



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
KAGAWARAN NG KAPALIGIRAN AT LIKAS YAMAN



MEMORANDUM

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

**The Bureau Directors**  
Environmental Management Bureau  
Biodiversity Management Bureau

**The OIC Director**  
Mines and Geosciences Bureau

FROM : **The Director**  
Legislative Liaison Office

SUBJECT : **SENATE BILL NO. 2247 "THE PHILIPPINE DOWNSTREAM  
NATURAL GAS INDUSTRY DEVELOPMENT ACT" MATRIX  
OF THE SENATE COMMITTEE ON ENERGY**

DATE : 7 March 2024

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In reference to the Technical Working Group (TWG) meeting to be held on March 11, 2024, Monday of the Senate Committee on Energy on "**The Philippine Downstream Natural Gas Industry Development Act**", attached for your reference, is the **Senate Bill No. 2247 Matrix** on with remarks and modifications based on the Technical Working Group (TWG) held last March 4, 2024.

In this regard, may we respectfully request your comments/recommendations on the abovementioned bill, if you haven't already submitted, as requested by the Committee. Kindly submit your comments on or **before 8 March 2024; 5:00 PM.** via email at [denrlllo@denr.gov.ph](mailto:denrlllo@denr.gov.ph). Further, kindly inform us of the name/s and emails of the representative/s from your office who will participate in the meeting so we may include him/her/them as resource person/s.

  
**ROMIROSE B. PADIN**

cc: Undersecretary for Special Concerns and Legislative Affairs

MEMO NO. 2024 - 232

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<b>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</b>		
<i>Be it enacted by the Senate and House of Representatives of the Philippines in Congress Assembled:</i>		
<b>CHAPTER I TITLE AND DECLARATION OF POLICY</b>		
<b>Section 1. Title</b> – This Act shall be known as the <i>"Philippine Downstream Natural Gas Industry Development Act"</i> .	<p><b>COMMITTEE ON ENERGY (Office of Senator Tulfo):</b> Recommended the omission of the word "Downstream".<sup>1</sup></p> <p><b>DEPARTMENT OF ENERGY (DOE) (Director Rino Abad):</b> Remarked that there is a need to differentiate upstream and downstream since there is a specific law for upstream. Otherwise, it might</p>	

<sup>1</sup> TSN, March 4, 2024 TWG Meeting, p. 39

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
	<p>create confusion and might be interpreted as a repealing law.<sup>2</sup></p>	
<p><b>Sec. 2. Declaration of Policy.</b> – It is hereby declared the policy of the State to:</p>		
<p>(a) Promote natural gas as a <del>safe, environment-friendly, efficient and cost-effective</del><sup>3</sup> 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>CENTER FOR ENERGY ECOLOGY AND DEVELOPMENT (CEED) (Atty. Avril De Torres):</b></p> <ol style="list-style-type: none"> <li>1. Insisted on the removal of the phrase <b>"environment-friendly."</b></li> <li>2.) Expressed preference for Section 2, paragraph (a) of the midstream bills which talks about ensuring the country's energy security <b>without mentioning that "gas is safe, environment-</b></li> </ol>	

<sup>2</sup> TSN, March 24 TWG Meeting, p. 40-41

<sup>3</sup> CEED's recommendation

## NATURAL GAS INDUSTRY

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	<p><b>friendly efficient, and cost-effective".<sup>4</sup></b></p> <p><b>DOE (Director Rino Abad):</b></p> <p>Remarked that the basic law on renewable energy specifically provides for incentives and under the CREATE Law, natural gas is in Tier 1. It is up to Congress to provide specific incentives for the proposed law should natural gas be declared an environment-friendly source of energy. If the proposed law will provide incentives, the same will be interpreted as an exemption to the CREATE Law.<sup>5</sup></p> <p><b>BOARD OF INVESTMENTS (Director Sandra Recolizado):</b></p> <p>1.) Confirmed Director Abad's statement that under the strategic investment priority plan, energy is indeed listed as a priority activity under Tier 1, which means that it is entitled only to four years incentives—four years income tax holiday</p>	

