reserve, when applicable,</p> <p>(5) Compliance with health, safety, security, and environmental standards, and activities in relation thereto,</p> <p>(6) Progress and status reports on mitigation measures and responses in relation to accidents and other significant or emergency incidents,</p> <p>(7) Mode of competitive selection of third parties for natural gas transmission utilities, reports on competitive selection processes undertaken to include the natural gas transmission fee, and status of utilization by third parties: <i>Provided</i>, That the mode for each competitive selection process shall be determined by each natural gas transmission utility: <i>Provided further</i>, That each competitive selection process shall be transparent, fair, reasonable, and non-discriminatory,</p> <p>(8) Billed and collected amounts of the natural gas transmission fee and NTSO fee, whichever is applicable, and</p> <p>(9) Other documents, data, and Information necessary to the performance by ERC of its functions under this Act;</p> <p>(m) Ensure and review compliance with, and investigate, motu proprio or upon complaint, complaint, or upon</p>			
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	<p>endorsement of any government agency, any non-compliance with this Act including any permit ERC has issued in relation hereto, its rules and regulations, the Natural Gas Transmission Code, the Transmission Regulated Third Party Access Code, and any other issuance promulgated pursuant to the ERC's powers under this Act, except those under the jurisdiction of the DOE as provided under Section 5 herein. Thereafter, the ERC may penalize, suspend, or revoke, after due notice and hearing any permit it has issued;</p> <p>(n) Endorse the findings of investigations on any anticompetitive behavior of an owner and operator of a dedicated natural gas pipeline, the natural gas transmission utility, and the NGTSO to the PCC;</p> <p>(o) Exercise its rate-setting power through the determination and regular review of the following:</p> <p style="padding-left: 40px;">(1) Reserve price for the natural gas transmission fee. It shall remain undisclosed until the winning bidder is declared, and</p> <p style="padding-left: 40px;">(2) NGTSO fee;</p> <p style="padding-left: 40px;">The ERC shall notify and afford relevant stakeholders the opportunity to be heard in the following:</p> <p style="padding-left: 40px;">(1) Methodology for the determination of the reserve price, and</p> <p style="padding-left: 40px;">(2) Determination of the NGTSO fee;</p>			
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	<p>(p) Ensure compliance with the publication and unbundling of the natural gas transmission fee and the NGTSO fee imposed by the natural gas transmission utilities, and the NGTSO respectively, in accordance with Section 25 of this Act;</p> <p>(q) Review regularly the performance of natural gas transmission utilities and the NGTSO, when applicable, including the quality of its service and compliance with its approved Natural Gas Transmission Development Plan and its powers and functions pursuant to Chapter V of this Act;</p> <p>(r) Exercise exclusive jurisdiction over all matters pertaining to rate setting in this Act taking into consideration the policy of full recovery of prudent and reasonable economic costs with a reasonable rate of return or such other principles that promote efficiency and other internationally accepted rate setting methodology;</p> <p>(s) Exercise overall regulatory supervision over dedicated natural gas pipelines, natural gas transmission systems, and the NGTSO; and</p> <p>(t) Perform all other acts that are analogous to the foregoing and in furtherance of the implementation of this Act.</p>			
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	<p>SEC. 32. <i>Establishment of Dedicated Offices.</i> – The DOE and the ERC shall establish dedicated bureaus or offices for the effective implementation of this Act. The organizational structure and staffing complement shall be determined by the DOE Secretary and ERC Chairperson respectively, with approval of the Department of Budget and Management or the Office of the President, whichever is applicable, and in accordance with existing civil service rules and regulations.</p>			
<p>CHAPTER III POWERS AND RESPONSONSIBILITIES OF GOVERNMENT AGENCIES</p>			<p>EWCL on HB No. 4097:</p> <ul style="list-style-type: none"> • EWCL respectfully submits that the provisions contained in Chapter III were broad and subject to different interpretations. Hence, it is ideal if the powers and responsibilities of these supporting government agencies were more detailed to specify whether they have rule making authority of for monitoring purposes only. It is inconvenient for the private sector to look beyond the law and check several administrative orders for compliance with various government agencies involved in the 	

			<p>development and production of the natural gas industry. The One-Stop Shop just like the Energy Virtual One-Stop Shop (EVOSS) for the power industry streamlining the permitting process shall be adopted in order to speed up the process.</p> <p>Also, in HB No. 3015, it was proposed that the DOE shall convene and co-chair with DTI – BPS a technical working group composed of relevant government agencies and private stakeholders. The said proposal shall be duly noted and be included in the duties of DTI – BPS to assist with quality control and consistency in policy making.</p> <p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> • Suggest to include the following critical agencies which GPDP identified during the project: <ul style="list-style-type: none"> • BFP (Bureau of Fire Protection) 	
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			<ul style="list-style-type: none"> • Marina, PCG, and PPA • DOLE – BWC • Also, to define the role of LGU as they play a big role in the permitting and monitoring process. <p>PCG on HB No. 4097:</p> <ul style="list-style-type: none"> • Recommends the inclusion of the PCG by reason of its mandate to protect marine environment. It has, by law, functions on maritime safety and marine environmental protection. Presently, it is responsible for inspecting vessels for MARPOL (MARPOL Convention) requirement compliance as well as being the agency that sets the waste management of vessels especially those carrying materials or chemicals that may pollute the seas and ocean. Furthermore, it inspects chemical and fuel companies and the like that are situated along coasts or large bodies of water like the Pasig River. These are conducted to see that any 	
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			<p>installation the stores chemicals or substances along large river banks or along coasts have equipment needed to respond to any leak and basic clean up apparatus. Compliance is necessary to ensure that the marine environment is protected in any eventuality. It is also the duty of the PCG to check that such industries when located along coasts or beside large rivers or lakes to have their own contingency plan for containment, clean up and immediate response leaks or spills. It is important that these industries possess plans that will protect and maintain a sustainable marine environment. To this extent, the PCG issues permits and clearances for those who are compliant to the requirements set forth by the PCG.</p> <p>NEDA on HB Nos. 17, 29 and 173:</p> <ul style="list-style-type: none"> • We suggest including the Department of Science and Technology (DOST) in the pool of 	
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			<p>government agencies to be vested with powers and responsibilities to ensure local development of new technologies and provide research and development (R&D) based solutions. In addition, we suggest adopting the provisions of Chapter III of HB No. 29 in the consolidated bill to ensure accountability of government agencies in the exercise of their mandates relative to the development of the Philippine Natural Gas Industry.</p>	
<p>Sec. 7. Powers and Responsibilities of the Department of Environment and Natural Resources (DENR). – In addition to its functions under Executive Order No. 192, otherwise known as the “<i>Reorganization Act of the Department of Environment and Natural Resources</i>”, the DENR shall, together with the DOE, determine and monitor compliance with the environmental standards for the location, construction, improvement, expansion, operation, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG terminals, natural gas transmission systems, and all related equipment and facilities.</p>	<p>SEC. 7. Powers and Responsibilities of the Department of Environment and Natural Resources. – In addition to its functions under Executive Order No. 192, otherwise known as the Reorganization Act of the Department of Environment and Natural Resources, and other applicable laws, the DENR, together with the DOE, the ERC, or the DOTr, shall ensure and monitor compliance with the environmental standards for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG terminals, natural gas transmission systems, dedicated natural gas pipelines, storage facilities, bunkering facilities, virtual</p>		<p>DOTR on HB No. 3015:</p> <ul style="list-style-type: none"> • We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations. 	

	<p>pipelines, and motor vehicles and marine vessels transporting, storing or processing natural gas. In its original state or liquefied form, and all related equipment and facilities.</p>			
<p>Sec. 8. Powers and Responsibilities of the Department of Health (DOH). – In addition to its functions under Executive Order No. 317, Series of 1941, entitled, “<i>Organizing the Department of Health and Public Welfare</i>”, as amended, the DOH shall, together with the DOE, determine and monitor compliance with the health standards for the location, construction, improvement, expansion, operation, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG terminals, natural gas transmission systems, and all related equipment and facilities.</p>	<p><i>SEC. 8. Powers and Responsibilities of the Department of Health.</i> – In addition to its functions under Executive Order No. 317, Series of 1941, entitled <i>Organizing the Department of Health and Public Welfare</i>, as amended, and Republic Act No. 11223, otherwise known as the <i>Universal Health Care Act</i>, the DOH, together with the DOE, the ERC or the DOTr, shall:</p> <p>(a) Ensure and monitor compliance with the health standards for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG terminals, natural gas transmission systems, dedicated natural gas pipelines, storage facilities, bunkering facilities, virtual pipelines, and motor vehicles and marine vessels transporting, storing, or processing natural gas, in its original state or liquefied form, and all related equipment and facilities;</p> <p>(b) Recommend standards, rules, and regulations in the conduct of health risk assessment studies in cases of natural gas accidents;</p>		<p>DOTR on HB No. 3015, Sec. 8(a) and (d):</p> <ul style="list-style-type: none"> We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations. 	

	<p>(c) Develop guidelines, policies, and health standards on the treatment and management of patients affected by natural gas accidents; and</p> <p>(d) Require health data and Information from LNG terminals, natural gas transmission systems, dedicated natural gas pipelines, storage facilities, and bunkering facilities, virtual pipelines, and motor vehicles and marine vessels transporting, storing, or processing natural gas, in its original state or liquefied form, and all related equipment and facilities.</p>			
<p>Sec. 9. Powers and Responsibilities of the Department of Trade and Industry-Bureau of Philippine Standards (DTI-BPS). – In addition to its functions under Republic Act No. 4109, entitled, “<i>An Act to Convert the Division of Standards under the Bureau of Commerce into a Bureau of Standards, to Provide for the Standardization and/or Inspection of Products and Imports of the Philippines and for other Purposes</i>”, the DTI-BPS shall, together with the DOE, determine, develop, formulate, promulgate, and revise, the Philippine National Standards for natural gas transmission systems, and for natural gas, in its original or liquefied form, LNG terminals, all related equipment and facilities.</p>	<p><i>SEC. 9. Powers and Responsibilities of the Department of Trade and Industry - Bureau of Philippine Standards.</i> – In addition to its functions under Republic Act No. 4109, otherwise known as the Standards Act, the DTI-BPS, shall act as the Co-Chairperson of the technical working group created pursuant to Section 5 of this Act, and together with the DOE, the ERC, or the DOTR, determine, develop, formulate, promulgate, and revise the Philippine National Standards, or identify and adopt international standards as PNS, for natural gas, in its original or liquefied form, LNG terminals, dedicated natural gas pipelines, natural gas transmission systems, storage facilities, bunkering facilities, virtual pipelines, and motor vehicles and marine vessels transporting, storing, or processing natural</p>		<p>DOTR on HB No. 3015:</p> <ul style="list-style-type: none"> • We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations. 	

	gas, in its original state or liquefied form, and all related equipment and facilities.			
	<p>SEC. 10. <i>Powers and Responsibilities of the Department of Transportation and its Attached Agencies.</i> – In addition to its functions under Executive Order No. 125, series of 1987 otherwise known as the Reorganization Act of the Ministry of Transportation and Communications, as amended, and other applicable laws, the DOTr or its attached agencies such as the Land Transportation Office, Land Transportation Franchising and Regulatory Board, and Maritime Industry Authority, in coordination with the DOE, DENR, DOH, DTI-BPS, and other relevant government agencies, shall issue the appropriate guidelines and regulations and the applicable permits, licenses, certificates, or authorizations to virtual pipelines, motor vehicles and marine vessels transporting, storing or processing natural gas, in its original state or liquefied form, as well as marine facilities used to import, receive, unload, load, transport, process, and store natural gas in its original or liquefied form, including those utilized as offshore LNG terminals. The DOTr shall monitor and ensure compliance therewith.</p>		<p>DOTR on HB No. 3015:</p> <ul style="list-style-type: none"> • We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations. • We respectfully propose inclusion of the Philippine Coast Guard (PCG) as one of the expressly named attached agencies of the Department tasked with the issuance of appropriate guidelines, rules, permits, authorizations, etc. for marine vessels and facilities transporting, storing or processing the subject natural gas. Such inclusion is in line with the lawful function of the PCG as an enforcer of rules and regulations for the promotion of maritime safety, and local and international marine 	

			pollution regulations, including those expressed under the MARPOL conventions.	
SEC. 10. Powers and Responsibilities of the Philippine Competition Commission (PCC). – All matters concerning abuse of market power, cartelization, and any anti-competitive or discriminatory behavior shall be subject to the quasi-judicial powers of the PCC as provided for under Republic Act No. 10667, otherwise known as the “ <i>Philippine Competition Act</i> ”.	SEC. 11. <i>Powers and Responsibilities of the Philippine Competition Commission (PCC).</i> – In addition to its functions under Republic Act No. 10667, otherwise known as the Philippine Competition Act, the PCC shall exercise primary and exclusive jurisdiction over any anticompetitive behavior of midstream natural gas industry participants.			
CHAPTER IV STRUCTURE, OPERATION AND REGULATIONS OF THE DOWNSTREAM NATURAL GAS INDUSTRY			NEDA on HBs No. 17, 29 and 173: <ul style="list-style-type: none"> • Consistent with the identified legislative priorities of the President, we suggest including the development of midstream natural gas industry in the consolidated version of the HBs. The consolidated HB should clearly define and differentiate the different segments of the natural gas supply chain since they may require different regulatory frameworks and standards given the differences in their market structures. 	

