



MEMORANDUM

FOR : **The Directors**
Legal Affairs Service
Policy and Planning Service
Climate Change Service

The Bureau Directors
Environmental Management Bureau
Biodiversity Management Bureau
Land Management Bureau
Ecosystems Research and Development Bureau

The Officer-In-Charge
Mines and Geosciences Bureau

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO THE 4th TECHNICAL WORKING GROUP (TWG) MEETING AND REQUEST FOR COMMENTS RE: DRAFT SUBSTITUTE BILL ON THE NATURAL GAS INDUSTRY FROM THE COMMITTEE ON ENERGY OF THE HOUSE OF REPRESENTATIVES**

DATE : 16 May 2023

The Committee on Energy of the House of Representatives will conduct a face-to-face meeting on **May 18, 2023 (Thursday) at 9:30 A.M. at Speaker Andaya Hall, 2/F (South), Main Building** House of Representatives for the 4th Technical Working Group (TWG) deliberation on the Downstream Natural Gas Industry measures (HBs 17, 29, 173, 3015, 4097, 4267, 4615, 5811, 6235, 6247 and 7329). A Working Draft Substitute Bill was created consolidating the Natural Gas Industry measures.

In this regard, may we **request your comments and recommendations** on the working draft Substitute Bill as of 12 May 2023. Kindly submit it **on or before May 17, 2023, at 5 PM** through email at denrilo@denr.gov.ph in preparation for the TWG meeting. Further, kindly inform us of the name/s of the representative/s from your office who will participate in the meeting so we may include him/her/them as resource person/s.

Attached herewith are the Invitation letter, Agenda, and Working Draft Substitute Bill as of 12 May 2023 for your reference. The copies of the Natural Gas Industry measures and the presentation of the DOE on the Downstream Natural Gas Industry could be accessed through this link <https://bit.ly/3WYl6T0>.

Your attendance is highly encouraged.

ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs



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

COMMITTEE ON ENERGY

INVITATION TO THE TECHNICAL WORKING GROUP MEETING

May 15, 2023

To the TWG participants

Sir/Madam,

Please be informed that the Committee on Energy will hold a Technical Working Group (TWG) meeting on the date, time and venue indicated hereunder:

DATE/TIME/VENUE	May 18, 2023 (Thursday) 9:30 A.M. Speaker Andaya Hall, 2/F (South), Main Building
AGENDA	➤ 4 th TWG deliberation on the Downstream Natural Gas Industry measures (HBs 17, 29, 173, 3015, 4097, 4267, 4615, 5811, 6235, 6247 and 7329)

Attached are the Agenda, draft substitute bill and the TWG Highlights dated May 09, 2023, for your reference.

Your active participation on the said TWG meeting is highly appreciated.

The Committee Secretariat appreciates your confirmation of attendance **on or before May 17, 2023**, 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 attendee/s.

In compliance to the House Protocol for visitors, may we request for a photo of Antigen test result, if already have (24 hours prior to the date and time of visit). If attendee/s does not have an Antigen test result yet, please inform the Committee. We will request and submit to the Office of the Secretary General the list of those who will avail of the free antigen test.

Attached is the HDF for your perusal. Attached also is the Visitor Pass Form (<https://forms.gle/XnQzkogTxH7BVvNr9>) to be filled-up by your attendee/s and to be sent back to the Committee at least two (2) days prior to the scheduled Committee hearing.

Thank you very much.

Very truly yours,

RODANTE D. MARCOLETA
TWG Chairperson

For the TWG Chairperson:


MELANIE T. AÑAIN
Committee Secretary



COMMITTEE ON ENERGY

TECHNICAL WORKING GROUP MEETING

May 18, 2023 (Thursday), 9:30 A.M.

Speaker Andaya Hall, 2/F (South), Main Building

A G E N D A

- I. Call to Order/Roll Call
- II. Remarks of TWG Chairperson Rodante D. Marcoleta
- III. Acknowledgement of TWG Members and Participants
- IV. 4th TWG deliberation on the Downstream Natural Gas Industry measures (HBs 17, 29, 173, 3015, 4097, 4267, 4615, 5811, 6235, 6247 and 7329)
- V. Other Matters
- VI. 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 Transportation (DOTR)
8. Department of the Interior and Local Government (DILG)
9. National Economic and Development Authority (NEDA)
10. Philippine Coast Guard (PCG)
11. Energy Regulatory Commission (ERC)
12. Philippine National Oil Company (PNOC)
13. PNOC - Exploration Corporation (PNOC–EC)
14. Philippine Competition Commission (PCC)
15. Philippine Independent Power Producers Association (PIPPA)
16. Shell Philippines
17. First Gen Corporation
18. Energy World Corporation (EWC)
19. San Miguel Global Power Holdings Corporation (SMGP)
20. Center for Energy, Ecology and Development (CEED)



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:
Email Address:		Cellphone Number:
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"/> sore eyes <input type="checkbox"/> nausea or vomiting <input type="checkbox"/> diarrhea <input type="checkbox"/> cutaneous (skin) manifestation /lesion especially in children <input type="checkbox"/> neurological manifestations like new confusion, impaired level of consciousness, or stroke-like symptoms <input type="checkbox"/> others _____		
<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> 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"/> No		Within the past 14 days, have you taken any test to detect if you have COVID-19? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If Yes, please specify the kind of test and the result:</i>
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

Declaration and Data Privacy Consent Form:

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 voluntarily and freely consent to the collection and sharing of the above personal information only in relation to the HRep COVID-19 internal protocols.

 Name and Signature

 Date

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



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

PAUNAWA: Ang House of Representatives (HRep) ay istrikong nagpapatupad ng "NO-FACE-MASK-AND-FACE-SHIELD, NO-ENTRY" bilang polisiya. Panatilihing 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:
Numero ng Cellphone:		
Email Address:	Lugar ng Trabaho:	
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 Ospital? <input type="checkbox"/> 'Oo', <i>tukuyin:</i> <input type="checkbox"/> Hindi		
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> <input type="checkbox"/> 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', <i>tukuyin:</i> <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. Nauunawaan 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 alituntunin.</p>		
Pangalan at Pirma		Petsa
Pinapaunawa na ang impormasyong ibinigay sa itaas ay gagamitin lamang ayon sa HRep COVID-19 panloob na alituntunin, 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