<sup>4</sup> TSN, March 24, TWG Meeting, p. 42-43

<sup>5</sup> TSN, March 24 TWG Meeting, p. 45

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
	<p>and additional 10 years for—five years for enhanced deduction. <sup>6</sup></p> <p>2.) Clarified that energy generation is a separate list and LNG storage and regasification is another separate listing and both of them are in Tier 1.<sup>7</sup></p>	
<p>(b) Promote natural gas as the energy fuel, which has tremendous potential to meet the increasing local demand for fuel, <del>and the development of the Philippines as a Liquefied Natural Gas (LNG) trading and transshipment hub within the Asia-Pacific Region.</del><sup>8</sup> In all cases, the State shall ensure the safe, secure, reliable, transparent, competitive and environmentally responsible operation of the PDNGI value chain;</p>	<p><b>CEED (Atty. Avril De Torres):</b></p> <p>Proposed the removal of the phrase <b>“the promotion of the Philippines as an LNG trading and transshipment hub.”</b><sup>9</sup></p>	
<p><del>(c) Provide a conducive industry environment for the promotion and development of the PDNG industry<sup>10</sup> through the issuance of regulatory policies based on the Philippine</del></p>	<p><b>DOE (Director Abad):</b></p> <p>Recommended the omission of the phrase <b>“based on PDNGI.”</b><sup>11</sup></p>	

<sup>6</sup> TSN, March 24 TWG Meeting, p. 46

<sup>7</sup> TSN, March 24 TWG Meeting, p. 46

<sup>8</sup> CEED’s recommendation

<sup>9</sup> TSN, March 24 TWG Meeting, p. 49

<sup>10</sup> DOE’s recommendation

<sup>11</sup> TSN, March 24 TWG Meeting, p. 56

# NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p><del>Downstream Natural Gas Industry Regulations (PDNGR);</del>  <sup>12</sup>the localized codes and standards for products, facilities and its operations based on the Philippine National Standards (PNS), and plans and programs geared towards the promotion and development of the PDNGI;</p>	<p><b>CEED (Atty. Avril De Torres):</b></p> <p>Proposed the eventual sunset of the PDNGI," and the inclusion of an additional phrasing that says, <b>"In line with the country's just energy transition toward meeting the Paris Agreements 1.5-degree Celsius temperature goal."</b> This is to ensure that it will only act as a transition fuel, if necessary.<sup>13</sup></p> <p><b>PHILIPPINE INDEPENDENT POWER PRODUCERS ASSOCIATION (PIPPA) (Atty. Basil Maguigad):</b></p> <p>Remarked that the inclusion of a sunset provision</p>	

<sup>12</sup> DOE's recommendation

<sup>13</sup> TSN, March 24 TWG Meeting, p. 57

## NATURAL GAS INDUSTRY

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	<p>will go against the intent of the bill to promote natural gas since the usual capital recovery fee of a power plant is around 25 to 30 years. Putting a cap on certain years like 2035 or 2040 will send a fiscal signal that the Philippines does not want an entry of LNG or of gas-fired natural power plants. Espousing a certain policy that would put a cap on whatever interested party to invest in the Philippines would be going against the intent of the bill to promote the natural gas industry.<sup>14</sup></p> <p><b>DOE (Atty. Mercado):</b></p> <p>Suggested to move the phrase “for the promotion and development of the PDNG industry” right after the provision of a “conducive industry environment” to read: “provide a conducive industry environment for the promotion and development of the PDNG industry.”<sup>15</sup></p>	