<p>SEC. 11. Structure. – For purposes of this Act, the structure of the PDNGI value chain shall consist of an LNG terminal and its related facilities, transmission, distribution pipelines and their related facilities, storage and distribution-related facilities, and supply and transport of natural gas.</p>		<p>SECTION 6. <i>Importation of natural gas; LNG Terminals</i> – The importation of natural gas and the maintenance and operation of LNG terminals shall be governed by the following:</p> <p>(a) Starting six (6) months from the effectivity of this Act, no person, juridical or natural, shall be allowed to import natural gas without having first secured an order by the DOE authorizing it to do so. The DOE shall issue such order upon application, unless, after due notice and hearing, it finds that the proposed importation will not be consistent with the public interest. The approval of the DOE for the construction, establishment, maintenance, and operation of any such LNG terminal shall not automatically mean approval to import natural gas.</p> <p>(b) LNG Terminals – the DOE shall have the exclusive authority to approve or deny applications for the siting, construction, expansion, or operation of an LNG terminal. Upon filing of the application to site, construct, expand, or operate an LNG terminal, the DOE shall:</p> <ol style="list-style-type: none"> <i>i.</i> Set the matter for hearing; <i>ii.</i> Give reasonable notice of hearing to all interested persons, including the Local Government 	<p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> • Include regasification which should be defined as a major part of the terminal on the PDNGI value chain. <p>GPDP 2 on HB No. 17:</p> <ul style="list-style-type: none"> • As defined by PDNGR DC2017-11-0012, the PDNGI value chain includes regasifiers/vaporizers under LNG Terminal. 	
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		<p>Unit in which the LNG terminal is located;</p> <p>iii. Decide the matter in accordance with this subsection; and</p> <p>iv. Issue or deny the appropriate order.</p>		
<p>SEC. 12. Permits. – The DOE shall have the power to issue, review, suspend and revoke for cause, the permits necessary for the construction, expansion, rehabilitation, modification, operation and maintenance of any PDNGI facility or activity. Own-use permit for natural gas facilities shall be allowed for the exclusive use of the operator and its affiliates in the operation of its facilities. The holder of an own-use permit shall still comply with the requirements in this Act. Transmission and distribution of natural gas shall be exempted from franchise requirement.</p> <p>The owner and operator of an LNG terminal shall have the option to apply for both permits and simultaneously perform the functions of an own-use LNG terminal permit holder, pursuant to Section 35 of this Act, and a third-party access (TPA) LNG terminal permit holder pursuant to Section 26 of this Act, to the extent of the capacity allowed by and during the period specified in each type of permit.</p>	<p>SEC. 29. Permits and Licenses. – All permits, licenses, certificates, and authorizations issued pursuant to this Act shall be streamlined and shall be covered by Republic Act No. 11234, otherwise known as the Energy Virtual One-Stop Shop Act, except for those whose time frames are expressly provided herein.</p> <p>SEC. 17. Own Use LNG Terminal. – An own use LNG terminal permit holder shall:</p> <p>(a) Exclusively utilize the capacity allowed by and during the length of time specified in the own use permit, and may allow its affiliates to do the same; and</p> <p>(b) Not enter into an rTPA or any similar arrangement with third parties or otherwise grant use and access of its facilities to such third parties to the extent of the capacity allowed and during the length of time specified in the own use permit, subject to Section 17 of this Act</p>		<p>PNOC on HB No. 17:</p> <ul style="list-style-type: none"> • Is the DOE’s decision with regard to its power to issue, suspend, and revoke for cause, the permits necessary for the construction, expansion, rehabilitation, modification, operation and maintenance of any PDNGI facility or activity, appealable? 	

	and the LNG Terminal Regulated Third Party Access Code.			
<p>SEC. 13. Rate Regulation. – The rate of charges and fees for the services of transmission or distribution pipelines and their related facilities shall, when they function as public utilities, be subject to the review and approval by the ERC. The rate methodology to be applied by the ERC shall be based on the principle of full recovery of prudent and reasonable costs incurred, including a reasonable return on rate base, or such other principles that will promote the determination of just and reasonable rates that is consistent with the encouragement of private investments and goal of developing a PDNGI infrastructure.</p>			<p>PNOC on HB No. 17:</p> <ul style="list-style-type: none"> • Is the ERC the sole rate-fixing authority? Will ERC’s decisions be appealable to the DOE? <p>NEDA on HB Nos. 17, 29, 173 and 2317:</p> <ul style="list-style-type: none"> • We note that the charges and fees for the services of transmission or distribution pipelines and their related facilities shall be subject to the review and approval by the Energy Regulatory Commission (ERC) when they function as public utilities. The ERC will then apply the principle of full recovery of prudent and reasonable costs incurred as rate methodology to encourage private investments in the said facilities. To ensure reasonableness of the charges and fees, we suggest the law to require periodic review and recalibration thereof annually or as may be 	

			deemed necessary by the ERC and the Department of Energy (DOE).	
SEC. 14. Compliance with Philippine Laws, Rules and Regulations. – Operators or permit holders of PDNGI facilities shall comply with all Philippine laws, rules and regulations implemented by the different agencies of the government.				
SEC 15. Compliance with Standards. – The DOE shall ensure that downstream natural gas products are of high quality, and natural gas facilities provide efficient service, observe stringent safety systems, accord attention to design details and structural integrity and employ operational and maintenance best practices. Regulations shall be consistent with applicable Philippine and internationally-accepted natural gas industry standards.				
SEC. 16. Confidential Information. – The government shall not use confidential or commercially sensitive information for purposes other than those provided herein and shall protect and limit the disclosure of confidential or commercially sensitive information, unless allowed by the operator or when required by laws, rules and regulations.	SEC. 31. <i>Treatment of Confidential Information.</i> – The DOE, ERC, and other relevant government agencies shall not disclose any proprietary and confidential information to the public and to other midstream natural gas industry participants unless prior consent of the source or owner of such information has been obtained by the requesting party: <i>Provided,</i> That prior consent shall not be required if the proprietary and confidential information is requested by a government agency and the request is made in performance of its			

	functions: <i>Provided further</i> , That the requesting government agency shall not disclose the proprietary and confidential Information to the public and to other midstream natural gas industry participants.			
SEC. 17. Authority to Obtain Information. – The DOE, ERC and other concerned government agencies may require any downstream natural gas player or permit holder, through a valid order and with due regard to confidential information, proprietary data and trade secrets, to furnish, within a reasonable period specified, all information and documents relating to all such matters as to the permit, rates and operation of business and natural gas facilities, and provide explanations on the information or document submitted, subject to Section 16 of this Act. The failure of a PDNGI participant or permittee to provide the required information or document without valid reason shall be punishable under this Act.	SEC. 30. <i>Public Access to Information.</i> – The DOE, ERC, and other relevant government agencies shall allow public access, through its website, to all data and information submitted in the implementation of this Act: <i>Provided</i> , That such access is compliant with Section 32 hereto.			
SEC. 18. Supply of Natural Gas. – Existing laws and rules governing the upstream natural gas sector shall provide the government the option to sell directly or otherwise authorize a service contractor to sell its share of the indigenous production. Accordingly, the Secretary of Energy may, when natural gas supply conditions so require, direct the supply of such share of		SECTION 7. <i>Exploration of natural gas</i> – The DOE shall include the exploration of indigenous sources of natural gas in accordance with the PEP. Such amounts necessary to finance the initial implementation of this Act shall be sourced from the unprogrammed funds in the current General Appropriations Act (GAA). Thereafter, such amounts necessary for its continued	PNOC on HBs No. 17 and 29:	<ul style="list-style-type: none"> • Rephrase “<i>The operator of an LNG – related facility shall likewise ensure the accommodation of both indigenous and imported natural gas</i>” to

<p>indigenous production to the downstream natural gas sector.</p> <p>The operator of an LNG-related facility shall likewise ensure the accommodation of both indigenous and imported supply of natural gas. The DOE shall support and ensure the implementation of any plan to upgrade an LNG terminal and its ancillary facilities into a hub for international trading and trans-shipment.</p> <p>Any entity engaged in the distribution of natural gas may engage in the supply of the same.</p>		<p>implementation shall be included in the annual GAA. There shall also be appropriated amounts for the following:</p> <p>(a) Upon application and approval, the DOE shall grant fiscal support for qualified persons, juridical or natural, for the exploration of natural gas.</p> <p>(b) Jointly with the DENR, the DOE shall provide for a streamlined process for the application for permit to explore natural gas.</p>	<p><i>“Operators of LNG-related facilities, and natural gas transmission and distribution pipelines, shall likewise ensure the accommodation of both indigenous and imported natural gas.”</i></p>	
<p>SEC. 19. Abandonment of Downstream Natural Gas Facility. – No holder of a permit for the construction, installation, operation or maintenance of a downstream natural gas facility shall abandon or withdraw from service any portion of said downstream natural gas facility or project without obtaining prior authorization from the DOE. The DOE shall, in coordination with the DENR, provide the guidelines and regulations for decommissioning and abandonment of natural gas infrastructures and facilities.</p>		<p>SECTION 8. Construction, extension, or abandonment of natural gas facilities</p> <p>–</p> <p>(a) <i>Construction</i> – No person, natural or juridical, may be allowed to site or construct a natural gas facility without the approval of the DOE. The DOE shall issue a Certificate of Public Convenience and Necessity to any person who is approved to construct and operate a natural gas facility.</p> <p>(b) <i>Extension or improvement</i> – No person, natural or juridical, may be allowed to extend a natural gas facility without the approval of the DOE. Who shall have the exclusive authority to approve or deny an application thereof.</p>		

		<p>This shall include the extension of its transportation facilities and physical connection of transportation facilities.</p> <p>(c) <i>Abandonment</i> – No natural gas company, granted with a permit to operate as such, shall abandon all or any portion of its facilities, or any service rendered by means of such facilities, without the permission or approval of the DOE, after hearing and finding by the DOE that the available supply of natural gas is depleted to the extent that the continuance of service is unwarranted, or that the present or future public convenience or necessary permit such abandonment.</p>		
<p>SEC. 20. Registration and Reportorial Requirements of Natural Gas Participants, Facilities, Import, Export and Supply. – Holders of permits for the construction, installation, operation or maintenance of a downstream natural gas facility, including importers, exporters and supplier and transporter of natural gas or LNG, shall be registered with the DOE. Appropriate reportorial requirements shall likewise be required for proper supervision and monitoring in accordance with the implementing rules to be issued subsequently.</p>		<p>SECTION 9. <i>Determination of service area; jurisdiction of transportation to ultimate consumers</i> – The DOE, after due notice and hearing, may determine the service area to which each authorization under this section is to be limited. Within such service area, as determined by the DOE, a natural-gas company may enlarge or extend its facilities for the purpose of supplying increased market demands in such service area without further authorization.</p>		

		<p>Nothing contained in this section shall be construed as a limitation upon the power of the DOE to grant certificates of public convenience and necessity for service of an area already being served by another natural-gas company.</p>		
<p>SEC. 21. Rules of Practice. – All concerned government agencies shall issue the appropriate rules of procedure to serve as guideline for administrative legal proceedings. The Rules of Court shall apply in a suppletory manner.</p>			<p>EWCL on HB No. 4097:</p> <p>The word “guideline” by definition is the information intended to advise people on how something is done or what something should be (Cambridge Dictionary). The guideline is never mandatory.</p> <p>If there is a dispute and the guideline is not strictly enforceable, the Rules of Court shall apply in a suppletory manner. Thus, EWCL recommends that the rules of procedure for administrative legal proceedings shall be created specifically for the natural gas industry to avoid vagueness in the application of the law.</p>	

			<p>Furthermore, in its comment on HB No. 4097 dated 13 September 2022, EWCL recommends that a specific procedure to address reliefs and grievances be promulgated and that an appropriate government unit be given jurisdiction to hear and try cases for administrative matters in the natural gas industry. A sole administrative agency that shall resolve potential disputes involving the upstream, midstream, and downstream natural gas is ideal as it will lessen the load on various government agencies involved so the private sector will not be misguided if rules of procedure be specifically provided. Moreover, this will avoid conflicting memorandums and orders from different government agencies involved in monitoring and development of the energy sector.</p>	
<p>SEC. 22. Fees. – All concerned government agencies shall have the authority to prescribe</p>	<p>SEC. 25. <i>Other Fees and Charges.</i> – The DOE, ERC, and other relevant government</p>			

<p>and collect fees and charges relating to the issuance or review of permits, and the supervision and regulation of the PDNGI.</p>	<p>agencies may impose reasonable fees for processing applications and permits as may be necessary in this Act pursuant to Executive Order No. 292, otherwise known as the Administrative Code of 1987, and Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001.</p>			
<p style="text-align: center;">CHAPTER V FRANCHISE REQUIREMENT</p>				
<p>SEC. 23. Transmission and Distribution Pipeline and Related Facility as Public Utility. – Operators of transmission and distribution pipelines and their related facilities considered as public utility shall be required to obtain a legislative franchise and a Certificate of Public Convenience and Necessity (CPCN) from the ERC.</p> <p>Operators of virtual pipelines and their related facilities, which are likewise considered as public utilities, shall no longer be required a legislative franchise. However, such operators shall be required to secure a CPCN from the concerned agency having appropriate jurisdiction over them, in accordance with the provisions of Commonwealth Act. No. 146, otherwise known as the “<i>Public Service Act</i>”, as amended.</p>				
<p>SEC. 24. Philippine Ownership Requirement. – As required under Article</p>				