NINETEENTH CONGRESS
First Regular Session

House Bill No. _____

Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Jude A. Acidre, Wilter Y. Palma, Jurdin Jesus M. Romualdo, Harris Christopher M. Ongchuan, Maria Carmen S. Zamora, Shernee A. Tan-Tambut, Noel "Bong" N. Rivera, Jonathan Keith T. Flores, Ralph G. Recto, Carl Nicolas C. Cari, Emigdio P. Tanjuatco III, Francisco Paolo P. Ortega V, Ramon Jolo B. Revilla III, Antonio "Tonypet" T. Albano, John Tracy F. Cagas, Edwin L. Olivarez, Divina Grace C. Yu, Faustino "Inno" A. Dy V, Jeyzel Victoria C. Yu, David "Jay-Jay" C. Suarez, Ma. Rene Ann Lourdes G. Matibag, Ching B. Bernos, Rachel Marguerite B. Del Mar, Julianne "Jam" Baronda, Mary Mitzi L. Cajayon-Uy, Keith Micah "Atty. Mike" D.L. Tan, Josephine Veronique "Jaye" R. Lacson-Noel, Dan S. Fernandez, Princess Rihan M. Sakaluran, Kristine Singson-Meehan, Joseph Gilbert F. Violago, Gloria Macapagal-Arroyo, Ferdinand Alexander A. Marcos, Jose "Joboy" S. Aquino II, Albert S. Garcia, Roberto V. Puno, Brian Raymund S. Yamsuan, Wilfrido Mark M. Enverga, Michael John R. Duavit, Tobias "Toby" M. Tiangco, Raymond Democrito C. Mendoza, Aniela Bianca D. Tolentino, Greg G. Gasataya, Isidro T. Ungab, Luis N. Campos, Jr., Jose Arturo S. Garcia, Sr., Sonny "SI" L. Lagon, Daphne A. Lagon, Carmelo "Jon" B. Lazatin II, Mercedes K. Alvarez, Horacio P. Suansing, Jr., Marissa "Del Mar" P. Magsino, Jose Manuel F. Alba, Carlo S. Marquez, Augustina Dominique "Ditse Tina" C. Pancho, Robert Raymund M. Estrella, Dante S. Garcia, Joseph S. Tan, Josefina B. Tallado, Romulo "Kid" Peña, Jr., Fernando T. Cabredo, Marlyn "Len" B. Alonte, Joseph "Jojo" L. Lara, Maria Jamina Katherine B. Agarao, Faustino Michael Carlos T. Dy III, Angelo Marcos Barba, Mark O. Go, Emerson D. Pascual, Celso G. Regencia, Linabelle Ruth R. Villarica, Johnny T. Pimentel, Francisco "Kiko" B. Benitez, Marlyn L. Primicias-Agabas, Joey Sarte Salceda, Luisa Lloren Cuaresma, Claudine Diana D. Bautista-Lim, Michael M. Mordem, Gerardo "Gerryboy" J. Espina Jr., Yasser Alonto Balindong, Ma. Lucille L. Nava, Glona G. Labadlabad, Ruwel Peter Gonzaga, Edwin L. Gardiola, Jose Gay G. Padiernos, Mikaela Angela B. Suansing, Reynante U. Arrogancia, Alfelito "Alfel" M. Bascug, Ivan Howard A. Guintu, Loreto S. Amante, Danny A. Domingo, Ambrosio C. Cruz, Jr., Ysabel Maria J. Zamora, Vincent J. Garcia, Robert Ace S. Barbers, Eleandro Jesus F. Madrona, Camille A. Villar, Zaldy "Jecoy" S. Villa, Ramon N. Guico, Jr., Francisco Jose "Bingo" F. Matugas, CPA, CESO, LLB, Antonieta R. Eudela, Jocelyn Sy Limkaichong, Amparo Maria J. Zamora, Jaime R. Fresnedi, Richelle Singson, Miguel Luis R. Villafuerte, Alfredo D. Marañon III, Edsel A. Galeos, Rolando M. Valeriano, Alan I B. Ecleo, Maria Theresa V. Collantes, Laarni Lavin Roque, Eleanor C. Bulut-Begtang, Anthony Rolando T. Golez, Jr., Dean Asistio, Olga "Ara" T. Kho, Ricardo T. Kho, Luz V. Mercado, Edward Vera Perez Maceda, Janice Z. Salimbangon, Anna Victoria Veloso-Tuazon, Cheeno Miguel D. Almario, Jocelyn P. Tulfo, Romeo S. Momo Sr., Arnan C. Panaligan, Christopher V.P. De Venecia, Irwin C. Tieng, Jernie Jett V. Nisay, Allen Jesse C. Mangaoang, Angelica Natasha Co, Roy M. Loyola, Christian C. Unabia, Drixie Mae S. Cardema, Patrick Michael D. Vargas, Geraldine B. Roman, Sittie Aminah Q. Dimaporo, Lani Mercado-Revilla, Sergio C. Dagooc, Bryan B. Revilla, Ma. Alana Samantha T. Santos, Zia Alonto Adiong, Jorge "PATROL" Bustos, Jose Maria R. Zubiri, Jr., Marcelino C. Libanan, JC Abalos, Raul "Boboy" C. Tupas, Rodolfo "Ompong" M. Ordanes, Ruth Mariano-Hernandez, Ernesto M. Dionisio, Jr., Vincent Franco