<sup>14</sup> TSN, March 24 TWG Meeting, p. 58

<sup>15</sup> TSN, March 24 TWG Meeting, p. 67-68

## NATURAL GAS INDUSTRY

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	<p><b>CONSENSUS:</b></p> <p>The Committee put CEED's suggestion on record but was not inclined to take the sunset provision as the bill is not a standalone bill and will coexist with other energy policies.</p>	
<p>(d) Promote the conversion of existing fossil fuel-operated equipment and facilities to natural gas use, provided <del>it-</del> <b>the conversion</b><sup>16</sup> is technically and financially feasible;</p>	<p><b>DOE (Atty. Mercado)</b></p> <p>Suggested to replace "it" after the word "provided" with "the conversion" to clarify that the "it" is referring to conversion and not to the natural gas use.<sup>17</sup></p> <p><b>CEED (Atty. De Torres):</b></p> <p>1.) Initially recommended the deletion of Sec. 2 (d) but eventually agreed to retain it provided that RE is preferred over natural gas.</p>	

<sup>16</sup> DOE's recommendation

<sup>17</sup> TSN, March 24 TWG Meeting, p. 69



## NATURAL GAS INDUSTRY

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	<p>2.) Questioned the statement which states that coal facilities are more easily converted into gas and requested to be given the opportunity to submit their position on the matter.<sup>18</sup></p> <p><b>CONSENSUS:</b></p> <p>The Committee agreed to retain the provision since the same is in line with the government policy to move away from coal. It also allowed CEED to submit their proposed wording and agreed to table the provision for discussion in the next TWG.</p>	
<p>(e) Promote and hasten the exploration and development of indigenous natural gas resources and facilities, and to prioritize the use of indigenous natural gas over imported</p>	<p><b>COMMITTEE ON ENERGY (Office of Senator Tulfo):</b></p> <p>1.) Inserted "over imported natural gas" after</p>	

<sup>18</sup> TSN, March 24 TWG Meeting, p. 70-71

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<p>natural gas<sup>19</sup> to help attain greater energy security;</p>	<p>"indigenous natural gas" to anticipate the exploitation of various service contracts relating to the production of indigenous natural gas.</p>	
<p>(f) 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 prices for all stakeholders;</p>		

<sup>19</sup> Office of Senator Tulfo's recommendation/inserted provision.

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>(g) Promote the role of natural gas as an additional energy source and complementary 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 and to prioritize dispatch of power plants utilizing natural gas particularly those using indigenous natural gas or aggregated or blended indigenous natural gas;<sup>20</sup></p>	<p><b>COMMITTEE ON ENERGY (Office of Senator Tulfo):</b></p> <p>1.) Added the phrase “and to prioritize dispatch of power plants utilizing natural gas particularly those using indigenous natural gas or aggregated or blended indigenous natural gas” after the first part of Section 2 letter (g).</p> <p><b>PCCI (Atty. Sawit):</b></p> <p>Atty. Sawit remarked that the priority when it comes to dispatch should be read in line with energy security insofar as to make sure that there would be gas that would be available for plants but not necessarily some form of preference over one form or the other. He likewise said that they would be willing to submit their proposed wording to ensure that it is an energy security policy.<sup>21</sup></p>	

<sup>20</sup> Office of Senator Tulfo’s recommendation/ inserted provision

<sup>21</sup> TSN, March 24 TWG Meeting, p. 78-81

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
	<p><b>CONSENSUS:</b></p> <p>The Committee recommended the replacement or rewording of the phrase "Prioritize dispatch of power plants utilizing natural gas," to reflect that the same refers to the use of indigenous fuel and to clarify the intention that it is about the utilization of indigenous natural gas for the power plants. It also asked for recommendations as to the proposed rewording of the provision.<sup>22</sup></p>	