<p>XII, Section 11 of the Constitution, no franchise, certificate, or any other form of authorization of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least sixty percent (60%) of whose capital is owned by such citizens.</p>				
<p>SEC. 25. LNG Terminals Not a Public Utility. – The operation of an LNG terminal shall not be considered as a public utility operation. Hence, it shall be exempted from securing a legislative franchise and a Certificate of Public Convenience and Necessity.</p>				
	<p>Chapter IV LNG TERMINALS</p>			
	<p><i>SEC. 13. Importation and Receipt of Natural Gas through LNG Terminals.</i> – Imported natural gas, in its liquefied form, shall only be received, unloaded, loaded, processed, stored, and regasified in, and then transmitted, transported, and conveyed in accordance with this Act.</p>			
	<p><i>SEC. 14. Safety and Exclusion Zone.</i> – All LNG terminals shall have a safety and exclusion zone to be determined by the DOE in consultation with the technical working group created under Section 5 of this Act, relevant government agencies,</p>			

	local government units, and public and private stakeholders.			
	<p>SEC. 15. <i>LNG Terminal Owner and Operator.</i> – An LNG terminal may have a separate owner and operator. The LNG terminal owner and operator, should they be separate entities, shall be treated as one and the same entity insofar as permits, licenses, certificates, and authorizations are concerned, as well as in the exercise of rights and compliance with obligations, standards, regulations, guidelines, and codes imposed by this Act, its implementing rules and regulations, and other relevant laws and issuances.</p>			
	<p>SEC. 16. <i>Use and Access of LNG Terminals.</i> – The use and access of LNG terminals shall be regulated pursuant to this Act, while the terminal fee shall be unbundled in accordance with Section 25 herein and unregulated. All owners and operators of LNG terminals shall annually submit their LNG Terminal Development Plan to DOE pursuant to Section 5 of this Act.</p> <p>The DOE shall issue own use and rTPA permits to owners and operators of LNG terminals. The owner and operator of an LNG terminal shall have the option to apply for and hold an own use permit, an rTPA permit, or both permits simultaneously for each LNG terminal, and perform the functions of an own use</p>			

	<p>LNG terminal permit holder pursuant to Section 18 of this Act and an rTPA LNG terminal permit holder pursuant to Section 19 of this Act, to the extent of the capacity allowed by and during the length of the time specified in each type of permit, and in accordance with the LNG Terminal Regulated Third Party Access Code.</p> <p>Each type of permit shall specify the capacity and length of time covered by the permit: <i>Provided</i>, That the total capacity of all permits held by an owner and operator of an LNG terminal for each LNG terminal shall not exceed the maximum capacity of such LNG terminal. The unutilized capacity of an owner and operator or its affiliate covered by an own-use LNG terminal permit shall be opened to third parties through the issuance of an rTPA permit and pursuant to the LNG Terminal Regulated Third Party Access Code. The unutilized capacity by a third party covered by an rTPA LNG terminal permit shall be opened to other third parties pursuant to the LNG Terminal Regulated Third Party Access Code.</p>			
	<p>Chapter V TRANSPORT AND TRANSMISSION OF NATURAL GAS</p>			
	<p>SEC. 19. <i>Transport of Natural Gas.</i> – Natural gas, in its original or liquefied form, may be transported within the</p>		<p>DOTR on HB No. 3015:</p>	

	<p>country through virtual pipelines, motor vehicles, and marine vessels in accordance with this Act. The use, access, and fees for the transportation of natural gas shall be unregulated but shall be subject to the permits, licenses, certificates, authorizations, standards, regulations, and guidelines promulgated pursuant to Chapter II of this Act.</p>		<ul style="list-style-type: none"> • We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national freight transportation operations. 	
	<p>SEC. 20. <i>Transmission of Natural Gas.</i> – Natural gas may be transmitted through dedicated natural gas pipelines or natural gas transmission systems either from an LNG terminal or a local natural gas production facility.</p>			
	<p>SEC. 21. <i>Dedicated Natural Gas Pipelines.</i> – The ownership and operation of a dedicated natural gas pipeline shall not be considered a public utility and shall not require a legislative franchise, but shall require a permit in accordance with Section 6 of this Act. Its use, access, and fee for use shall be unregulated, but shall be subject to permits, licenses, certificates, authorizations, standards, regulations, guidelines, codes, and reportorial requirements as provided in this Act. The owner and operator of a dedicated natural gas pipeline shall:</p> <p>(a) Exclusively utilize the capacity of its dedicated natural gas pipeline or allow its affiliates to do the same;</p>			

	<p>(b) Not enter into an nTPA or any similar arrangement with third parties or otherwise grant use and access of its facilities to such third parties; and</p> <p>(c) Inform the ERC of its intent to convert its facilities to a natural gas transmission system simultaneously with its application for a legislative franchise as a natural gas transmission utility.</p>			
	<p>SEC. 22. <i>Natural Gas Transmission Systems.</i> – The use, access, and terminal fee of a natural gas transmission system shall be regulated. The ownership and operation of a natural gas transmission system shall be considered a public utility and shall require a legislative franchise. The issuance of a CPCN to a natural gas transmission utility shall take into consideration its legal, technical, and financial capability.</p> <p>The use and access to the entire capacity of a natural gas transmission system shall be open to all third parties for a natural gas transmission fee, subject to the reserve price of the ERC in accordance with Section 6 of this Act: <i>Provided</i>, That in the case of a dedicated natural gas pipeline that converts its facilities into a natural gas transmission system, existing contracts with affiliates for the use of the pipeline at the time of the effectivity of such franchise shall be allowed to continue</p>			

	<p>until the end of the contract, which shall not be subject to any extension.</p> <p>A natural gas transmission utility shall:</p> <p>(a) Regularly disclose to the public the capacity available for and utilization by third parties in accordance with the reportorial requirements under this Act and the Transmission Regulated Third Party Access Code;</p> <p>(b) Determine the mode of and conduct a competitive selection of third parties: <i>Provided</i>, That each natural gas transmission utility shall determine its own competitive selection process which shall be transparent, fair, reasonable, and non-discriminatory, subject to the reportorial requirements under this Act;</p> <p>(c) Ensure that the winning bid does not go beyond the reserve price determined by ERC pursuant to Section 6 of this Act;</p> <p>(d) Provide transparent, fair, reasonable, and non-discriminatory use and access to third parties;</p> <p>(e) Not give any undue preference or advantage to any third party, whether in rates, terms, conditions, or special privileges;</p> <p>(f) Submit annually its Natural Gas Transmission Development Plan to DOE</p>			
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	<p>for review and approval, or the NGTSO, whichever is applicable, pursuant to Sections 5 and 24 of this Act;</p> <p>(g) Assign to the NGTSO the operation and maintenance of its natural gas transmission system upon direction of the ERC after the Interconnection of natural gas transmission systems and the selection of the NGTSO; and</p> <p>(h) When applicable, inform and coordinate with the NGTSO for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of any part of the natural gas transmission system to be undertaken in accordance with its submitted National Gas Transmission Development Plan.</p>			
	<p>SEC. 23. <i>Natural Gas Transmission System Operator.</i> – The DOE, based on the Philippine Energy Plan, the Midstream Natural Gas Industry Development Plan, and the various Natural Gas Transmission Development Plans shall determine the necessity of and then direct the interconnection of natural gas transmission systems pursuant to Section 5 of this Act. The DOE shall thereafter select a single independent NGTSO. The NGTSO shall not be an affiliate of any LNG terminal owner and operator, natural gas</p>			

	<p>transmission utility, or any midstream end-user. The NGTSO shall:</p> <p>(a) Operate and manage the interconnected natural gas transmission system in accordance with the Natural Gas Transmission Code and Transmission Regulated Third Party Access Code;</p> <p>(b) Coordinate with natural gas transmission utilities for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of any part of the natural gas transmission system in accordance with their submitted Natural Gas Transmission Development Plan;</p> <p>(c) Furnish midstream natural gas industry participants with sufficient information for efficient access to the interconnected natural gas transmission system;</p> <p>(d) Procure ancillary services necessary to support the reliable and continuous flow of natural gas through the interconnected natural gas transmission system;</p> <p>(e) Annually prepare a comprehensive Natural Gas Transmission Development Plan based on the submitted Natural Gas Transmission Development Plans of</p>			
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	<p>natural gas transmission utilities, upon consultation with public and private stakeholders, and submit the same for review and approval of the DOE;</p> <p>(f) Collect an NGTSO fee, subject to the approval of the ERC; and</p> <p>(h) Perform other functions and responsibilities determined by the DOE and ERC pursuant to Sections 5 and 6 of this Act.</p>			
<p>CHAPTER VI THIRD-PARTY ACCESS</p>				
<p>SEC. 26. Third-party Access (TPA) Obligation. – Available and uncommitted excess capacity of an LNG terminal, transmission and distribution pipelines and related facilities shall be made accessible to third-party users. The ERC shall, in coordination with the DOE and in consultation with the PDNGI participants, ensure the full implementation of the TPA and shall issue the TPA Code within one (1) year from the effectivity of this Act.</p> <p>The DOE is hereby authorized to synchronize activities to optimize and stabilize the utilization of existing infrastructure for the extraction, storage, and delivery of natural gas, such as the Malampaya natural gas facilities, which shall be subject to the third-party access provision in order to integrate the same with the PDNGL.</p>	<p>SEC. 18. Regulated Third Party Access LNG Terminal. – The issuance of an rTPA permit to an owner and operator of an LNG terminal shall take into consideration the capacity and utilization of the LNG terminal, current midstream end users, existing market conditions, and other relevant information with the end in view of enabling competition in the natural gas industry. The use and access of the capacity covered by an rTPA permit shall be open to all third parties subject to the payment of a terminal fee. An rTPA LNG terminal permit holder shall:</p> <p>(a) Publicly disclose the capacity available to and utilization by third parties in accordance with the reportorial requirements under this Act and the LNG Terminal Regulated Third Party Access Code;</p>			

	<p>(b) Determine the mode of competitive selection of third parties: <i>Provided</i>, That each LNG terminal shall determine its own competitive selection process which shall be transparent, fair, reasonable, and non-discriminatory subject to the reportorial requirements under this Act;</p> <p>(c) Provide regulated third party access to the extent of the capacity allowed by and during the length of time specified in its rTPA permit; and</p> <p>(d) Not give any undue preference or advantage to any third party, whether in rates, terms, conditions, or special privileges.</p>			
<p>SEC. 27. Available Capacity. – A TPA shall apply only to the available and uncommitted excess capacity of LNG terminal, transmission or distribution pipelines and their related facilities, but excluding those constructed and operated under a dedicated use agreement or for own use. The operators thereof shall conduct an open and sufficient consultation process with both existing and potential third-party users to discuss the available capacity and other available services.</p> <p>To ensure safe and reliable operation, the operator shall determine, subject to the review and recommendation by the DOE, the available and uncommitted excess</p>				

<p>capacity of the natural gas facilities offered to third parties. The operator shall likewise allocate such excess capacity based on the following criteria as they pertain to the third-party user:</p> <ul style="list-style-type: none"> (a) Proposed contract price and terms; (b) Credit-worthiness; (c) Availability of a functioning off-take facility; (d) Ability to meet fuel specification parameters of the LNG facility; and (e) Other relevant factors that may directly affect the allocation. <p>Non-availment by any third-party user of the excess capacity so allocated and offered shall not be a ground for the denial or cancellation of any permit under this Act.</p>				
<p>SEC. 28. Third-party Access (TPA) Principles. – Adherence to the principles of transparency, fair competition, and safe practices is the key to the beneficial participation of third-party users. In line with this, the following guiding principles shall be observed:</p> <ul style="list-style-type: none"> (a) Competition in the downstream natural gas industry must be encouraged because it promotes efficiency and lowers costs and prices to the benefit of end-users; (b) Investments in natural gas supply and infrastructure from both local and foreign sources, which are otherwise prevented by actions of incumbent 				

<p>monopolistic companies shall be earnestly pursued and supported;</p> <p>(c) Benefits to be derived from the diverse and sustainable use of natural gas make it an ideal tool of development;</p> <p>(d) Participation of third parties in the downstream natural gas industry shall be anchored on safe and measurable standards of service and practice;</p> <p>(e) Open and sufficient consultation between permit holders or facility operators on the available and excess capacity of natural gas is essential in the formulation of supply agreements between permit holders or facility operators and third-party users;</p> <p>(f) Transparency in business activities shall consistently be observed to spur confidence. Pursuant thereto, permit holders or facility operators shall publish their available and uncommitted excess capacity, access terms, and conditions, and allow the review and inspection of their facilities and records to verify the same.</p>				
<p>SEC. 29. Congestion Management. – Whenever the holder of a capacity is no longer able to use or has not released the capacity without justifiable reason, the permit holder or the operator of the facility shall have the authority to release and market the same. The procedure and criteria of the release shall be part of the TPA Code. The government agency which shall have an</p>				

oversight function on this matter shall be designated in the TPA Code.				
<p>SEC. 30. Approved Access Conditions and TPA Contracts. – Prior to the conduct of negotiations with third parties, the permit holder or the facility operator shall request the DOE for the review and recommendation of its access conditions in accordance with the TPA Code. All subsequent access contracts shall be reviewed and approved by the DOE.</p>				
<p>SEC 31. Infrastructure Development Period. – To develop the TPA, the TPA Code shall provide an infrastructure development period and the TPA shall become obligatory only against the permit holder or facility operator if it can be demonstrated that there is already sufficient demand necessary to justify the investment and sustain the additional operational requirement. For this purpose, the DOE shall review and attest to the validity of supply and demand outlook for natural gas.</p>				
<p align="center">CHAPTER VII STANDARDS ON FACILITIES, PRODUCT AND SAFETY PRACTICE</p>				
<p>SEC. 32. Standards on LNG Ships and LNG Facility. – All PDNGI facilities shall be predicated to be of high quality and efficient service, observe stringent safety systems, accord attention to design details</p>				