"Duke" D. Frasco, Maria Rachel J. Arenas, Arnie B. Fuentesbella, Steve Chiongbian Solon, Edgar M. Chatto, Elpidio F. Barzaga, Jr., Gerville "Jinky Bitrics" R. Luistro, Oscar G. Malapitan, Bai Dimple I. Mastura, Maria Angela S. Garcia, Peter John D. Calderon, Rommel Rico T. Angara, Eulogio R. Rodriguez, Ralph Wendell P. Tulfo, Sancho Fernando "Ando" F. Oaminal, Tsuyoshi Anthony G. Horibata, Ciriaco B. Gato, Jr., Joel R. Chua, Munir N. Arbison, Jr., Joselito "Joel" S. Sacdalan, Alan "Aldu" R. Dujali, Doris E. Maniquiz, Romeo M. Acop, Ramon Rodrigo L. Gutierrez, Emilio Bernardino L. Yulo, Antonio A. Ferrer, Isidro D. Lumayag, Bernadette "BH" Herrera, Christopherson "Coco" M. Yap, Emmarie "Lolypop" Ouano-Dizon, Eddiebong G. Plaza, Peter B. Miguel, Irene Gay F. Saulog, Yevgeny Vincente B. Emano, Ed Christopher S. Go, Mario Vittorio "Marvey" A. Mariño, Lianda B. Bolilia, Eric R. Buhain OLY, Ricardo S. Cruz, Jr., Rudy S. Caoagdan, DPA, Michael B. Gorriceta, Jason P. Almonte, Khymer Adan T. Olaso, Arthur F. Celeste, Teodorico T. Haresco, Jr., Reynolds Michael T. Tan, Kristine Alexei B. Tutor, Lolita T. Javier, Rhea Mae A. Gullas, Maximo Y. Dalog, Jr., Stephen James T. Tan, Lorenz R. Defensor, Juan Fidel Felipe F. Nograles, Virgilio S. Lacson, Nelson L. Dayanghirang, Ian Paul L. Dy, Charisse Anne C. Hernandez, Crispin Diego "Ping" Remulla, Adrian Jay C. Advincola, Maria Fe R. Abunda, Nicanor M. Briones, Dimszar M. Sali, Bonifacio L. Bosita, Manuel T. Sagarbarria, Loreto B. Acharon, Solomon R. Chungalao, Gerardo P. Valmayor, Jr., Antono B. Legarda, Jr., Pablo John F. Garcia, James "Jojo" A. Ang, Jr., Baby Aline Vargas-Alfonso, Anna Marie Villaraza-Surez, Maria Vanessa C. Aumentado, Marvin D. Rillo, Jane T. Castro, Caroline L. Tanchay, Eduardo Roa Rama, Jr., Marjorie Ann A. Teodoro, Claude Bautista, Rosemarie Conejos Panotes, Janette L. Garin, Wilton "Tonton" T. Kho, Antonino G. Calixto, Jose C. Alvarez, Mohammed Khalid Q. Dimaporo, Edward S. Hagedorn, Eric M. Martinez, Milagros Aquino-Magsaysay, Marie Bernadette G. Escudero, Presley C. de Jesus, Ma. Cynthia K. Chan, Christian Tell A. Yap, Juliet Marie de Leon Ferrer, Roman T. Romulo, Eric Go Yap, Leody "Odie" F. Tarriela, Samier A. Tan, Mark O. Cojuangco, Felimon M. Espares, Ray T. Reyes, Adrian Michael A. Amatong, Edgardo Salvame, Lex Anthony Cris A. Colada, Edvic G. Yap, Ferjenel G. Biron, Samuel S. Verzosa, Jr., Allan U Ty, Lorna C. Silverio, Gus S. Tambunting, Juan Carlos "Arjo" C. Atayde, Mohamad P. Paglas, Wilbert T. Lee, Jaime D. Cojuangco, Reynaldo S. Tamayo, Rosanna "Ria" V. Vergara, Ronald V. Singson, Rudys Caesar G. Fariñas I, Neptali M. Gonzales II, Florencio Gabriel "Bem" G. Noel, Paul Ruiz Daza, Michael L. Romero, Ph.D., Anna York P. Bondoc, Emmanuel "Tawi" Billiones, Rodante D. Marcoleta, Pantaleon D. Alvarez, Paolo Z. Duterte, Jeffrey Soriano and 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

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

1 Downstream Natural Gas Industry (PDNGI) for the benefit of all segments of the nation's
2 population and all sectors of its economy;

3 (b) Promote natural gas as the energy fuel, which has tremendous potential to meet the
4 increasing local demand for fuel, and the development of the Philippines as a Liquefied
5 Natural Gas (LNG) trading and transshipment hub within the Asia-Pacific Region. In all
6 cases, the State shall ensure the safe, secure, reliable, transparent, competitive and
7 environmentally responsible operation of the PDNGI value chain;

8 (c) Provide a conducive industry environment through the issuance of regulatory policies
9 based on the Philippine Downstream Natural Gas Industry Regulations (PDNGR), the
10 localized codes and standards for products, facilities and its operations based on the
11 Philippine National Standards (PNS), and plans and programs geared towards the
12 promotion and development of the PDNGI;

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

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

18 (f) Promote the role of natural gas as an additional energy source and complementary
19 fuel to variable renewable energy by creating a legal and regulatory framework that would
20 govern the promotion and development of the natural gas industry in the country;

21 (g) Ensure compliance with the PDNGI standards on health, safety, security, and
22 environment (HSSE) standards and best practices under a system of safe, secure, high-
23 quality, environmentally responsible operation and services that afford protection to
24 consumers;

25 (h) Encourage the inflow of private capital through equity participation by the private
26 sector in the PDNGI value chain including gas transmission and distribution utilities;

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

32 (j) Develop the necessary trades, technical expertise and skills to support the PDNGI;
33 and

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

37 **SEC. 3. Scope.** – This Act shall provide a framework for the development of the PDNGI
38 and its transition from emerging industry into mature industry status within a competitive

1 natural gas market, and define the responsibilities of various government agencies and
2 private entities in furtherance of this national goal.

3 It shall likewise apply to the permitting, securing of location, construction, operation,
4 improvement, expansion, modification, maintenance, repair, rehabilitation,
5 decommissioning and abandonment of downstream natural gas facilities.

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

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

10 (a) *Affiliates* refer to the corporate relationships of two or more persons, one of whom
11 either owns or controls or is being controlled by other persons. As used herein, “control”
12 shall mean the power to direct or cause the direction of management policies as an
13 inherent part of decision-making power;

14 (b) *Anti-Competitive Behavior* refers to the practices and agreements in violation of the
15 provisions of Republic Act No. 10667, otherwise known as the “*Philippine Competition Act*”;

16 (c) *Bunkering* refers to the activity of selling of natural gas for use of domestic or foreign
17 marine vessels by a participant known as bunker trader;

18 (d) *Capacity* refers to the handling design of a system used in the context of its
19 functionality and expressed in a specific measurement such as volume or flow per time
20 unit or designated measurement unit;

21 (e) *Conventional Transportation System* refers to a network of fixed facilities made up,
22 among others, of wellheads, compressor stations, pipelines, and metering for the purpose
23 of delivering natural gas. this includes both the downstream natural gas transmission and
24 distribution systems;

25 (f) *Delivery* refers to the transmission or distribution of natural gas and the supply of
26 natural gas at wholesale or retail;

27 (g) *Distribution* refers to the transportation of Natural Gas through a Downstream
28 Natural Gas Distribution System;

29 (h) *End-user* refers to any person that will receive delivery of natural gas for resale or
30 final use;

31 (i) *Franchise* refers to the right, privilege and authority issued by Congress authorizing
32 a person to engage in the transmission of natural gas or distribution of natural gas within
33 a specific geographical area;

34 (j) *Importation* refers to the act of bringing LNG into the Philippines;