<sup>22</sup> TSN, March 24 TWG Meeting, p. 82-83

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<p>(h) Ensure compliance with the PDNGI standards on health, safety, security, and environment (HSSE) standards and best practices under a system of safe, secure, high-quality, environmentally responsible operations and services that afford protection to consumers;</p>		
<p>(i) Encourage the inflow of private capital through equity participation by the private sector in the PDNGI value chain including gas transmission and distribution utilities;</p>		
<p>(j) 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>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
(k) Develop the necessary trades, technical expertise, and skills to support the PDNGI;		
(l) Establish gas aggregation, involving the blending and consolidation of indigenous natural gas with imported natural gas, as a nationwide or Grid-wide strategy in order to mitigate end-users' exposure to risks associated with natural gas availability and price volatility; and	<b>COMMITTEE ON ENERGY (Office of Senator Tulfo)</b>  Introduced a new provision as letter (l) "Establish gas aggregation, involving the blending and consolidation of indigenous natural gas with imported natural gas, as a nationwide or Grid-wide strategy in order to mitigate end-users' exposure to risks associated with natural gas availability and price volatility; and"	
(m) Facilitate the development of power and non-power end-uses of natural gas including the use of natural gas as fuel for power, commercial, industrial, residential, and transport applications that promote fuel diversity and compliance with existing environmental laws.		
<b>Sec. 3. Scope.</b> – 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 INDUSTRY

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<p>natural gas market and define the responsibilities of various government agencies and private entities in furtherance of this national goal.</p> <p>It shall apply to the permitting, securing of location, construction, dispatch, operation, improvement, expansion, modification, maintenance, repair, rehabilitation, decommissioning, and abandonment of downstream natural gas facilities. It shall likewise apply to the permitting of own-use or commercial activities in the PDNGI value chain including but not limited to the purchase, supply, aggregation, blending, storage, trading, transshipment, sale, import and/or export of natural gas and LNG, and any other activities related to the PDNGI.</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><b>Sec. 4. <i>Definition of Terms.</i></b> – For the purposes of this Act, the following terms shall be defined as follows:</p>		
<p>(a) <i>Affiliate</i> refers to a person who directly or indirectly, through one or more intermediaries, controls or is controlled</p>		

## NATURAL GAS INDUSTRY

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<p>by, or is under common control with the person specified, through the ownership of voting shares or other means such as contractual agreements. 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>(b) <i>Aggregation</i> refers to the activity of having a single buyer or aggregator that procures natural gas volumes from multiple suppliers, including indigenous natural gas and LNG, and sells the blended and consolidated gas to gas buyers in the Philippines;</p>		
<p>(c) <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>" (PCA);</p>		
<p>(d) <i>Bunkering</i> refers to the activity of selling natural gas for use of domestic or foreign marine vessels by a participant known as a bunker trader;</p>		
<p>(e) <i>Capacity</i> refers to the handling design of a system used in the context of its functionality and expressed in a specific</p>		



## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
measurement such as volume or flow per time unit or designated measurement unit;		
(f) <i>Conventional Transportation System</i> refers to a network of fixed facilities made up, among others, of wellheads, compressor stations, pipelines, and metering for the purpose of delivering natural gas. This includes both the PDNG Transmission System and PDNG Distribution System;		
(g) <i>Delivery</i> refers to the transmission or distribution of natural gas and the supply of natural gas at wholesale or retail;		
(h) <i>Distribution</i> refers to the transportation of natural gas through a PDNG Distribution System;		
(i) <i>End-user</i> refers to any person that will receive delivery of natural gas for resale or final use;		
(j) <i>Importation</i> refers to the act of bringing LNG into the Philippines;		
(k) <i>Liquefied natural gas or LNG</i> refers to natural gas which has been liquefied by cooling at a cryogenic temperature;		
(l) <i>LNG Storage and Regasification Terminal</i> refer to all		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
component facilities used to receive, unload, load, store, and, regasify LNG. It shall include, among others, jetty and unloading/loading arms, cryogenic pipelines, storage tanks, boil-off gas compressors and condensers, vaporizers, control facilities, metering, and other relevant components;		
(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 PNS or the standards developed by the International Organization for Standardization (ISO);		
(n) <i>Natural Gas Distribution System Utility Operator or NGDSUO</i> refers to any person engaged in the operation of a PDNGDS providing services for general public use;		
(o) <i>Natural Gas Sales and Purchase Agreement or 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) <i>Natural Gas Transmission System Utility Operator or NGTSUO</i> refers to any person engaged in the operation of a PDNGTS providing services for general public use;		
(q) <i>Own-use PDNGI Participant</i> refers to any natural or		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
juridical entity engaged in the exclusive use of PDNGI facilities by an Operator or its affiliates;		
(r) <i>Own-use Permit</i> refers to an authorization granted by the DOE to an Own-use PDNGI Participant;		
(s) <i>Participant</i> refers to a natural or juridical person who engages in any of the activities, operations, and management of PDNGI. A participant may refer to a supplier, aggregator, bunker trader, regasification operator, NGTSUO, NGDSUO, own-user, and an End-user;		
(t) <i>Permit</i> refers to an authorization issued by the DOE for the importation, exportation, aggregation, construction, commercial operation, own-use, maintenance of natural gas facilities, and any other PNDGI activities;		
(u) <i>Permit Holder or Operator</i> refers to a natural or juridical person who is granted a Permit by the DOE to engage in the importation, exportation aggregation, construction, commercial operation, own-use, maintenance of natural gas facilities and any other PNDGI activities;		
(v) Philippine Downstream Natural Gas Development Plan or PDNG Dev Plan - refers to the comprehensive plan for ensuring a safe, secure, and reliable		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
supply of natural gas and establishing the efficient operations of the country's downstream natural gas infrastructure and proper management of natural gas demand through appropriate government programs and policies. It shall Include the various LNG supply plans, LNG storage, and regasification terminal development plans, and downstream natural gas transmission and distribution development plans. This plan shall be incorporated into the PEP;		
(w) Philippine Downstream Natural Gas Distribution Code or PDNG Distribution Code refers to the code formulated by the DOE which shall set the technical performance standards for operating a conventional distribution system and the minimum financial standards for such service;		
(x) Philippine Downstream Natural Gas Distribution Development Plan or PDNG Distribution DevPian refers to a comprehensive plan prepared and submitted to the DOE by the owner or operator of all existing, committed, and indicative conventional and virtual distribution systems whether dedicated or utility-containing, among others, information on their locations, construction, operation, improvement, expansion, modification, maintenance, repair,		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
or rehabilitation, decommissioning and abandonment, whichever is applicable. The plan shall likewise include all studies, programs, and policies for the promotion and development of the distribution sector;		
(y) <i>Philippine Downstream Natural Gas Distribution System or PDNG Distribution System</i> refers to a Conventional and Virtual Transportation System 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;		
(z) <i>Philippine Downstream Natural Gas Industry or PDNG Industry</i> refers to all downstream natural gas industry participants and their affiliates involved in activities pertaining to natural gas supply for bunkering or domestic storage and regasification, transmission, distribution, and use. It shall likewise refer to the operation and management of all downstream natural gas facilities which include, among others, LNG carrier and support ships, LNG Storage and Regasification Terminals, PDNG Transmission System and PDNG Distribution System and their ancillary components;		
(aa) <i>Philippine Downstream Natural Gas Transmission Code or PDNG Transmission Code</i> refers to the code formulated by the DOE which shall set the technical performance standards		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
for operating a conventional transmission system and the minimum financial standards for such service;		
(bb) <i>Philippine Downstream Natural Gas Transmission Development Plan or PDNG-TDP</i> refers to a comprehensive plan prepared and submitted to the DOE by the owner or operator of all existing, committed, and indicative conventional and virtual transmission systems whether dedicated or utility-containing, among others, information on their locations, construction, operation, improvement, expansion, modification, maintenance, repair, or rehabilitation, decommissioning and abandonment, whichever is applicable. The plan shall likewise include all studies, programs, and policies for the promotion and development of the distribution sector;		
(cc) Philippine Downstream Natural Gas Transmission System or PDNG Transmission System refers to a system of conventional pipelines and their ancillary facilities extending from the delivery points where the system receives the natural gas from the indigenous upstream source or from LNG Storage and Regasification Terminal to the point of connection where the PDNG Distribution System receives the gas;		
(dd) <i>Philippine Energy Plan or PEP</i> refers to the overall		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
energy program formulated and updated yearly by the DOE and submitted to Congress pursuant to Republic Act No. 7638, otherwise known as the " <i>Department of Energy Act of 1992</i> ", as amended;		
(ee) <i>Philippine LNG Storage and Regasification Terminal Code or PLSR Terminal Code</i> refers to the code formulated by the DOE which shall set the technical performance standards for operating an LNG Storage and Regasification Terminal and the minimum financial standards for such service;		
(ff) <i>Philippine LNG Storage and Regasification Terminal Development Plan</i> refer to a comprehensive plan prepared and submitted to the DOE by the owner/operator of all existing, committed, and indicative LNG storage and regasification terminal projects containing, among others, information on their locations, construction, operation, improvement, expansion, modification, maintenance, repair, or rehabilitation, decommissioning and abandonment, whichever is applicable. The plan shall likewise include all studies, programs, and policies for the promotion and development of the regasification sector;		
(gg) <i>Rates</i> refer to the payment on the utilization of the capacity and use of other services offered by the Permit		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
Holder or Operator of the storage, regasification, transmission, and distribution pipeline;		
(hh) <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;		
(ii) <i>Supply</i> refers to the trade or sale of indigenous or imported natural gas and their subsequent sale to End-users;		
(jj) <i>Third-party access or TPA</i> refers to transparent and non-discriminatory access and utilization by a third-party user of the excess capacity of the LNG Storage and Regasification Terminal, PDNG Transmission System, and PDNG Distribution System, and their related facilities;		
(kk) <i>TPA Permit</i> refers to an authorization granted by the DOE to a Permit Holder or Operator that allows third-party access and utilization of the natural gas facilities' entire capacity or excess uncommitted capacity over those allocated for own-use by a third-party user in a transparent and non-discriminatory manner, in accordance with the provisions under Chapter V of this Act;		
(ll) <i>Transmission</i> refers to the transportation of natural gas		



## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
through a PDNG Transmission System; and		
(mm) <i>Virtual Transportation System</i> refers to any alternative methods of transporting natural gas other than through the conventional transportation system such as the use of land vehicles or sea vessels, with or without an on-site modular regasification unit.		
<b>CHAPTER II</b> <b>POWERS AND RESPONSIBILITIES OF GOVERNMENT AGENCIES</b>		
<b>Sec. 5. Powers and Responsibilities of the Department of Energy (DOE).</b> – In addition to its existing powers and functions, the DOE shall have the overall responsibility of supervising and monitoring the development of the PDNGI and developing the strategies to implement the State policies declared under this Act. Toward this end, the DOE shall perform the following powers and functions:		
(a) Prepare the PDNG DevPlan, incorporating therein the plans submitted by public and private stakeholders after open discussions and consultations with them, within two (2) years from the effectivity of this Act. The PDNG DevPlan		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>shall be reviewed and updated every three (3) years after its adoption;</p> <p>(b) Establish standards on gas quality, facility installation and safety and security of operation, and environmental preservation, in coordination with the Department of Trade and Industry-Bureau of Philippine Standards (DTI-BPS). For this purpose, a Philippine Inter-Agency Technical Committee (PIA-TC) shall be created by the DTI-BPS to be chaired by the DOE and co-chaired by the DTI-BPS. The other permanent members of the PIA-TC shall be comprised of representatives from the Maritime Industry Authority (MARINA), the Philippine Ports Authority (PPA), the Philippine Coast Guard (PCG), the Department of Environment and Natural Resources (DENR), the Department of Labor and Employment (DOLE), Bureau of Fire Protection (BFP), Department of Health (DOH), PDNGI Participants and academe.</p> <p>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 to be chaired by the DOE and co-chaired by the DENR. The other permanent members of the PIA-TC shall be comprised of representatives from MARINA, PPA, PCG, DENR, DOLE, BFP, DOH,</p>		