<p>and structural integrity and employ operational and maintenance best practices. Regulations shall be consistent with both applicable Philippine and internationally-accepted natural gas industry standards. The DOE shall ensure compliance with this requirement.</p>				
<p>SEC. 33. Standards on Product Quality. – The permit holder or operator shall maintain the quality of gas supply to end-users in accordance with the Philippine and internationally accepted standards and ensure that delivery of indigenous or imported LNG comply with the purification requirements to ensure that associated compounds that are unnecessary or damaging to the LNG regasification facility and other related natural gas facilities used for storage, distribution and transportation of natural gas supply are eliminated. The DOE shall ensure compliance with this requirement.</p>				
<p>SEC. 34. Standards on Safety Practice. – The permit holder or operator shall implement an acceptable health, safety, security and environment management system in accordance with applicable Philippine and internationally accepted standards. The DOE shall ensure compliance with this requirement.</p>				
<p>CHAPTER VIII RESPONSIBILITIES OF THE PERMIT HOLDER OR OPERATOR</p>	<p>Chapter III MIDSTREAM NATURAL GAS INDUSTRY PARTICIPANTS</p>			

<p>SEC. 35. Responsibilities of the Permit Holder or Operator. – A permit holder or operator shall have the following responsibilities:</p> <p>(a) Align all its goals and objectives to the accomplishment of the declared policies of this Act;</p> <p>(b) Be directly responsible for the construction and operation of LNG facilities by providing the necessary services, technology and financing, either by itself or through its duly authorized subcontractors, without entitlement from the Philippine government to any reimbursement of any expense incurred;</p> <p>(c) Comply with applicable Philippine laws and regulations relating to tax, labor and employment, health, safety, indigenous people’s rights, environmental protection and ecological preservation;</p> <p>(d) Comply with the regulatory obligations, maintenance of complete records and submission of all reportorial requirements and other documents as may be required by the DOE, ERC and other government agencies pursuant to this Act and its implementing rules;</p> <p>(e) Implement the natural gas project strictly adhering to the scope and limits of the permit and operate in accordance with Philippine and international standards;</p>	<p>SEC. 12. Responsibilities of Midstream Natural Gas Industry Participants. – All midstream natural gas industry participants shall:</p> <p>(a) Adhere to all health, safety, security, and environmental standards and all codes, rules, regulations, and issuances promulgated pursuant to Chapter II of this Act;</p> <p>(b) Comply with all obligations and responsibilities under this Act to include reportorial requirements and submissions pursuant to Chapter II of this Act;</p> <p>(c) Participate as a member of the technical working group pursuant to Section 5 of this Act;</p> <p>(d) Unbundle their respective fees, if applicable, pursuant to Sections 5, 6, and 25 of this Act; and</p> <p>(e) Not engage in any anticompetitive behavior.</p>	<p>SECTION 11. Access to accounts, records, and other data</p> <p>(a) Every natural-gas company shall make, keep, and preserve for such periods, such accounts, records of cost-accounting procedures, correspondence, memoranda, papers, books, and other records as the DOE may by rules and regulations prescribe as necessary or appropriate for purposes of the administration of this Act: <i>Provided, however,</i> That nothing in this Act shall relieve any such natural-gas company from keeping any accounts, memoranda, or records which such natural-gas company may be required to keep by or under the authority of any law. The DOE may prescribe a system of accounts to be kept by such natural-gas companies, and may classify such natural-gas companies and prescribe a system of accounts for each class.</p> <p>(b) The ERC shall at all times have access to and the right to inspect and examine all accounts, records, and memoranda of natural-gas companies; and it shall be the duty of such natural-gas companies to furnish to the ERC, within such reasonable time as the ERC may order, any information with respect</p>		
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<p>(f) Allow and facilitate, based on a valid order, the entry to the facility of the examiners of the Bureau of Internal Revenue and the Bureau of Customs and allow them full access to accounts, books, and records for tax and other fiscal purposes;</p> <p>(g) Allow, based on a valid order, the entry of personnel of the DOE, ERC, PIA-HSSE IMT and other government agencies to the facility and grant them full access to operational records for inspection and monitoring activities;</p> <p>(h) Give preference to qualified local talents for hiring and local companies or agencies in entering into subcontracts on projects or services, which are required in the construction or operation of the LNG facility;</p> <p>(i) Hold the DOE, ERC, PIA-HSSE IMT and other government agencies or other affected individuals free from all claims, demands or actions arising out of its failure to comply with laws, regulations, standards, contracts, and permits in connection with accidents, damages, or injuries which are beyond their control; and</p> <p>(j) Observe in the regular operational meeting of the DNG-REC and in the development, issuance and review of plans, protocols, standards and codes applicable to the natural gas project.</p>		<p>thereto which the ERC may by order require, including copies of maps, contracts, reports of engineers, and other data, records, and papers, and to grant to all agents of the ERC free access to its property and its accounts, records, and memoranda when requested so to do. No member, officer, or employee of the ERC shall divulge any fact or information which may come to his knowledge during the course of examination of books, records, data, or accounts, except insofar as he may be directed by the ERC or by a court.</p>		
<p>CHAPTER IX INCENTIVES</p>			<p>GPDP 2 on HBs No. 17 and 29:</p>	

			<ul style="list-style-type: none"> • Consider also incentives for the utilization of natural gas in accordance with Sec. 2(a-b) such as provision of grid security to enable more intermittent RE resources in the power grid, and other power end-uses that fulfill the energy trilemma of energy security, equity, and environmental sustainability. 	
<p>SEC. 36. Fiscal Incentives. – In recognition of the substantial investments needed for the construction of, operation and maintenance of, and conversion to natural gas facilities, the PDNGI value chain projects, as certified by the DOE, shall be included in the Strategic Investment Priorities Plan (SIPP) for the next ten (10) years from the effectivity of this Act. Entities engaged in said projects that are duly registered by any Investment Promotion Agency (IPA) shall be entitled to all the incentives under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, as amended.</p> <p>The sale of natural gas to locators inside the ecozone shall be subject to zero percent (0%) Value-Added Tax (VAT), pursuant to the National Internal Revenue Code of 1997, as amended.</p>	<p>SEC. 28. Incentives. – LNG terminals, storage facilities, bunkering facilities, dedicated own use natural gas pipelines, and natural gas transmission systems, shall be included in the Strategic Investment Priority Plan subject to an evaluation process and shall be entitled to the incentives and for the length of time provided under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended by Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act, and other applicable laws.</p>			

<p>SEC. 37. Streamlined Regulatory Process. – The operation of LNG terminals, natural gas transmission systems, natural gas distribution systems, own-use LNG terminals, own-use natural gas transmission systems, and own-use natural gas distribution systems shall be considered as energy projects of national significance (EPNS) whose implementation shall not be subject to unnecessary administrative processing delays pursuant to Executive Order No. 30, series of 2017. To be considered an EPNS, a project has to be endorsed by the DOE.</p>			<p>NEDA on HBs No. 17 and 29:</p> <p>Given the agreement of the EICC, the EVOSS Act may be considered in lieu of EO 30 in the processing of permits and other administrative requirements for natural gas projects.</p>	
<p>SEC. 38. Withdrawal of Exemptions. – To achieve the declared policies of this Act, particularly in relation to the promotion of fair and non-discriminatory treatment of public and private sector entities in the development of the PDNGI infrastructure, all existing tax exemptions applicable to persons engaged in the transmission or the distribution of natural gas, insofar as such exemptions relate to revenues derived from the transmission or the distribution of natural gas, shall be deemed revoked upon the effectivity of this Act, any law to the contrary notwithstanding.</p>				
<p>CHAPTER X PROMOTION OF COMPETITION</p>			<p>NEDA on HBs No. 17, 29 and 173:</p> <ul style="list-style-type: none"> • We suggest defining levels of maturity for the natural gas industry 	

			<p>by which the proposed law will use to determine acceptable competitive behavior in the industry. The nature of competition in an industry changes based on the prevailing structure and maturity of the market.</p> <ul style="list-style-type: none"> • The proposed law should provide provisions setting the rules of competition within the industry at various levels of maturity. At the most mature level of the industry where the market is structured similar to the electric power industry, we recommend adopting applicable provisions under Section 45 (Cross Ownership, Market Power Abuse, and Anti-Competitive Behavior) of RA No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA). Applicable provisions may include limitations on the following , among others: <ul style="list-style-type: none"> ○ Cross-ownership between the sub-segment of natural gas industry 	
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			<p>(e.g., between natural gas distribution and transmission utilities);</p> <ul style="list-style-type: none"> o Capacity to be sourced by gas distribution utilities from their respective affiliated companies; and o Capacity that a company or related group can own, operate, or control considering the total natural gas capacity in the country. 	
<p>SEC. 39. Anti-Competitive Behavior. – No gas transmission utility, gas distribution utility or supplier, or affiliate thereof, may engage in any anti-competitive behavior or abuse of market power, specifically the prohibition against monopolies and combinations in restraint of trade under Article 186 of the Revised Penal Code and Chapter III of the Philippine Competition Act.</p>		<p>SECTION 10. Prohibition on market manipulation – It shall be unlawful for any entity, directly or indirectly, to employ, in connection with the purchase and sale of natural gas or the purchase or sale of transportation services, or any manipulative or deceptive device or contrivance, in contravention to the rules and regulations established by the DOE, as may be prescribed as necessary in the public interest for the protection of natural gas players. Any person that violates the prohibition on market manipulation shall be subject to a civil penalty of not more than Ten Million Pesos (PhP10,000,000.00) per day per violation for as long as the violation continues.</p> <p>No penalty shall be assessed without due notice and hearing. The DOE shall</p>		

		have original jurisdiction to hear cases on market manipulation or any complaints on abuse of market position.		
<p>SEC. 40. Functional and Structural Unbundling. – All PDNGI participants shall functionally and structurally unbundle their business activities and rates in accordance with the particular sector. The ERC shall, within nine (9) months from the effectivity of this Act, promulgate the unbundling rules and regulations.</p>	<p><i>SEC. 24. Publication and Unbundling of Fees.</i> – LNG terminals with regulated third party access, whether through an rTPA permit or a DOE declaration of an unutilized capacity, natural gas transmission utilities, and the NGTSO shall identify and segregate in their bills to midstream end-users the components of their terminal fees, natural gas transmission fees, and NGTSO fee, respectively, and publish the same on their website.</p>			
<p>SEC. 41. Complaint and Investigation Procedures. – The ERC shall, within nine (9) months AFTER the effectivity of this Act, promulgate rules and regulations providing for a complaint and investigation procedure that shall, without limitation, provide the party alleged to have engaged in anti-competitive or abusive activities with notice and an opportunity to be heard.</p>				
<p>SEC. 42. Affiliated Suppliers. – In order to prevent anti-competitive conduct, service contractors, gas transmission utilities and gas distribution utilities that own or control affiliates that are suppliers shall conduct their businesses, as follows:</p> <p>(a) No preference shall be given to the affiliate supplier over other persons in</p>				

<p>contracting, scheduling and balancing of available capacity, as well as curtailment, or the imposition of tariffs;</p> <p>(b) Marketing information provided to the affiliate supplier shall be provided to any non-affiliated supplier that is a competitor or potential competitor;</p> <p>(c) Employees of the affiliate supplier shall, to the maximum extent possible, function independently in making business decisions; and</p> <p>(d) Books of accounts and records of the affiliate supplier shall be maintained separately.</p>				
<p align="center">CHAPTER XI FINES AND PENALTIES</p>	<p align="center">Chapter VII PROHIBITED ACTS AND PENALTIES</p>			
<p>SEC. 43. Administrative Fines and Penalties. - The following administrative fines and penalties shall be imposed on any industry participant who violates the provisions of this Act:</p> <p>(a) The permit issued by the DOE under Chapter IV, Section 12 of this Act, may be suspended or revoked and the DOE shall impose upon the operator a fine of Fifty thousand pesos (Php50,000.00) per violation of any provision under Chapter VIII, Section 35 of this Act, without prejudice to other appropriate administrative fines and penalties that other relevant government agencies may impose on the operator: <i>Provided, That the schedule of fines</i></p>	<p>SEC. 26. Prohibited Acts. – Without prejudice to civil and criminal liability, the following acts shall be prohibited:</p> <p>(a) For government agencies: failing to comply with the responsibilities under Chapter II of this Act, and within the timeframes specified in Sections 5, 6, and 37 of this Act;</p>		<p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> On Sec. 43(a), increase Php 50,000 fine to further compel compliance. <p>DOTR on HB No. 3015, Sec. 26(b)(1)(i):</p> <ul style="list-style-type: none"> We propose the addition of railways as one of the indicated means of transporting natural gas in anticipation of the future revitalization of our railway systems to accommodate national 	