35 (k) *Liquefied natural gas or LNG* refers to natural gas which has been liquefied by cooling
36 at a cryogenic temperature;

37 (l) *LNG Storage and Regasification Terminal* refers to all component facilities used to
38 receive, unload, load, store, regasify LNG. it shall include, among others, jetty and

1 unloading/loading arms, cryogenic pipelines, storage tanks, boil-off gas compressors and
2 condensers, vaporizers, control facilities, metering and other relevant components;

3 (m) *Natural gas* refers to gas obtained from boreholes and wells consisting primarily of
4 a mixture of methane, ethane, propane and butane with small amounts of heavier
5 hydrocarbons and some impurities, consistent with the Philippine National Standards
6 (PNS) or the standards developed by the International Organization for Standardization
7 (ISO);

8 (n) *Natural Gas Distribution System Utility Operator or NGDSUO* refers to any person
9 engaged in the operation of a PDNGDS providing services for general public use;

10 (o) *Natural Gas Sales and Purchase Agreement or NGSPA* refers to any contract or
11 agreement for the delivery and sale of indigenous or imported natural gas by and between
12 sellers, suppliers, buyers and end-users;

13 (p) *Natural Gas Transmission System Utility Operator or NGTSUO* refers to any person
14 engaged in the operation of a PDNGTS providing services for general public use;

15 (q) *Non-Conventional Transportation System* refers to any alternative methods of
16 transporting natural gas using alternative facilities such as transportation land vehicles
17 or sea vessels with or without on-site modular regasification units.

18 (r) *Own-use permit* refers to an authorization granted by the DOE to a permit holder or
19 operator for the exclusive use by the operator or its affiliates in the operation of its natural
20 gas facility not connected to a natural gas distribution system or natural gas transmission
21 system. Facilities subject of own use permits shall not be covered by third party access
22 provisions under Chapter IV of this Act;

23 (s) *Participant* refers to a natural or juridical person who engages in any of the activities,
24 operation and management of Downstream Natural Gas Industry. A Participant may refer
25 to a Supplier, Bunker Trader, Regasification Operator, Transmission System Utility
26 Operator, Distribution System Utility Operator, own-user and an end-user;

27 (t) *Permit* refers to an authorization issued by the DOE for the importation, construction,
28 commercial operation and maintenance of natural gas facilities;

29 (u) *Permit holder or operator* refers to a natural or juridical person who is granted a
30 permit by the DOE to engage in the importation, construction, commercial operation and
31 maintenance of natural gas facilities;

32 (v) *Philippine Downstream Natural Gas Development Plan or PDNGDP* refers to the
33 comprehensive plan for ensuring safe, secure, and reliable supply of natural gas and
34 establishing the efficient operations of the country's downstream natural gas
35 infrastructure and proper management of natural gas demand through appropriate
36 government programs and policies. It shall include the various LNG supply plan, LNG
37 storage and regasification terminal development plans, downstream natural gas

1 transmission and distribution development plans. This plan shall be incorporated to the
2 PEP;

3 (w) *Philippine Downstream Natural Gas Distribution Code or PDNGDC* refers to the code
4 formulated by the DOE which shall set the technical performance standards for operating
5 a conventional distribution system and the minimum financial standards for such service;

6 (x) *Philippine Downstream Natural Gas Distribution Development Plan or PDNGDDP* refers
7 to a comprehensive plan prepared and submitted to the DOE by owner or operator of all
8 existing, committed, and indicative conventional and virtual distribution system whether
9 dedicated or utility containing, among others, information on their locations, construction,
10 operation, improvement, expansion, modification, maintenance, repair, or rehabilitation,
11 decommissioning and abandonment, whichever is applicable. The plan shall likewise
12 include all studies, programs and policies for the promotion and development of the
13 distribution sector;

14 (y) *Philippine Downstream Natural Gas Distribution System or PDNGDS* refers to a
15 Conventional and Virtual Transportation System extending from the delivery points where
16 the gas distribution system receives the natural gas to the point of connection in the
17 premises of the end-user;

18 (z) *Philippine Downstream Natural Gas Industry or PDNGI* refers to all activities or
19 facilities provided in Section 12 as carried out, owned, constructed, operated and
20 maintained by industry participants and used by end-users pertaining to natural gas
21 supply for bunkering or domestic storage and regasification, transmission, distribution,
22 and use. It shall likewise refer to the operation and management of all downstream natural
23 gas facilities which include, among others, LNG carrier and support ships, LNG Storage
24 and Regasification Terminals, PDNGTS and PDNGDS and their ancillary components;

25 (aa) *Philippine Downstream Natural Gas Transmission Code or PDNGTC* refers to the code
26 formulated by the DOE which shall set the technical performance standards for operating
27 a conventional transmission system and the minimum financial standards for such
28 service;

29 (bb) *Philippine Downstream Natural Gas Transmission Development Plan or PDNGTDP*
30 refers to a comprehensive plan prepared and submitted to the DOE by owner or operator
31 of all existing, committed, and indicative conventional and virtual transmission system
32 whether dedicated or utility containing, among others, information on their locations,
33 construction, operation, improvement, expansion, modification, maintenance, repair, or
34 rehabilitation, decommissioning and abandonment, whichever is applicable. The plan
35 shall likewise include all studies, programs and policies for the promotion and development
36 of the distribution sector;

37 (cc) *Philippine Downstream Natural Gas Transmission System or PDNGTS* refers to a
38 system of conventional pipelines and their ancillary facilities extending from the delivery

1 points where the system receives the natural gas from the indigenous upstream source or
2 from LNG Storage and Regasification Terminal to the point of connection where the
3 PDNGDS receives the gas;

4 (dd) *Philippine Energy Plan or PEP* refers to the overall energy program formulated and
5 updated yearly by the DOE and submitted to Congress pursuant to Republic Act No. 7638,
6 otherwise known as the "Department of Energy Act of 1992", as amended;

7 (ee) *Philippine LNG Storage and Regasification Terminal Code or PLSRTC* refers to the
8 code formulated by the DOE which shall set the technical performance standards for
9 operating an LNG Storage and Regasification Terminal and the minimum financial
10 standards for such service;

11 (ff) *Philippine LNG Storage and Regasification Terminal Development Plan* refers to a
12 comprehensive plan prepared and submitted to the DOE by owner/operator of all existing,
13 committed, and indicative LNG storage and regasification terminal projects containing,
14 among others, information on their locations, construction, operation, improvement,
15 expansion, modification, maintenance, repair, or rehabilitation, decommissioning and
16 abandonment, whichever is applicable. The plan shall likewise include all studies,
17 programs and policies for the promotion and development of the regasification sector;

18 (gg) *Rates* refer to the payment on the utilization of the capacity and use of other services
19 offered by the permit holder or operator of the storage, regasification, transmission and
20 distribution pipeline;

21 (hh) *Supplier* refers to any person engaged and registered with the DOE to trade on
22 indigenous or imported LNG and their subsequent supply to end-users;

23 (ii) *Supply* refers to the trade or sale of indigenous or imported natural gas and their
24 subsequent sale to end-users;

25 (jj) *Third-party access or TPA* refers to a transparent and non-discriminatory access and
26 utilization by a third-party user of the excess capacity of the LNG terminal and its related
27 facilities; and

28 (kk) *Transmission* refers to the transportation of natural gas through a PDNGTS.

29 **CHAPTER II**

30 **POWERS AND RESPONSIBILITIES OF GOVERNMENT AGENCIES**

31 **SEC. 5. Powers and Responsibilities of the DOE.** – In addition to its existing powers and
32 functions, the DOE shall have the overall responsibility of supervising and monitoring the
33 development of the PDNGI. Towards this end, the DOE shall perform the following powers
34 and functions:

35 (a) Prepare the Philippine Downstream Natural Gas Development Plan (PDNGDP),
36 incorporating therein the plans submitted by public and private stakeholders after open
37 discussions and consultations with them, within two (2) years from the effectivity of this
38 Act and reviewed and updated every three (3) years after its adoption;

1 (b) Establish standards on gas quality, facility installation and safety and security of
2 operation, and environmental preservation, in coordination with the Department of Trade
3 and Industry-Bureau of Philippine Standards (DTI-BPS). For this purpose, a Philippine
4 Inter-Agency Technical Committee (PIA-TC) shall be created by the DTI-BPS to be chaired
5 by the DOE and co-chaired by the DTI-BPS. The other permanent members of the PIA-TC
6 shall be comprised of representatives from Maritime Industry Authority (MARINA),
7 Philippine Ports Authority (PPA), Philippine Coast Guard (PCG), Department of
8 Environment and Natural Resources (DENR), Department of Labor and Employment
9 (DOLE), Bureau of Fire Protection (BFP), Department of Health (DOH), PDNGI participants
10 and academe;

11 A Philippine Inter-Agency Health, Safety, Security and Environment Inspection and
12 Monitoring Team (PIA-HSSE IMT) shall likewise be created to monitor and enforce
13 compliance with established standards to be chaired by the DOE and co-chaired by the
14 DENR. The other permanent members of the PIA-TC shall be comprised of representatives
15 from MARINA, PPA, PCG, DENR, DOLE, BFP, DOH, Department of Interior and Local
16 Government (DILG), and Department of Science and Technology (DOST);

17 (c) Evaluate applications and approve permits for the construction, operation,
18 improvement, expansion, modification, maintenance, repair, rehabilitation,
19 decommissioning and abandonment of downstream natural gas facilities. Further,
20 evaluate and approve supplier accreditation. For this purpose, the DOE shall issue the
21 corresponding guideline within six (6) months from the effectivity of the Implementing
22 Rules and Regulations of this Act;

23 (d) Review, suspend or revoke, after due notice and hearing, permits issued in
24 accordance with the preceding paragraphs (c) herein, and Section 13 of this Act after a
25 finding of non-compliance with the provisions of this Act, rules and regulations that shall
26 be issued to implement it, and related issuances;

27 (e) Issue a written approval on the assignment or transfer of interest on any permits
28 issued in accordance with Section 40 of this Act, after finding that the assignee or
29 transferee has met all the legal, technical, and financial qualifications and has committed
30 itself to assume all existing obligations of the permit holder, and such assignment or
31 transfer is in accordance with existing laws, rules, and regulations;

32 (f) Within one (1) year from the effectivity of the Implementing Rules and Regulations of
33 this Act, issue in consultation with other concerned government agencies and the PDNGI
34 participants, the Philippine Downstream Natural Gas Transmission Code (PDNGTC) and
35 Philippine Downstream Natural Gas Distribution Code (PDNGDC), the Philippine LNG
36 Storage and Regasification Terminal Code (PLSRTC), and the TPA Code, which shall
37 contain the standards and best practices on safe, high-quality, environmentally

1 responsible and consumer protected operation and service, competitive practices and
2 reasonable rates of service;

3 (g) Notify the Philippine Competition Commission (PCC) and endorse requests for
4 investigation on any anti-competitive behavior in the conduct of any business under the
5 downstream natural gas industry;

6 (h) Issue directives to qualified government agencies, in their capacities as investing
7 arms, to spearhead the development of the PDNGI value chain as the DOE may deem
8 imperative to catalyze its development within a given timeline;

9 (i) Determine the qualifications and detailed responsibilities of the NGTSUO and
10 NGDSUO pursuant to their responsibilities provided in this Act;

11 (j) Initiate actions against the NGTSUOs or NGDSUOs for failure to comply with the
12 qualifications and detailed responsibilities specified in this Act;

13 (k) Enforce the submission of regular and special reports of all participants regarding,
14 among others, PDNGI activities as defined in this Act, progress reports on infrastructure
15 development, organization, business conduct and practices, natural gas supply-demand
16 procurement and delivery, utilization rate of the downstream natural gas facilities and
17 compliance with HSSE standards. Confidentiality of information shall not be applicable for
18 the compliance of the participants in the submission of the above-mentioned reports;

19 (l) Publish at the DOE website the list of PDNGI participants with status of their projects;

20 (m) In times of national emergency, upon the recommendation of the NEDA and DOE,
21 when the public interest so requires, during the emergency and under reasonable terms,
22 may temporarily take over or direct the operation of any person or entity engaged in the
23 PDNGI for a period of six (6) months unless otherwise extended; and

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

28 **SEC. 6. Powers and Responsibilities of the ERC.** – The powers of the ERC shall be
29 limited to its regulatory function under Chapter IV of Republic Act No. 9136, otherwise
30 known as “*The Electric Power Industry Reform Act of 2001*”, as amended. It shall create
31 offices and appoint personnel thereto as may be necessary to efficiently and effectively
32 perform its functions in regulating power generated from natural gas resources, subject to
33 existing laws, rules and regulations.