<p>provided for in this Section shall be increased by the DOE every five (5) years.</p> <p>(b) The permit issued by the DOE under Chapter IV, Section 12, may be suspended or revoked upon the recommendation by the ERC and the operator may be charged by the ERC a fine of Five hundred thousand pesos (Php500,000.00) per violation of any provision under Chapter IV, Section 13 of this Act. This is without prejudice to other appropriate administrative fines and penalties that other relevant government agencies may impose against the operator.</p> <p>(c) Congress may, upon the recommendation of the DOE, ERC or other government agencies, as the case may be, revoke such franchise or privilege granted to the party found in violation of the provisions of this Act.</p>	<p>(b) For midstream natural gas industry participants:</p> <p>(1) Engaging in activities without the required permits, licenses, certificates, and Authorizations under this act, specifically:</p> <p>(i) Engaging in the aggregation, supply, importation, exportation, receipt, unloading, loading, processing, storage, regasification, transmission, bunkering, and transportation of natural gas, or the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of an LNG terminal, natural gas transmission system, dedicated natural gas pipeline, virtual pipeline, and motor vehicles and marine vessels transporting natural gas without a permit as defined in this Act from DOE, ERC, or DOTR or its attached agencies,</p> <p>(ii) Engaging in any activity as a midstream natural gas industry participant without a license, certificate, and authorization from DENR, DOH, Department of Interior and Local Government or its attached agencies, local government units, and other relevant government agencies,</p> <p>(iii) Operating as an own use terminal without an own use permit,</p>		<p>freight transportation operations.</p>	
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	<p>(iv) Operating as an rTPA terminal without an rTPA permit, and</p> <p>(v) Operating a natural gas transmission system without legislative franchise and a CPCN;</p> <p>(2) Failure to comply with health, safety, security, and environmental standards, requirements, and guidelines as well as codes under this Act, whichever is applicable, specifically:</p> <p>(i) Failure to comply with the PNS or other International standards adopted as PNS of the following:</p> <ul style="list-style-type: none"> a) Natural gas, in its original or liquefied form, b) Location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, repair, maintenance, decommissioning, and abandonment of all LNG terminals, c) Storage and bunkering of natural gas and its respective facilities, d) Virtual pipelines, e) Motor vehicles and marine vessels transporting natural gas, f) Dedicated natural gas pipelines, and g) Natural gas transmission systems; 			
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	<p>(ii) Failure to comply with standards, rules, and regulations in the conduct of health risk assessment studies in cases of natural gas accidents,</p> <p>(iii) Failure to comply with the Natural Gas Transmission Code,</p> <p>(iv) Failure to comply with the LNG Terminal Regulated Third Party Access Code,</p> <p>(v) Failure to comply with the Transmission Regulated Third Party Access Code, and</p> <p>(vi) Failure to comply with the safety and exclusion zone;</p> <p>(3) Failure to submit or disclose required data, information, and documents, whichever is applicable, specifically:</p> <p>(i) Failure to submit an LNG Terminal Development Plan,</p> <p>(ii) Failure to submit a Natural Gas Transmission Development Plan,</p> <p>(iii) Refusal or failure to submit the required data and information to the DOE pursuant to Section 5 of this Act,</p> <p>(iv) Refusal or failure to submit the required documents, data, and information to the ERC pursuant to Section 6 of this Act,</p> <p>(v) Refusal or failure to submit health data and Information to the DOH pursuant to Section 8 of this Act,</p> <p>(vi) Refusal or failure to publicly disclose the following:</p>			
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	<p>a) Capacity available to third parties, and b) Utilization of capacities by third parties;</p> <p>(vii) Failure to furnish midstream natural gas industry participants with sufficient information for efficient access to the interconnected natural gas transmission system, and (viii) Failure to inform the ERC of its intent to convert a dedicated natural gas pipeline to a natural gas transmission system simultaneous with its application for a legislative franchise;</p> <p>(4) Failure to comply with the requirements on fees, whichever is applicable, specifically:</p> <p>(i) Failure to comply with the publication and unbundling requirement for the terminal fee, natural gas transmission fee, and NGTSO fee, whichever is applicable, (ii) Collecting an NGTSO fee without the approval of ERC, (iii) Awarding a winning bid beyond the reserve price, (iv) determined by ERC, winning bid, and (v) Collecting a natural gas transmission fee higher than the Disclosing the reserve price before the determined time by ERC;</p>			
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	<p>(5) Failure to comply with the requirements on own use and regulated third party access, whichever is applicable, specifically:</p> <ul style="list-style-type: none"> (i) Allowing a third party to use a portion or the entire capacity of a dedicated natural gas pipeline, (ii) Entering into an nTPA or similar arrangement with third parties or granting use and access to third parties to the extent of the capacity covered by an own use permit for LNG terminals, (iii) Refusal or failure to conduct a transparent, fair, reasonable, and non-discriminatory competitive selection of third parties for the capacity covered by an rTPA permit for LNG terminals, or the entire capacity of a natural gas transmission system, (iv) Using or allowing an affiliate to use the capacity covered by an rTPA permit for LNG terminals or a portion or the entire capacity of a natural gas transmission system without undergoing a competitive selection process, (v) Giving any undue preference or advantage to any third party, whether in rates, terms, conditions, or special privileges, (vi) Failure to provide transparent, fair, reasonable, and non-discriminatory use and access to third parties, and (vii) Failure to comply with mandated regulated third-party access for unutilized capacity; 			
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	<p>(6) Failure to comply with other responsibilities as midstream natural gas industry participants, whichever is applicable, specifically:</p> <ul style="list-style-type: none"> (i) Refusal to participate as an Identified member of the technical working group, (ii) Failure to cooperate in any investigation conducted by DOE, ERC, or PCC pursuant to their powers under this Act, (iii) Failure to comply with the prior approval requirement of any sale, assignment, or transfer of control of a midstream natural gas industry participant with a DOE issued permit to another entity, (iv) Failure to comply with the directive of DOE for prior disclosure of any sale, assignment, or transfer of ownership or direct or indirect interests, rights, or participation of a midstream natural gas industry participant with a DOE issued permit to another entity, (v) Engaging in anti-competitive behavior, (vi) Refusal or failure to assign to the NGTSO the operation and maintenance of its natural gas transmission system upon directive of the ERC, (vii) Refusal or failure to inform and coordinate with the NGTSO or the natural gas transmission utilities, whichever is applicable, for the location, construction, improvement, operation, utilization, expansion, modification, rehabilitation, 			
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	<p>repair, maintenance, decommissioning, and abandonment of any part of the natural gas transmission system,</p> <p>(viii) Failure to secure ancillary services necessary to support the reliable and secure flow of natural gas through the interconnected natural gas transmission system, and</p> <p>(ix) Failure to comply with other responsibilities not otherwise stated in this Section.</p>			
<p>SEC. 44. Criminal Fines and Penalties. – Appropriate fines and penalties under existing penal laws shall apply to any criminal violation associated in the implementation of this Act.</p>	<p>SEC. 27. Penalties. – Without prejudice to civil and criminal liability, the following administrative penalties shall be imposed upon any natural or juridical person for every prohibited act enumerated below:</p> <p>(a) Section 26 (a): Fine not exceeding the equivalent of six (6) months' salary or suspension not exceeding one (1) year, or removal depending on the gravity of the offense;</p> <p>(b) Section 26 (b):</p> <p>(1) First Offense: Fine of not less than Five hundred thousand pesos (P500,000) for every day of non-compliance, and if applicable, suspension of permits, licenses, certificates, or authorizations until the violation is corrected,</p> <p>(2) Second Offense: Fine of not less than One million pesos (P1,000,000) for every day of non-compliance, and if applicable, suspension of permits, licenses,</p>			

	<p>certificates, or authorizations until the violation is corrected, and</p> <p>(3) Third Offense: Fine of not less than Five million pesos (P5,000,000), revocation of permits, licenses, certificates, or authorizations, and disqualification from applying for future permits, licenses, certificates, or authorizations. In the case of natural gas transmission utilities, DOE and ERC shall recommend the revocation of their respective franchises to Congress. In the case of the NGTSO, it shall be replaced.</p> <p><i>Provided,</i> That the administrative penalty for Section 26(b)(6)(v) shall be pursuant to Section 29 of the Philippine Competition Act.</p>			
<p>CHAPTER XII TRANSITORY PROVISIONS</p>			<p>NEDA on HBs No. 17, 29 and 173:</p> <p>The HBs provide a framework for the transition of the natural gas industry in the Philippines (i.e., specifically the downstream segment) from emerging into a mature industry within a competitive natural gas market. As filed, it appears that entering into bilateral contracts is the only trading method covered by the</p>	

			HBs. We deem that a mature natural gas market will be more competitive with the establishment of a wholesale natural gas spot market to encourage greater transparency and more competitive prices. Correspondingly, we recommend including provisions thereon in the consolidated HB.	
<p>SEC. 45. Existing Systems. – Natural gas facilities that have been constructed prior to the effectivity of this Act shall continue to be operated under their existing permits and shall comply with additional requirements as may be applicable.</p> <p>Suppliers who have entered into an NGSPA with end-users and have delivered indigenous or imported natural gas prior to the effectivity of this Act shall continue to operate under the said contracts, subject to compliance with the additional requirements in this Act.</p>	<p>SEC. 35. Transitory Period. – All midstream natural gas Industry participants shall comply with the provisions of this Act within five (5) years from its effectivity: <i>Provided</i>, That health, safety, security, environmental, construction, operation and other permits, licenses, certificates, and authorizations issued prior to the effectivity of this which are not inconsistent herewith shall remain valid.</p> <p>Natural gas transmission systems existing at the time of the effectivity of this Act shall be allowed to continue pursuant to the terms and conditions indicated In their franchise and until the lapse of the period accorded to them in the franchise.</p>			
<p>SEC. 46. Pending Application. – All applications on any activity in the natural gas value chain pending before the DOE upon</p>			<p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> • Does this mean the Act will have a retroactive 	

the effectivity hereof shall be covered by this Act.			application? If not, clarify to say that the Act will be applicable to them moving forward with their application.	
CHAPTER XIII FINAL PROVISIONS				
SEC. 47. Assignment or Transfer of Interest. – Assignment or transfer of interest of the permit shall be allowed only upon prior written approval by the DOE based on acceptable reasons and compliance by the operator, the assumption by the assignee of all obligations of the former permit holder, and upon meeting the minimum legal, technical, and financial qualifications of the transferee.				
SEC. 48. Consultation and Arbitration. – All parties shall make their best efforts to amicably settle any dispute arising from the performance or interpretation of any provision of this Act.				
SEC. 49. Natural Gas Oversight Commission. - Upon the effectivity of this Act, a congressional commission, hereinafter referred to as the "Natural Gas Oversight Commission", is hereby constituted. The Natural Gas Oversight Commission shall be composed of ten (10) members, with the Chairpersons of the Committee on Energy of the Senate and the House of Representatives, as Co-Chairpersons, and four (4) additional	SEC. 34. <i>Congressional Oversight.</i> – The Joint Congressional Energy Commission (JCEC) shall exercise oversight powers over the implementation of this Act. The DOE, ERC, and other relevant government agencies shall submit annual reports to the JCEC no later than the fifteenth day of September, which shall include the latest relevant data, implementation review and reports, and policy and regulatory issues.		The EWCL preferred the Commission's name indicated in HB No. 17, Section 49: • Natural Gas Oversight Commission because it specifically determined the industry, which is natural gas, compared to HB No. 29,	Provision under HBs 29 and 4097: SEC. 49. Joint Congressional Energy Commission. - Upon the effectivity of this Act, the oversight function shall be exercised by the Joint Congressional Energy

<p>members from each House, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The minority shall be entitled to pro rata representation but shall have at least one representative in the Natural Gas Oversight Commission.</p> <p>The Natural Gas Oversight Commission shall, in aid of legislation, perform the following functions:</p> <p>(a) Set the guidelines and overall framework to monitor the proper implementation of this Act;</p> <p>(b) Look into the appropriateness of creating a single independent regulatory body when the conditions prevailing so require;</p> <p>(c) Conduct a periodic review of this Act at least once every three (3) years;</p> <p>(d) Determine inherent weaknesses in the law and recommend necessary remedial administrative or legislative measures;</p> <p>(e) Approve the budget for the programs of the natural gas of Oversight Commission and all disbursements therefrom;</p> <p>(f) Submit periodic reports to the President of the Philippines and Congress; and</p> <p>(g) Perform such other powers and functions as may be necessary to attain its objectives.</p>			<p>Section 49: Joint Congressional Energy Commission which is vague and broad in scope. Moreover, the former has provided the specific composition of its members. The oversight commission is necessary to ensure the proper implementation of this act since there are various government departments/agencies involved.</p> <p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> On Sec. 49(j), define "periodic reports" further to make it specific. How often will this be submitted? What will it contain? Differentiate from periodic review mentioned in Sec. 49(c). 	<p>Commission (JCEC), as provided for by law. The said Oversight Commission shall, in aid of legislation, perform the following functions:</p> <p>(a) Set the guidelines and overall framework to monitor the proper implementation of this Act;</p> <p>(b) Look into the appropriateness of creating a single independent regulatory body when the conditions prevailing so require;</p> <p>(c) Conduct a periodic review of this Act at least once every three (3) years;</p> <p>(d) Determine inherent weaknesses in the law and recommend necessary remedial administrative or legislative measures;</p> <p>(e) Approve the budget for the programs of the said Oversight Commission and all disbursements therefrom;</p> <p>(f) Submit periodic reports to the President of the Philippines and Congress; and</p> <p>(g) Perform such other powers and functions as</p>
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<p>To carry out its powers and functions, expenses incurred by the Natural Gas Commission during the initial implementation of this Act shall be charged against the current appropriations of the Senate and shall thereafter be included in the annual General Appropriations Act.</p> <p>The Natural Gas Oversight Commission shall adopt its internal rules of procedure, conduct hearings and receive testimonies, reports and technical advice, invite or summon by <i>subpoena ad testificandum</i> any public official, private individual or any other person to testify before it, or require any person by <i>subpoena duces tecum</i> to produce before it such records, reports, documents or other materials as it may require, and generally exercise all the powers necessary to attain the purposes for which it is created.</p> <p>The Natural Gas Oversight Commission shall be assisted by a secretariat to be composed of personnel who may be seconded from the Senate and the House of Representatives and may retain consultants. The secretariat shall be headed by an executive director, who possesses a sufficient background and competence on policies and issues relating to the downstream natural gas industry.</p>				<p>may be necessary to attain its objectives. The JCEC shall be assisted by a secretariat to be composed of personnel who may be seconded from the Senate and the House of Representatives and may retain consultants who possesses sufficient background and competence on policies and issues relating to the downstream natural gas industry.</p>
<p>SEC. 50. Appropriations. – The amount necessary for the implementation of this Act</p>	<p>SEC. 33. Appropriations. – The amount of Seventy-five million pesos (P75,000,000.00) shall be charged against</p>		<p>EWCL recommends the inclusion of a section about the appropriation of funds</p>	