34 **Sec. 7. Powers and Responsibilities of the Department of Environment and Natural**
35 **Resources (DENR).** – In addition to its functions under Executive Order No. 192, otherwise
36 known as the “*Reorganization Act of the Department of Environment and Natural*
37 *Resources*”, the DENR shall, together with the DOE and the Philippine Coast Guard (PCG),
38 determine and monitor compliance with the environmental standards for the location,

1 construction, improvement, expansion, operation, rehabilitation, repair, maintenance,
2 decommissioning, and abandonment of LNG terminals, natural gas transmission and
3 distribution systems, and all related equipment and facilities pursuant to the Clean Air Act
4 or Republic Act No. 8749, as amended, National Integrated Protected Areas System (NIPAS)
5 under Republic Act No. 7586, as amended by the Expanded National Integrated Protected
6 Areas System (E-NIPAS) under Republic Act No. 11038, and other existing environmental
7 laws, rules, and regulations.

8 *Provided, further,* That, within six (6) months from the effectivity of this Act, the DENR
9 shall establish national standards for methane emissions and other pollutants from
10 natural gas industries not otherwise regulated by existing laws.

11 **Sec. 8. Powers and Responsibilities of the Department of Transportation (DOTr)**
12 **through the Philippine Coast Guard (PCG).** – In addition to its functions under Republic
13 Act No. 9993, otherwise known as the “*Philippine Coast Guard Law of 2009*”, the PCG shall,
14 together with the DENR, determine and monitor compliance with the Marine
15 Environmental Protection standards for the location, construction, improvement,
16 expansion, operation, rehabilitation, repair, maintenance, decommissioning, and
17 abandonment of LNG terminals, natural gas transmission systems and all related
18 equipment and facilities.

19 **Sec. 9. Powers and Responsibilities of the Department of Trade and Industry-Bureau**
20 **of Philippine Standards (DTI-BPS).** – In addition to its functions under Republic Act No.
21 4109, entitled, “*An Act to Convert the Division of Standards under the Bureau of Commerce*
22 *into a Bureau of Standards, to Provide for the Standardization and/or Inspection of Products*
23 *and Imports of the Philippines and for other Purposes*”, the DTI-BPS shall, together with the
24 DOE, determine, develop, formulate, promulgate, and revise, the PNS for natural gas
25 transmission and distribution systems, and for natural gas, in its original or liquefied form,
26 LNG Storage and Regasification Terminals, all related equipment and facilities.

27 **SEC. 10. Powers and Responsibilities of the Department of Science and Technology**
28 **(DOST).** – In addition to its functions under Executive Order No. 128, otherwise known as
29 the “*Reorganizing the National Science and Technology Authority*”, the DOST shall
30 undertake scientific and technological research and development for the improvement of
31 new technologies in the PDNGI.

32 **SEC. 11. Referral to the Philippine Competition Commission (PCC).** – All matters
33 involving or suspected by ERC and/or DOE to involve anti-competitive agreements or
34 abuse of market power shall be referred to the PCC for investigation and adjudication.
35 Where the act or acts to be referred to the PCC are highly technical in nature, the ERC
36 and/or DOE shall assist the PCC in its inquiry and analysis of the facts.

37 CHAPTER III

38 STRUCTURE, OPERATION AND REGULATIONS OF THE

1 **DOWNSTREAM NATURAL GAS INDUSTRY**

2 **SEC. 12. Structure.** – For purposes of this Act, the PDNGI shall consist of the following
3 sectors: natural gas supply, LNG bunkering, LNG Storage and Regasification Terminals,
4 Conventional and Virtual Transportation Systems, ancillary facilities, and end-users.

5 **SEC. 13. DOE Permits.** – The DOE shall have the power and responsibility to evaluate
6 applications and approve the permits necessary for the construction, operation,
7 improvement, expansion, modification, maintenance, repair, rehabilitation,
8 decommissioning and abandonment of any PDNGI facility or activity. Further, the DOE
9 shall evaluate and approve supplier accreditation. Point-to-point-use permit for natural
10 gas facilities shall be allowed for private or own use or use that is incidental to the
11 operation of a particular participant.

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

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

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

24 **SEC. 17. Authority to Obtain Information.** – The DOE and other concerned government
25 agencies may require any downstream natural gas player or permit holder, through a valid
26 order to furnish, within a reasonable period specified, all information and documents
27 relating to all such matters as to the permit, rates and operation of business and natural
28 gas facilities, and provide explanations on the information or document submitted, subject
29 to Section 16 of this Act. The failure of a PDNGI participant or permit holder to provide the
30 required information or document without valid reason shall be punishable under this Act.

31 **SEC. 18. Natural Gas Supply.** – The procurement, delivery, and pricing of natural gas
32 from indigenous production facility or from LNG importation to the PDNGI shall be
33 transparent, competitive and secure. The DOE may require the suppliers to submit
34 relevant information pertaining to supply contracting, procurement, pricing, and
35 distribution scheme to users for the purpose of monitoring.

36 The LNG-related facilities, and PDNGTS and PDNGDS shall be designed and
37 constructed to ensure the accommodation of both indigenous and imported supply of
38 natural gas pursuant to measures to be issued by the DOE. The DOE shall provide

1 measures to support the supply of indigenous natural gas to the domestic downstream
2 natural gas sector.

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

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

11 **SEC. 20. Administrative Rules and Procedures.** – The DOE shall issue the
12 administrative rules and procedure for the discharge of administrative cases and
13 imposition of administrative fines and penalties. The Rules of Court shall apply in a
14 suppletory manner.

15 **SEC. 21. Fees.** – All concerned government agencies shall have the authority to prescribe
16 and collect fees and charges relating to the issuance or review of permits, and the
17 supervision and regulation of the PDNGL.

18 **CHAPTER IV**

19 **PUBLIC OPERATION OF LNG FACILITIES**

20 **SEC. 22. Transmission and Distribution System and Related Facility.** - The DOE
21 shall issue a license or authorization to operators of Conventional Transportation Systems
22 (as defined under Section 4(e) of this Act) operating as public utilities if: (1) the operator is
23 fit, willing and able to perform such service properly in conformity with the provisions of
24 this Act and its Implementing Rules and Regulations; and (2) such service is required by
25 the public convenience and necessity. The rate of charges and fees for their services shall
26 only be subject to the principles of transparency and competitiveness to ensure that the
27 access by the general public is non-discriminatory.

28 **SEC. 23. LNG Storage and Regasification Terminals.** – The operation of an LNG
29 Storage and Regasification Terminal shall not be considered as a public utility operation.