<p>shall be included in the annual General Appropriations Act.</p>	<p>the current year's appropriations of the DOE and the amount of Seventy million pesos (P70,000,000.00) shall be charged against the current year's appropriations of the ERC, all for the initial Implementation of this Act. Thereafter, such amounts necessary for the sustainable implementation of this Act shall be included in the annual General Appropriations Act.</p>		<p>for developing the Philippine Natural Gas Industry as enunciated in the titles of HB No. 4267 and HB No. 4615.</p> <p>There is no provision in these bills that stated the appropriation of government funds, hence, it is recommended that it must be included.</p>	
<p>SEC. 51. Implementing Rules and Regulations. – The DOE shall, in consultation with the ERC, relevant government agencies such as the DENR, DOH, Department of Transportation (DOTr), Philippine Ports Authority (PPA), DTI and Department of Finance (DOF), the PDNGI participants, non-governmental organizations and end-users, promulgate rules and regulations for the effective implementation of this Act within twelve (12) months AFTER the effectivity of this Act.</p>	<p>SEC. 36. <i>Implementing Rules and Regulations.</i> – The DOE and ERC, in coordination and consultation with the relevant offices, agencies, and instrumentalities of the national and local government, as well as the public and private stakeholders, shall issue and promulgate the necessary implementing rules and regulations (IRR) of this Act within six (6) months from the effectivity of this Act.</p>		<p>GPDP 2 on HB No. 29:</p> <ul style="list-style-type: none"> • On Sec. 51, before the “PDNGI participants,” include Local Government Units. 	
<p>SEC. 52. Separability Clause. – If for any reason, any provision of this Act is declared unconstitutional or invalid, the other parts or provisions hereof, which are not affected thereby, shall continue to be in full force and effect.</p>	<p>SEC. 37. <i>Separability Clause.</i> – If any provision of this Act shall be declared invalid or unconstitutional, such declaration shall not affect the validity of the remaining provisions of this Act.</p>	<p>SECTION 12. <i>Separability Clause</i> - If, for any reason, any provision of this Act or any part thereof shall be held unconstitutional and invalid, the other parts or provisions of this Act, which are not affected thereby, shall remain in full force and effect.</p>		

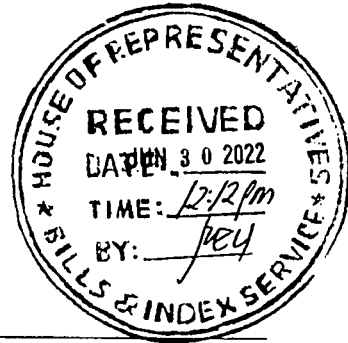
<p>SEC. 53. Repealing Clause. – Any law, presidential decree or issuance, executive order, letter of instruction, rule or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.</p>	<p>SEC. 38. Amendatory and Repealing Clause. – The specific provisions of Republic Act No. 387, otherwise known as the Petroleum Act of 1949, and Presidential Decree No. 334, Creating the Philippine National Oil Company, Defining Its Powers and Functions, Providing Funds Therefor, and For Other Purposes, that are inconsistent with this Act are hereby amended or repealed accordingly.</p> <p>All other laws, ordinances, rules, regulations and issuance or parts thereof, that are inconsistent with this Act, are likewise repealed, amended or modified accordingly.</p>	<p>SECTION 13. Repealing Clause - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed, amended, or modified accordingly.</p>		
<p>SEC. 54. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the <i>Official Gazette</i> or in a newspaper of general circulation.</p>	<p>SEC. 39. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.</p>	<p>SECTION 14. Effectivity - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.</p>		



Republic of the Philippines
HOUSE OF REPRESENTATIVES

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 29



Introduced by Representative Lord Allan Jay Q. Velasco

AN ACT
PROMOTING THE DEVELOPMENT OF THE PHILIPPINE DOWNSTREAM
NATURAL GAS INDUSTRY, CONSOLIDATING FOR THE PURPOSE ALL LAWS
RELATING TO THE TRANSMISSION, DISTRIBUTION AND SUPPLY OF
NATURAL GAS, AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE


The Malampaya Deep Water Gas-to-Power Project has given hope to many Filipinos that we could benefit from the relatively low prices natural gas offers as an energy resource. The operation of the Malampaya Gas Field has enabled the country to harness and make use of a clean, abundant and- accessible energy resource which has resulted in the reliance of about 30% of Luzon island's energy needs on said energy resource. Natural Gas was also used as alternative fuel to the rather, more expensive fossil fuel by some transport companies.

Several other government policies were launched to regulate and optimize the use of natural gas in the country such as (a) Executive Order No. 66 which was signed by President Gloria Macapagal-Arroyo on 18 January 2002 which designated the Department of Energy (DOE) as the primary agency that would push for the development of the country's natural gas industry as well as (b) the issuance of the DOE interim rules and regulations governing the transmission, distribution and supply sub-sectors of the natural gas industry.

Today, the supply of Malampaya's natural gas has been steadily dwindling, thus signifying that we need to find new sources of natural gas either domestically or through importation. Despite the same, the Philippines still lacks a clear, comprehensive and integrated legislative framework that would serve as a pillar towards achieving the rapid development of the country's natural gas sector. The lack of such clear policies is detrimental to the thrust of the DOE to attract foreign

investors to invest in our natural gas potentials or importation or transmission of the same.

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


LORD ALVARO JAY Q. VELASCO



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session
HOUSE BILL NO. 29

Introduced by Representative Lord Allan Jay Q. Velasco

AN ACT
PROMOTING THE DEVELOPMENT OF THE PHILIPPINE DOWNSTREAM
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NATURAL GAS, AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I

TITLE AND DECLARATION OF POLICY

SECTION 1. **Short Title.** – This Act shall be known as the *"Philippine Downstream Natural Gas Industry Development Act"*.

SEC. 2. **Declaration of Policy.** – It is hereby declared the policy of the State to:

- (a) Promote natural gas as a safe, environment-friendly, efficient and cost-effective source of energy, and an indispensable contributor to grid security, especially with the entry of more intermittent renewable energy sources by establishing the Philippine downstream natural gas industry (PDNGI) for the benefit of all segments of the nation's population and all sectors of its economy;
- (b) Promote natural gas as the energy fuel, which has tremendous potential to meet the increasing local demand for fuel, and the development of the Philippines as a liquefied natural gas (LNG) trading and transshipment hub within the Asia-Pacific

Region. In all cases, the State shall ensure the safe, secure, reliable, transparent, competitive and environmentally responsible operation of the PDNGI value chain;

(c) Provide a conducive industry environment through the issuance of policies, regulations, safety code, product quality and facility operational standards, and plans and programs geared towards the promotion and development of the PDNGI;

(d) Promote the conversion of existing fossil fuel-operated machines and facilities to natural gas use, provided it is technically and financially feasible;

(e) Promote access to and the financial viability of the PDNGI by liberalizing the entry of investors under a system of competition, transparency and fair trade and providing responsive policy support, with the end goal of attaining fair price for all stakeholders;

(f) Ensure compliance with International and Philippine health, safety, security, environment (HSSE) standards and best practices under a system of safe, secure, high-quality, environmentally responsible operation and services that afford protection to consumers;

(g) Encourage the inflow of private capital through equity participation by the private sector in the downstream natural gas value chain including gas transmission and distribution utilities;

(h) Ensure transparent and reasonable price of natural gas and rates for its importation, storage and regasification, transmission and distribution in a regime of open and fair competition and full public accountability that shall promote greater operational and economic efficiency and enhanced competitiveness of the Philippine products in the global market;

(i) Develop the necessary trades, technical expertise and skills to support the PDNGI; and

(j) Facilitate the development of end-uses of natural gas including the use of natural gas as fuel for power, commercial, industrial, residential and transport that promote fuel diversity and compliance with existing environmental laws.

SEC. 3. **Scope.** – This Act shall provide a framework for the development of the PDNGI and its transition from emerging industry into mature industry status within a competitive natural gas market, and define the responsibilities of various government agencies and private entities in furtherance of this national goal.

All activities of the Department of Energy (DOE), Energy Regulatory Commission (ERC) and other concerned government agencies relevant to the development and regulation of the PDNGI shall be in accordance with this Act.

SEC. 4. **Definition of Terms.** – As used in this Act:

- (a) *Affiliates* refer to the corporate relationships of two or more persons, one of whom either owns or controls or is being controlled by other persons. As used herein, "control" shall mean the power to direct or cause the direction of management policies as an inherent part of decision-making power;
- (b) *Anti-Competitive Behavior* refers to the practices and agreements in violation of the provisions of Republic Act No. 10667, otherwise known as the "*Philippine Competition Act*";
- (c) *Capacity* refers to the maximum flow expressed in normal cubic meters per time unit or in energy unit per time unit;
- (d) *Delivery* refers to the transmission or distribution of natural gas and the supply of natural gas at wholesale or retail;
- (e) *Distribution* refers to the transportation of natural gas through a gas distribution system to end-users;
- (f) *Distribution system* refers generally to the pipeline and related facilities used to transport natural gas extending between the last delivery point of the transmission system to the last connection point to the end-user;
- (g) *End-user* refers to any person that will receive delivery of natural gas for resale or final use;

- (h) *Franchise* refers to the right, privilege and authority issued by Congress authorizing a person to engage in the transmission of natural gas or distribution of natural gas within a specific geographical area;
- (i) *Gathering facilities* refer to natural gas pipelines and its ancillary facilities used to gather gas in the field and bring it to a location for processing or for delivery at an interconnection with the gas transmission system. The terms "gather" and "gathering" shall be construed accordingly;
- (j) *Importation* refers to the act of bringing LNG into the Philippines;
- (k) *Insurance* refers generally to a risk-transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by events beyond the control of the insured party wherein compensation is normally proportionate to the loss incurred;
- (l) *Liquefied natural gas or LNG* refers to natural gas which has been liquefied by cooling at a cryogenic temperature;
- (m) *Natural gas* refers to gas obtained from boreholes and wells consisting primarily of a mixture of methane, ethane, propane and butane with small amounts of heavier hydrocarbons and some impurities, consistent with the Philippine National Standards (PNS) or the standards developed by the International Organization for Standardization (ISO);
- (n) *Natural gas distribution code* refers to the code to be formulated by the DOE pursuant to Section 5(g) of this Act that shall set the technical performance standards for operating gas distribution utilities and the minimum financial standards for gas distribution systems;
- (o) *Natural gas distribution system* refers to the system of conventional pipelines and related facilities extending from the delivery points where the gas distribution system receives the natural gas to the point of connection in the premises of the end-user; and any available virtual pipeline that allows alternative modes of transportation;

- (p) *Natural gas distribution utility* refers to any person engaged in the operation of a natural gas distribution system providing services for general public use, which requires a franchise to operate a gas distribution system;
- (q) *Natural gas sales and purchase agreement* or *NGSPA* refers to any contract or agreement for the delivery and sale of indigenous or imported natural gas by and between sellers, suppliers, buyers and end-users;
- (r) *Natural gas transmission code* refers to the code to be developed by the DOE pursuant to Section 5(g) of this Act that shall set the technical performance standards for operating gas transmission systems and the minimum financial standards for gas transmission utilities;
- (s) *Natural gas transmission system* refers to the system of high-pressure pipelines, storage and its ancillary facilities that are used to transport natural gas from the interconnection with gathering facilities, other LNG-related facilities and other gas transmission or distribution systems;
- (t) *Natural gas transmission utility* refers to a natural or juridical person that has a franchise to operate or is intending to operate a gas transmission system except own-use pipelines;
- (u) *Own-use permit* refers to an authorization granted by the DOE to a permit holder or operator for the exclusive use by the operator or its affiliates in the operation of its natural gas facility;
- (v) *Permit* refers to an authorization issued by the DOE for the importation, construction, commercial operation and maintenance of natural gas facilities;
- (w) *Permit holder or operator* refers to a natural or juridical person who is granted a permit by the DOE to engage in the importation, construction, commercial operation and maintenance of natural gas facilities;
- (x) *Person* refers to a natural or juridical person, as the case may be, including the national and local governments of the Republic of the Philippines, its agencies and instrumentalities, and government-owned and controlled corporations;

- (y) *Philippine downstream natural gas industry* or *PDNGI* refers to the sectors of transmission, distribution, supply, and use of natural gas and their related activities, such as importation, storing, regasification, transmission and distribution of natural gas to end-users;
- (z) *Philippine Energy Plan* or *PEP* refers to the overall energy program formulated and updated yearly by the DOE and submitted to Congress pursuant to Republic Act No. 7638, otherwise known as the "*Department of Energy Act of 1992*", as amended;
- (aa) *Rates* refer to the payment on the utilization of the capacity and use of other services offered by the permit holder or operator of the transmission and distribution pipeline;
- (bb) *Supplier* refers to any person engaged and registered with the DOE to trade on indigenous or imported LNG and their subsequent supply to end-users;
- (cc) *Supply* refers to the trade or sale of indigenous or imported natural gas and their subsequent sale to end-users;
- (dd) *Third-party access* or *TPA* refers to a transparent and non-discriminatory access and utilization by a third-party user of the excess capacity of the LNG terminal and its related facilities;
- (ee) *Transmission* refers to the transportation of natural gas through a natural gas transmission system;
- (ff) *Virtual Pipeline* refers to alternative methods of transporting natural gas to places where there is no pipeline network available. It is based on a modular system of compression or liquefaction, transport and decompression and regasification of natural gas, which communities, industries, gas stations and others may use.

CHAPTER II
POWERS AND RESPONSIBILITIES OF THE DOE AND THE ERC

SEC. 5. Powers and Responsibilities of the DOE. – In addition to its existing powers and functions, the DOE shall have the overall responsibility of supervising and monitoring the development of the Philippine downstream natural gas industry. Towards this end, the DOE shall perform the following powers and functions:

- (a) Prepare the Natural Gas Industry Development Plan (NGIDP) within two (2) years from the effectivity of this Act, incorporating therein the plans submitted by public and private stakeholders after open discussions and consultations with them. The NGIDP shall consist of approved regasification, transmission and distribution development plans which shall be integrated into the Philippine Energy Plan (PEP), and reviewed and updated every three (3) years after its adoption;
- (b) Establish standards on gas quality, facility installation and safety of operation. For this purpose, a Philippine Inter-Agency Technical Committee (PIA-TC) shall be created by the Bureau of Philippine Standards (BPS) to be chaired by the DOE. The PIA-TC shall have as members the representatives of concerned government agencies and private industries. A Philippine Inter-Agency Health, Safety, Security and Environment Inspection and Monitoring Team (PIA-HSSE IMT) shall likewise be created to monitor and enforce compliance with established standards;
- (c) Evaluate applications and issue permits on the importation, exportation, receipt, unloading, loading, storage, regasification of liquefied natural gas; transmission, distribution, marketing, utilization, aggregation of natural gas; and the safe, secure, reliable and efficient planning, construction, operation, expansion, modification, maintenance, decommissioning and abandonment of the downstream natural gas industry infrastructure and facilities;
- (d) Evaluate applications for permits or authorities to operate, including a Notice to Proceed (NTP), a Permit to Construct, Expand, Rehabilitate and Modify (PCERM), and a Permit to Operate and Maintain (POM) downstream natural gas projects and facilities, accreditation to import, supply and transport natural gas, Acknowledgement to Import (ATI) LNG and Acknowledgement to Supply and Transport (AST) natural gas;

- (e) Review, suspend or revoke, after due notice and hearing, permits issued in accordance with the preceding paragraphs (c) and (d) herein, and Section 12 of this Act after a finding of non-compliance with the provisions of this Act, rules and regulations that shall be issued to implement it, and related issuances;
- (f) Issue a written approval on the assignment or transfer of interest on any permits issued in accordance with Section 50 of this Act, after finding that the assignee or transferee has met all the legal, technical, and financial qualifications and has committed itself to assume all existing obligations of the permit holder, and such assignment or transfer is in accordance with existing laws, rules, and regulations: *Provided*, That permits requiring the prior issuance of a legislative franchise shall not be subject to assignment or transfer of interest;
- (g) Issue, in coordination with the ERC and in consultation with other concerned government agencies and the PDNGI participants, the Gas Transmission and Distribution Codes, which shall contain the standards and best practices on safe, high-quality, environmentally responsible and consumer protected operation and service, competitive practices and reasonable rates of service;
- (h) Endorse requests for investigation to the Philippine Competition Commission (PCC) of any anti-competitive behavior in the conduct of any business under the downstream natural gas industry;
- (i) Issue directives to qualified government agencies, in their capacities as investing arms, to spearhead the development of the PDNGI value chain as the DOE may deem imperative to catalyze its development within a given timeline;
- (j) Determine the qualifications and detailed responsibilities of the Natural Gas Transmission System Operator (NGTSO) and Natural Gas Distribution Utilities (NGDUs) pursuant to their responsibilities provided in this Act;
- (k) Initiate actions against the NGTSO or NGDUs for failure to comply with the qualifications and detailed responsibilities specified in this Act;

(l) Review and approve the natural gas supply and regasification development plan of the regasification terminal owner or operator, natural gas transmission development plan of the NGTSO, and the natural gas distribution development plans of the NGDUs, and integrate the same into the PEP;

(m) Require the PDNGI participants to submit the regasification, transmission and distribution development plans, and regular and special reports regarding the organization, business, conduct, practices, and management of any business entity duly registered as part of the downstream natural gas industry, subject to Section 20 hereof; and

(n) Exercise such other powers and functions as may be necessary or incidental to attain the objectives of this Act. Subject to existing laws, rules and regulations, the DOE is hereby authorized to create offices and appoint personnel as may be necessary to efficiently and effectively implement this Act.

SEC. 6. Powers and Responsibilities of the ERC. – In addition to its existing powers and functions, the ERC shall have the sole regulatory responsibility for establishing the rates and related terms and conditions of service for the transmission and distribution, regasification and supply of natural gas to the extent that such activities are regulated pursuant to the requirements set forth in this Act.

It shall:

(a) In the public interest, establish and enforce a methodology for setting transmission, distribution, and supply rates, taking into account all relevant considerations, including the efficiency or inefficiency of the regulated entities. The rates shall be to allow the recovery of just and reasonable costs and a reasonable return to enable the entity to operate viably. The ERC may, upon due notice and public consultation, adopt internationally accepted rate setting methodology. The rate setting methodology so adopted and applied shall promote efficiency and ensure a reasonable price or tariff, and the rates to be prescribed shall be non-discriminatory. For this purpose, the ERC is hereby authorized to require from all participants in the natural gas supply chain all necessary and appropriate records

- and documents relevant to the determination of just and reasonable fuel cost used in power generation as recoverable component of electricity cost to end-users;
- (b) Regasification services and supply services shall be subjected to rate regulation when there is no competing regasification operators;
 - (c) Apply administrative procedures that will ensure the constitutional right to due process;
 - (d) Before the end of April of each year, submit to the Office of the President of the Philippines and Congress, copy furnished the DOE, an annual report containing such matters or cases, which have been filed before or referred to it during the preceding year, the actions and proceedings undertaken thereon and its decision or resolution on each case. The ERC shall make copies of such report available to any interested party upon payment of a charge, which shall reflect the printing costs;
 - (e) Publish in newspapers of general circulation all its cases and decisions involving rates;
 - (f) Create offices and appoint personnel thereto as may be necessary to efficiently and effectively perform its functions as stipulated in this Act, subject to existing laws, rules and regulations; and
 - (g) Exercise such other powers as may be necessary or incidental to attain the objectives of this Act.

CHAPTER III

POWERS AND RESPONSONSIBILITIES OF GOVERNMENT AGENCIES

Sec. 7. Powers and Responsibilities of the Department of Environment and Natural Resources (DENR). – In addition to its functions under Executive Order No. 192, otherwise known as the "*Reorganization Act of the Department of Environment and Natural Resources*", the DENR shall, together with the DOE, determine and monitor compliance with the environmental standards for the location, construction, improvement, expansion, operation, rehabilitation, repair,

maintenance, decommissioning, and abandonment of LNG terminals, natural gas transmission systems, and all related equipment and facilities.

Sec. 8. Powers and Responsibilities of the Department of Health (DOH). –

In addition to its functions under Executive Order No. 317, Series of 1941, entitled, *"Organizing the Department of Health and Public Welfare"*, as amended, the DOH shall, together with the DOE, determine and monitor compliance with the health standards for the location, construction, improvement, expansion, operation, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG terminals, natural gas transmission systems, and all related equipment and facilities.

Sec. 9. Powers and Responsibilities of the Department of Trade and Industry-Bureau of Philippine Standards (DTI-BPS). –

In addition to its functions under Republic Act No. 4109, entitled, *"An Act to Convert the Division of Standards under the Bureau of Commerce into a Bureau of Standards, to Provide for the Standardization and/or Inspection of Products and Imports of the Philippines and for other Purposes"*, the DTI-BPS shall, together with the DOE, determine, develop, formulate, promulgate, and revise, the Philippine National Standards for natural gas transmission systems, and for natural gas, in its original or liquefied form, LNG terminals, all related equipment and facilities.

SEC. 10. Powers and Responsibilities of the Philippine Competition Commission (PCC). –

All matters concerning abuse of market power, cartelization, and any anti-competitive or discriminatory behavior shall be subject to the quasi-judicial powers of the PCC as provided for under Republic Act No. 10667, otherwise known as the *"Philippine Competition Act"*.

CHAPTER IV

STRUCTURE, OPERATION AND REGULATIONS OF THE DOWNSTREAM NATURAL GAS INDUSTRY

SEC. 11. **Structure.** – For purposes of this Act, the structure of the PDNGI value chain shall consist of an LNG terminal and its related facilities, transmission, distribution pipelines and their related facilities, storage and distribution-related facilities, and supply and transport of natural gas.

SEC. 12. **Permits.** – The DOE shall have the power to issue, review, suspend and revoke for cause, the permits necessary for the construction, expansion, rehabilitation, modification, operation and maintenance of any PDNGI facility or activity. Own-use permit for natural gas facilities shall be allowed for the exclusive use of the operator and its affiliates in the operation of its facilities. The holder of an own-use permit shall still comply with the requirements in this Act. Transmission and distribution of natural gas shall be exempted from franchise requirement.

The owner and operator of an LNG terminal shall have the option to apply for both permits and simultaneously perform the functions of an own-use LNG terminal permit holder, pursuant to Section 35 of this Act, and a third-party access (TPA) LNG terminal permit holder pursuant to Section 26 of this Act, to the extent of the capacity allowed by and during the period specified in each type of permit.

SEC. 13. **Rate Regulation.** – The rate of charges and fees for the services of transmission or distribution pipelines and their related facilities shall, when they function as public utilities, be subject to the review and approval by the ERC. The rate methodology to be applied by the ERC shall be based on the principle of full recovery of prudent and reasonable costs incurred, including a reasonable return on rate base, or such other principles that will promote the determination of just and reasonable rates that is consistent with the encouragement of private investments and goal of developing a PDNGI infrastructure.

SEC. 14. **Compliance with Philippine Laws, Rules and Regulations.** – Operators or permit holders of PDNGI facilities shall comply with all Philippine laws, rules and regulations implemented by the different agencies of the government.

SEC. 15. Compliance with Standards. – The DOE shall ensure that downstream natural gas products are of high quality, and natural gas facilities provide efficient service, observe stringent safety systems, accord attention to design details and structural integrity and employ operational and maintenance best practices. Regulations shall be consistent with applicable Philippine and internationally-accepted natural gas industry standards.

SEC. 16. Confidential Information. – The government shall not use confidential or commercially sensitive information for purposes other than those provided herein and shall protect and limit the disclosure of confidential or commercially sensitive information, unless allowed by the operator or when required by laws, rules and regulations.

SEC. 17. Authority to Obtain Information. – The DOE, ERC and other concerned government agencies may require any downstream natural gas player or permit holder, through a valid order and with due regard to confidential information, proprietary data and trade secrets, to furnish, within a reasonable period specified, all information and documents relating to all such matters as to the permit, rates and operation of business and natural gas facilities, and provide explanations on the information or document submitted, subject to Section 16 of this Act. The failure of a PDNGI participant or permittee to provide the required information or document without valid reason shall be punishable under this Act.

SEC. 18. Supply of Natural Gas. – Existing laws and rules governing the upstream natural gas sector shall provide the government the option to sell directly or otherwise authorize a service contractor to sell its share of the indigenous production. Accordingly, the Secretary of Energy may, when natural gas supply conditions so require, direct the supply of such share of indigenous production to the downstream natural gas sector.

The operator of an LNG-related facility shall likewise ensure the accommodation of both indigenous and imported supply of natural gas. The DOE shall support and ensure the implementation of any plan to upgrade an LNG terminal and its ancillary facilities into a hub for international trading and trans-shipment.

Any entity engaged in the distribution of natural gas may engage in the supply of the same.

SEC. 19. Abandonment of Downstream Natural Gas Facility. – No holder of a permit for the construction, installation, operation or maintenance of a downstream natural gas facility shall abandon or withdraw from service any portion of said downstream natural gas facility or project without obtaining prior authorization from the DOE. The DOE shall, in coordination with the DENR, provide the guidelines and regulations for decommissioning and abandonment of natural gas infrastructures and facilities.

SEC. 20. Registration and Reportorial Requirements of Natural Gas Participants, Facilities, Import, Export and Supply. – Holders of permits for the construction, installation, operation or maintenance of a downstream natural gas facility, including importers, exporters and supplier and transporter of natural gas or LNG, shall be registered with the DOE. Appropriate reportorial requirements shall likewise be required for proper supervision and monitoring in accordance with the implementing rules to be issued subsequently.

SEC. 21. Rules of Practice. – All concerned government agencies shall issue the appropriate rules of procedure to serve as guideline for administrative legal proceedings. The Rules of Court shall apply in a suppletory manner.

SEC. 22. Fees. – All concerned government agencies shall have the authority to prescribe and collect fees and charges relating to the issuance or review of permits, and the supervision and regulation of the PDNGI.

CHAPTER V
FRANCHISE REQUIREMENT

SEC. 23. Transmission and Distribution Pipeline and Related Facility as Public Utility. – Operators of transmission and distribution pipelines and their related facilities considered as public utility shall be required to obtain a legislative franchise and a Certificate of Public Convenience and Necessity (CPCN) from the ERC.

Operators of virtual pipelines and their related facilities, which are likewise considered as public utilities, shall no longer be required a legislative franchise. However, such operators shall be required to secure a CPCN from the concerned agency having appropriate jurisdiction over them, in accordance with the provisions of Commonwealth Act. No. 146, otherwise known as the "*Public Service Act*", as amended.

SEC. 24. Philippine Ownership Requirement. – As required under Article XII, Section 11 of the Constitution, no franchise, certificate, or any other form of authorization of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least sixty percent (60%) of whose capital is owned by such citizens.

SEC. 25. LNG Terminals Not a Public Utility. – The operation of an LNG terminal shall not be considered as a public utility operation. Hence, it shall be exempted from securing a legislative franchise and a Certificate of Public Convenience and Necessity.

CHAPTER VI
THIRD-PARTY ACCESS

SEC. 26. Third-party Access (TPA) Obligation. – Available and uncommitted excess capacity of an LNG terminal, transmission and distribution pipelines and related facilities shall be made accessible to third-party users. The ERC shall, in coordination with the DOE and in consultation with the PDNGI participants, ensure the full implementation of the TPA and shall issue the TPA Code within one (1) year from the effectivity of this Act.