30 **CHAPTER V**

31 **THIRD-PARTY ACCESS**

32 **SEC. 24. Third-party Access (TPA).** – Access to available and uncommitted excess
33 capacity of an LNG Storage and Regasification Terminal, PDNGTS and PDNGDS subjected
34 to TPA shall be transparent and non-discriminatory with regard to the rates and services
35 when offered for third-party use. The terms and conditions for the TPA and determination
36 of service fee shall be in accordance with the TPA Code. The TPA Code shall be issued by

1 the DOE, in consultation with the PDNGI participants. This clause shall not apply to
2 facilities subject of own-use permits. (to improve language)

3 **SEC. 25. Available and Uncommitted Excess Capacity.** – The facility with available and
4 uncommitted capacity in excess of its own-use requirement may be offered for third-party
5 access. This clause shall not apply to facilities subject of own use permits. (to improve
6 language) The participant shall submit a regular report on this available and excess
7 capacity to the DOE for monitoring. The DOE shall ensure that the third-party access
8 agreements shall be transparent and non-discriminatory with regard to the rates and
9 services.

10 The operators thereof shall conduct an open and sufficient consultation process with
11 both existing and potential third-party users to discuss the available capacity and other
12 available services.

13 To ensure safe and reliable operation, the participant and DOE shall ensure that the
14 allocation of such excess capacity shall not endanger the safe, secure, reliable and efficient
15 operation of its own-use requirement and that of the third-party user.

16 **SEC. 26. Third-party Access (TPA) Principles.** – Adherence to the principles of
17 transparency, non-discrimination, and safe practices is the key to the beneficial
18 participation of third-party users. In line with this, the following guiding principles shall
19 be observed:

20 (a) The TPA shall be transparent and non-discriminatory with regard to the rates and
21 services for the purpose of enhancing efficiency and optimization of capacity which shall
22 further encourage investments in the PDNGI;

23 (b) The TPA is seen likewise as a driver to encourage diverse and sustainable market for
24 natural gas beyond the power sector;

25 (c) The TPA shall be anchored on a safe, secure, reliable and efficient operation for both
26 the participant and the third-party users;

27 (d) The determination of available and excess capacity shall be subject to a transparent
28 and sufficient consultation among the participant and the prospective third-party users;

29 (e) Transparency in business activities shall consistently be observed to spur confidence.
30 Pursuant thereto, permit holders or facility operators shall publish their available and
31 uncommitted excess capacity, access terms, and conditions, and allow the review and
32 inspection of their facilities and records to verify the same; and

33 (f) The TPA shall not apply to facilities subject of own use permits. (to improve language)

34 **SEC. 27. Congestion Management.** – Whenever the holder of a capacity is no longer able
35 to use or has not released the capacity without justifiable reason, the permit holder or the
36 operator of the facility shall have the authority to release and market the same. The
37 procedure and criteria of the release shall be part of the TPA Code. The government agency

1 which shall have an oversight function on this matter shall be designated in the TPA Code.
2 This provision shall not apply to facilities subject of own-use permits. (to improve language)

3 CHAPTER VI

4 STANDARDS ON PRODUCT QUALITY, FACILITY, AND SAFETY PRACTICE

5 **SEC. 28. Standards on LNG Ships and LNG Facility.** – All PDNGI facilities shall be
6 predicated to be of high quality and efficient service, observe stringent safety systems,
7 accord attention to design details and structural integrity and employ operational and
8 maintenance best practices. Regulations shall be consistent with both applicable
9 Philippine and internationally-accepted natural gas industry standards. The DOE shall
10 ensure compliance with this requirement.

11 Applications for the issuance of DOE permits and continued conduct of any PDNGI
12 activity and operation of facility shall be subject to continuous compliance to standards.

13 **SEC. 29. Standards on Product Quality.** – The permit holder or operator shall maintain
14 the quality of gas supply to end-users in accordance with the Philippine and internationally
15 accepted standards and ensure that delivery of indigenous or imported LNG comply with
16 the purification requirements to ensure that associated compounds that are unnecessary
17 or damaging to the LNG regasification facility and other related natural gas facilities used
18 for storage, distribution and transportation of natural gas supply are eliminated. The DOE
19 shall ensure compliance with this requirement.

20 **SEC. 30. Standards on Safety Practice.** – The permit holder or operator shall implement
21 an acceptable health, safety, security and environment management system in accordance
22 with applicable Philippine and internationally accepted standards. The DOE, DENR, DOH
23 and other concerned agencies shall ensure compliance with this requirement.

24 CHAPTER VII

25 RESPONSIBILITIES OF THE PERMIT HOLDER OR OPERATOR

26 **SEC. 31. Responsibilities of the Permit Holder or Operator.** – A permit holder or
27 operator shall have the following responsibilities:

28 (a) Align all its goals and objectives to the accomplishment of the declared policies of
29 this Act;

30 (b) Be directly responsible for the construction and operation of LNG facilities by
31 providing the necessary services, technology and financing, either by itself or through its
32 duly authorized subcontractors, without entitlement from the Philippine government to
33 any reimbursement of any expense incurred;

34 (c) Comply with applicable Philippine laws and regulations to attain energy security and
35 common welfare;

36 (d) Comply with the regulatory obligations, maintenance of complete records and
37 submission of all reportorial requirements and other documents as may be required by the

1 DOE and other government agencies pursuant to this Act and its Implementing Rules and
2 Regulations;

3 (e) Implement the natural gas project strictly adhering to the scope and limits of the
4 permit and operate in accordance with Philippine and international standards;

5 (f) Allow and facilitate, based on a valid order, the entry to the facility of the examiners
6 of the Bureau of Internal Revenue and the Bureau of Customs and allow them full access
7 to accounts, books, and records for tax and other fiscal purposes;

8 (g) Allow, based on a valid order, the entry of personnel of the DOE, ERC, PIA-HSSE IMT
9 and other government agencies to the facility and grant them full access to operational
10 records for inspection and monitoring activities;

11 (h) Give preference to qualified local talents for hiring and local companies or agencies
12 in entering into subcontracts on projects or services, which are required in the
13 construction or operation of the LNG facility;

14 (i) Hold the DOE, ERC, PIA-HSSE IMT and other government agencies or other affected
15 individuals free from all claims, demands or actions arising out of its failure to comply with
16 laws, regulations, standards, contracts, and permits in connection with accidents,
17 damages, or injuries which are beyond their control; and

18 (j) Participate in the development, issuance and review of plans, protocols, standards
19 and codes applicable to the PDNGI.

20 The specific responsibilities of the PDNGI participants shall be further defined in the
21 Implementing Rules and Regulations of this Act.

22 **CHAPTER VIII**

23 **INCENTIVES**

24 **SEC. 32. Fiscal Incentives.** – In recognition of the substantial investments needed for the
25 development, construction of, operation and maintenance of, and conversion to natural
26 gas facilities, all other activities in relation to the PDNGI value chain projects, as certified
27 by the DOE shall be included in the Strategic Investment Priority Plan (SIPP), subject to
28 the incentives provided under Title XIII (Tax Incentives) of the National Internal Revenue
29 Code of 1997 (NIRC), as amended by RA No. 11534, otherwise known as the “*Corporate*
30 *Recovery and Tax Incentives for Enterprises (CREATE) Act*”. Moreover, the registered
31 projects shall also be entitled to value-added tax (VAT) and duty exemptions as provided
32 under Section 294 of the NIRC during the construction period.

33 **SEC. 33. Withdrawal of Exemptions.** – To achieve the declared policies of this Act,
34 particularly in relation to the promotion of fair and non-discriminatory treatment of public
35 and private sector entities in the development of the PDNGI infrastructure, all existing tax
36 exemptions applicable to persons engaged in the transmission or the distribution of
37 natural gas, insofar as such exemptions relate to revenues derived from the transmission

1 or the distribution of natural gas, shall be deemed revoked upon the effectivity of this Act,
2 any law to the contrary notwithstanding.

3 CHAPTER IX

4 PROMOTION OF COMPETITION

5 **SEC. 34. *Anti-Competitive Behavior.*** – No PDNGI participant, or affiliate thereof, may
6 engage in any anti-competitive behavior or abuse of its dominant position by engaging in
7 any conduct or behavior.

8 **SEC. 35. *Fair Access to Capital and Off-Taker Market.*** – The DOE shall issue
9 applicable policies that promote the financial viability of the PDNGI and competitive access
10 to both capital and off-taker market for natural gas.

11 CHAPTER X

12 FINES AND PENALTIES

13 **SEC. 36. *Administrative Fines and Penalties.*** - The following administrative fines and
14 penalties shall be imposed on any industry participant who violates the provisions of this
15 Act:

16 (a) The permit issued by the DOE under Chapter III, Section 14 13 of this Act, may be
17 suspended or revoked and the DOE shall impose upon the operator a fine ranging from
18 Ten Thousand Pesos (Php10,000.00) to Five Hundred Thousand Pesos (Php500,000.00)
19 per violation without prejudice to other appropriate administrative fines and penalties that
20 other relevant government agencies may impose on the operator: *Provided*, That the
21 schedule of fines provided for in this Section shall be increased by the DOE every five (5)
22 years, for violation of:

- 23 i. Standards on LNG ships and LNG facility issued pursuant to Section 28
- 24 ii. Standards on product quality issued pursuant to Section 29
- 25 iii. Standards on safety practice issued pursuant to Section 30
- 26 iv. Responsibilities of the permit holder or operator pursuant to Section 31
- 27 v. PDNGTC and PDNGDC, PLSRTC, and TPA Code
- 28 vi. Orders or directives of the DOE in the implementation of this Act

29 (b) The applicable administrative penalty for Section 34 shall be pursuant to the PCA.

30 **SEC. 37. *Criminal Fines and Penalties.*** – Appropriate fines and penalties under existing
31 penal laws shall apply to any criminal violation associated in the implementation of this
32 Act.

33 CHAPTER XI

34 TRANSITORY PROVISIONS

35 **SEC. 38. *Existing Systems.*** – Downstream natural gas facilities that have been
36 constructed prior to the effectivity of this Act shall continue to be operated under their
37 existing permits and shall comply with additional requirements as may be applicable.

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

5 All natural gas industry participants shall comply with the provisions of this Act within
6 two (2) years from effectivity of the Implementing Rules and Regulations of this Act:
7 *Provided*, That health, safety, security, environmental, construction, operation and other
8 permits, licenses, certificates, and authorizations issued prior to the effectivity of this Act
9 which are not inconsistent herewith shall remain valid.

10 PDNGTS and PDNGDS existing at the time of the effectivity of this Act shall be allowed
11 to continue pursuant to the terms and conditions indicated in their franchise and until
12 the lapse of the period accorded to them in the franchise.

13 **SEC. 39. *Pending Application.*** – All applications on any activity in the PDNGI pending
14 before the DOE upon the effectivity hereof shall be covered by this Act.

15 **CHAPTER XII**

16 **FINAL PROVISIONS**

17 **SEC. 40. *Assignment or Transfer of Interest.*** – Assignment or transfer of interest of the
18 DOE permit shall be allowed only upon prior written approval by the DOE based on
19 acceptable reasons and compliance by the operator, the assumption by the assignee of all
20 obligations of the former permit holder, and upon meeting the minimum legal, technical,
21 and financial qualifications of the transferee. Furthermore, the PCC shall maintain its
22 jurisdiction over mergers and acquisitions to assess whether or not there is presence of
23 anti-competitive behavior.

24 **SEC. 41. *Amicable Settlement.*** – All parties shall make their best efforts to amicably
25 settle any dispute arising from the performance or interpretation of any provision of this
26 Act.

27 **SEC. 42. *Congressional Oversight.*** – The Joint Congressional Energy Commission
28 (JCEC) shall exercise oversight powers over the implementation of this Act. The DOE, ERC,
29 and other relevant government agencies shall submit annual reports to the JCEC no later
30 than the fifteenth day of September, which shall include the latest relevant data,
31 implementation review and reports, and policy and regulatory issues.

32 **SEC. 43. *Appropriations.*** – The amount necessary for the implementation of this Act
33 shall be included in the annual General Appropriations Act.

34 **SEC. 44. *Implementing Rules and Regulations.*** – The DOE shall, in consultation with
35 relevant government agencies, the PDNGI participants, non-governmental organizations
36 and end-users, promulgate rules and regulations for the effective implementation of this
37 Act within twelve (12) months after the effectivity of this Act.

1 **SEC. 45. Separability Clause.** – If for any reason, any provision of this Act is declared
2 unconstitutional or invalid, the other parts or provisions hereof, which are not affected
3 thereby, shall continue to be in full force and effect.

4 **SEC. 46. Repealing Clause.** – Any law, presidential decree or issuance, executive order,
5 letter of instruction, rule or regulation inconsistent with the provisions of this Act is hereby
6 repealed or modified accordingly.

7 **SEC. 47. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in
8 the *Official Gazette* or in a newspaper of general circulation.

9 Approved,