The DOE is hereby authorized to synchronize activities to optimize and stabilize the utilization of existing infrastructure for the extraction, storage, and delivery of natural gas, such as the Malampaya natural gas facilities, which shall be subject to the third-party access provision in order to integrate the same with the PDNGI.

SEC. 27. Available Capacity. – A TPA shall apply only to the available and uncommitted excess capacity of LNG terminal, transmission or distribution pipelines and their related facilities, but excluding those constructed and operated under a dedicated use agreement or for own use. The operators thereof shall conduct an open and sufficient consultation process with both existing and potential third-party users to discuss the available capacity and other available services.

To ensure safe and reliable operation, the operator shall determine, subject to the review and recommendation by the DOE, the available and uncommitted excess capacity of the natural gas facilities offered to third parties. The operator shall likewise allocate such excess capacity based on the following criteria as they pertain to the third-party user:

- (a) Proposed contract price and terms;
- (b) Credit-worthiness;
- (c) Availability of a functioning off-take facility;
- (d) Ability to meet fuel specification parameters of the LNG facility; and

- (e) Other relevant factors that may directly affect the allocation.

Non-availment by any third-party user of the excess capacity so allocated and offered shall not be a ground for the denial or cancellation of any permit under this Act.

SEC. 28. Third-party Access (TPA) Principles. – Adherence to the principles of transparency, fair competition, and safe practices is the key to the beneficial participation of third-party users. In line with this, the following guiding principles shall be observed:

- (a) Competition in the downstream natural gas industry must be encouraged because it promotes efficiency and lowers costs and prices to the benefit of end-users;
- (b) Investments in natural gas supply and infrastructure from both local and foreign sources, which are otherwise prevented by actions of incumbent monopolistic companies shall be earnestly pursued and supported;
- (c) Benefits to be derived from the diverse and sustainable use of natural gas make it an ideal tool of development;
- (d) Participation of third parties in the downstream natural gas industry shall be anchored on safe and measurable standards of service and practice;
- (e) Open and sufficient consultation between permit holders or facility operators on the available and excess capacity of natural gas is essential in the formulation of supply agreements between permit holders or facility operators and third-party users;
- (f) Transparency in business activities shall consistently be observed to spur confidence. Pursuant thereto, permit holders or facility operators shall publish their available and uncommitted excess capacity, access terms, and conditions, and allow the review and inspection of their facilities and records to verify the same.

SEC. 29. Congestion Management. – Whenever the holder of a capacity is no longer able to use or has not released the capacity without justifiable reason, the

permit holder or the operator of the facility shall have the authority to release and market the same. The procedure and criteria of the release shall be part of the TPA Code. The government agency which shall have an oversight function on this matter shall be designated in the TPA Code.

SEC. 30. Approved Access Conditions and TPA Contracts. – Prior to the conduct of negotiations with third parties, the permit holder or the facility operator shall request the DOE for the review and recommendation of its access conditions in accordance with the TPA Code. All subsequent access contracts shall be reviewed and approved by the DOE.

SEC 31. Infrastructure Development Period. – To develop the TPA, the TPA Code shall provide an infrastructure development period and the TPA shall become obligatory only against the permit holder or facility operator if it can be demonstrated that there is already sufficient demand necessary to justify the investment and sustain the additional operational requirement. For this purpose, the DOE shall review and attest to the validity of supply and demand outlook for natural gas.

CHAPTER VII

STANDARDS ON FACILITIES, PRODUCT AND SAFETY PRACTICE

SEC. 32. Standards on LNG Ships and LNG Facility. – All PDNGI facilities shall be predicated to be of high quality and efficient service, observe stringent safety systems, accord attention to design details and structural integrity and employ operational and maintenance best practices. Regulations shall be consistent with both applicable Philippine and internationally-accepted natural gas industry standards. The DOE shall ensure compliance with this requirement.

SEC. 33. Standards on Product Quality. – The permit holder or operator shall maintain the quality of gas supply to end-users in accordance with the Philippine and internationally accepted standards and ensure that delivery of indigenous or

imported LNG comply with the purification requirements to ensure that associated compounds that are unnecessary or damaging to the LNG regasification facility and other related natural gas facilities used for storage, distribution and transportation of natural gas supply are eliminated. The DOE shall ensure compliance with this requirement.

SEC. 34. **Standards on Safety Practice.** – The permit holder or operator shall implement an acceptable health, safety, security and environment management system in accordance with applicable Philippine and internationally accepted standards. The DOE shall ensure compliance with this requirement.

CHAPTER VIII

RESPONSIBILITIES OF THE PERMIT HOLDER OR OPERATOR

SEC. 35. **Responsibilities of the Permit Holder or Operator.** – A permit holder or operator shall have the following responsibilities:

- (a) Align all its goals and objectives to the accomplishment of the declared policies of this Act;
- (b) Be directly responsible for the construction and operation of LNG facilities by providing the necessary services, technology and financing, either by itself or through its duly authorized subcontractors, without entitlement from the Philippine government to any reimbursement of any expense incurred;
- (c) Comply with applicable Philippine laws and regulations relating to tax, labor and employment, health, safety, indigenous people's rights, environmental protection and ecological preservation;
- (d) Comply with the regulatory obligations, maintenance of complete records and submission of all reportorial requirements and other documents as may be required by the DOE, ERC and other government agencies pursuant to this Act and its implementing rules;

- (e) Implement the natural gas project strictly adhering to the scope and limits of the permit and operate in accordance with Philippine and international standards;
- (f) Allow and facilitate, based on a valid order, the entry to the facility of the examiners of the Bureau of Internal Revenue and the Bureau of Customs and allow them full access to accounts, books, and records for tax and other fiscal purposes;
- (g) Allow, based on a valid order, the entry of personnel of the DOE, ERC, PIA-HSSE IMT and other government agencies to the facility and grant them full access to operational records for inspection and monitoring activities;
- (h) Give preference to qualified local talents for hiring and local companies or agencies in entering into subcontracts on projects or services, which are required in the construction or operation of the LNG facility;
- (i) Hold the DOE, ERC, PIA-HSSE IMT and other government agencies or other affected individuals free from all claims, demands or actions arising out of its failure to comply with laws, regulations, standards, contracts, and permits in connection with accidents, damages, or injuries which are beyond their control; and
- (j) Observe in the regular operational meeting of the DNG-REC and in the development, issuance and review of plans, protocols, standards and codes applicable to the natural gas project.

CHAPTER IX INCENTIVES

SEC. 36. Fiscal Incentives. – In recognition of the substantial investments needed for the construction of, operation and maintenance of, and conversion to natural gas facilities, the PDNGI value chain projects, as certified by the DOE, shall be included in the Strategic Investment Priorities Plan (SIPP) for the next ten (10) years from the effectivity of this Act. Entities engaged in said projects that are duly registered by any Investment Promotion Agency (IPA) shall be entitled to all the incentives under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, as amended.

The sale of natural gas to locators inside the ecozone shall be subject to zero percent (0%) Value-Added Tax (VAT), pursuant to the National Internal Revenue Code of 1997, as amended.

SEC. 37. Streamlined Regulatory Process. – The operation of LNG terminals, natural gas transmission systems, natural gas distribution systems, own-use LNG terminals, own-use natural gas transmission systems, and own-use natural gas distribution systems shall be considered as energy projects of national significance (EPNS) whose implementation shall not be subject to unnecessary administrative processing delays pursuant to Executive Order No. 30, series of 2017. To be considered an EPNS, a project has to be endorsed by the DOE.

SEC. 38. Withdrawal of Exemptions. – To achieve the declared policies of this Act, particularly in relation to the promotion of fair and non-discriminatory treatment of public and private sector entities in the development of the PDNGI infrastructure, all existing tax exemptions applicable to persons engaged in the transmission or the distribution of natural gas, insofar as such exemptions relate to revenues derived from the transmission or the distribution of natural gas, shall be deemed revoked upon the effectivity of this Act, any law to the contrary notwithstanding.

CHAPTER X PROMOTION OF COMPETITION

SEC. 39. Anti-Competitive Behavior. – No gas transmission utility, gas distribution utility or supplier, or affiliate thereof, may engage in any anti-competitive behavior or abuse of market power, specifically the prohibition against monopolies and combinations in restraint of trade under Article 186 of the Revised Penal Code and Chapter III of the Philippine Competition Act.

SEC. 40. Functional and Structural Unbundling. – All PDNGI participants shall functionally and structurally unbundle their business activities and rates in

accordance with the particular sector. The ERC shall, within nine (9) months from the effectivity of this Act, promulgate the unbundling rules and regulations.

SEC. 41. Complaint and Investigation Procedures. – The ERC shall, within nine (9) months AFTER the effectivity of this Act, promulgate rules and regulations providing for a complaint and investigation procedure that shall, without limitation, provide the party alleged to have engaged in anti-competitive or abusive activities with notice and an opportunity to be heard.

SEC. 42. Affiliated Suppliers. – In order to prevent anti-competitive conduct, service contractors, gas transmission utilities and gas distribution utilities that own or control affiliates that are suppliers shall conduct their businesses, as follows:

- (a) No preference shall be given to the affiliate supplier over other persons in contracting, scheduling and balancing of available capacity, as well as curtailment, or the imposition of tariffs;
- (b) Marketing information provided to the affiliate supplier shall be provided to any non-affiliated supplier that is a competitor or potential competitor;
- (c) Employees of the affiliate supplier shall, to the maximum extent possible, function independently in making business decisions; and
- (d) Books of accounts and records of the affiliate supplier shall be maintained separately.

CHAPTER XI

FINES AND PENALTIES

SEC. 43. Administrative Fines and Penalties. - The following administrative fines and penalties shall be imposed on any industry participant who violates the provisions of this Act:

(a) The permit issued by the DOE under Chapter IV, Section 12 of this Act, may be suspended or revoked and the DOE shall impose upon the operator a fine of Fifty thousand pesos (Php50,000.00) per violation of any provision under Chapter VIII, Section 35 of this Act, without prejudice to other appropriate administrative fines and penalties that other relevant government agencies may impose on the operator: *Provided*, That the schedule of fines provided for in this Section shall be increased by the DOE every five (5) years.

(b) The permit issued by the DOE under Chapter IV, Section 12, may be suspended or revoked upon the recommendation by the ERC and the operator may be charged by the ERC a fine of Five hundred thousand pesos (Php500,000.00) per violation of any provision under Chapter IV, Section 13 of this Act. This is without prejudice to other appropriate administrative fines and penalties that other relevant government agencies may impose against the operator.

(c) Congress may, upon the recommendation of the DOE, ERC or other government agencies, as the case may be, revoke such franchise or privilege granted to the party found in violation of the provisions of this Act.

SEC. 44. Criminal Fines and Penalties. – Appropriate fines and penalties under existing penal laws shall apply to any criminal violation associated in the implementation of this Act.

CHAPTER XII TRANSITORY PROVISIONS

SEC. 45. Existing Systems. – Natural gas facilities that have been constructed prior to the effectivity of this Act shall continue to be operated under their existing permits and shall comply with additional requirements as may be applicable.

Suppliers who have entered into an NGSPA with end-users and have delivered indigenous or imported natural gas prior to the effectivity of this Act shall continue to operate under the said contracts, subject to compliance with the additional requirements in this Act.

SEC. 46. **Pending Application.** – All applications on any activity in the natural gas value chain pending before the DOE upon the effectivity hereof shall be covered by this Act.

CHAPTER XIII FINAL PROVISIONS

SEC. 47. **Assignment or Transfer of Interest.** – Assignment or transfer of interest of the permit shall be allowed only upon prior written approval by the DOE based on acceptable reasons and compliance by the operator, the assumption by the assignee of all obligations of the former permit holder, and upon meeting the minimum legal, technical, and financial qualifications of the transferee.

SEC. 48. **Consultation and Arbitration.** – All parties shall make their best efforts to amicably settle any dispute arising from the performance or interpretation of any provision of this Act.

SEC. 49. **Joint Congressional Energy Commission.** - Upon the effectivity of this Act, the oversight function shall be exercised by the Joint Congressional Energy Commission (JCEC), as provided for by law.

The said Oversight Commission shall, in aid of legislation, perform the following functions:

(a) Set the guidelines and overall framework to monitor the proper implementation of this Act;

- (b) Look into the appropriateness of creating a single independent regulatory body when the conditions prevailing so require;
- (c) Conduct a periodic review of this Act at least once every three (3) years;
- (d) Determine inherent weaknesses in the law and recommend necessary remedial administrative or legislative measures;
- (e) Approve the budget for the programs of the said Oversight Commission and all disbursements therefrom;
- (f) Submit periodic reports to the President of the Philippines and Congress; and
- (g) Perform such other powers and functions as may be necessary to attain its objectives.

The JCEC shall be assisted by a secretariat to be composed of personnel who may be seconded from the Senate and the House of Representatives and may retain consultants who possess sufficient background and competence on policies and issues relating to the downstream natural gas industry.

SEC. 50. Appropriations. – The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 51. Implementing Rules and Regulations. – The DOE shall, in consultation with the ERC, relevant government agencies such as the DENR, DOH, Department of Transportation (DOTr), Philippine Ports Authority (PPA), DTI and Department of Finance (DOF), the PDNGI participants, non-governmental organizations and end-users, promulgate rules and regulations for the effective implementation of this Act within twelve (12) months AFTER the effectivity of this Act.

SEC. 52. Separability Clause. – If for any reason, any provision of this Act is declared unconstitutional or invalid, the other parts or provisions hereof, which are not affected thereby, shall continue to be in full force and effect.

SEC. 53. **Repealing Clause.** – Any law, presidential decree or issuance, executive order, letter of instruction, rule or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

SEC. 54. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,