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>Department of Interior and Local Government (DILG), and Department of Science and Technology (DOST);</p>		
<p>(c) Approve or issue:</p> <ul style="list-style-type: none"> <li>i. Permits for the construction, operation, improvement, expansion, modification, maintenance, repair, rehabilitation, decommissioning, and abandonment of downstream natural gas facilities;</li> <li>ii. Accreditation as PDNGI Participant; and</li> <li>iii. Acknowledgment of notification of commercial activities in the PDNGI value chain such as the supply, aggregation, blending, storage, trading, transshipment, sale, import and/or export of natural gas and/or LNG.</li> </ul> <p>The procedure for processing and issuance of all Permits and other clearances pursuant to this Act shall be governed by Republic Act No. 11234, otherwise known as the "Energy Virtual One Stop Shop Act". The EVOSS Steering Committee shall streamline the permitting process for the LNG industry and shall continue its mandate under Republic Act No. 11234.</p> <p>For this purpose, the DOE shall issue the corresponding guideline within six (6) months from the effectivity of the Implementing Rules and Regulations of this Act;</p>		
<p>(d) Review, suspend, or revoke, after due notice and hearing, permits issued in accordance with the preceding paragraph</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
(c) herein, and Section 13 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		
(e) Issue a written approval on the assignment or transfer of interest on any permits issued in accordance with Section 39 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;		
(f) Within one (1) year from the effectivity of the Implementing Rules and Regulations of this Act, issue in consultation with other concerned government agencies and the PDNGI Participants, the PDNG Transmission Code and PDNG Distribution Code, the PLSR Terminal Code, and the TPA Code, 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;		
(g) Notify the Philippine Competition Commission (PCC) and endorse requests for investigation on any Anti-Competitive Behavior in the conduct of any business under the downstream natural gas industry;		
(h) 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		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
to catalyze its development within a given timeline;		
(i) Determine the qualifications and detailed responsibilities of the NGTSUO and NGDSUO pursuant to their responsibilities provided in this Act;		
(j) Initiate actions against the NGTSUOs or NGDSUOs for failure to comply with the qualifications and detailed responsibilities specified in this Act;		
(k) Enforce the submission of regular and special reports of all Participants regarding, among others, PDNGI activities as defined in this Act, progress reports on infrastructure development, organization, business conduct and practices, natural gas supply-demand procurement and delivery, the utilization rate of the downstream natural gas facilities and compliance with HSSE standards. Confidentiality of information shall not be applicable for the compliance of the Participants in the submission of the above-mentioned reports;		
(l) Publish on the DOE website the list of PDNGI Participants with the status of their projects;		
(m) In times of national emergency, upon the recommendation of the NEDA and DOE, when the public interest so requires, during the emergency and under reasonable terms, may temporarily take over or direct the operation of any person or entity engaged in the PDNGI for a period of six (6) months unless otherwise extended; and		
(n) Exercise such other powers and functions as may be necessary or incidental to attain the objectives of this Act.	<ul style="list-style-type: none"> <li>• OS Tulfo: Add a new provision in Sec. 5 to read: "(n) (Develop and establish such</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>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>other plans and policies as may be consistent with and in furtherance of the State policies declared under this Act; and" (Please insert and re-number accordingly.)</p>	
<p><b>Sec. 6. Powers and Responsibilities of the Energy Regulatory Commission (ERC).</b> – The powers of the ERC shall be limited to its regulatory function under Chapter IV of Republic Act No. 9136, otherwise known as "The Electric Power Industry Reform Act of 2001", as amended, and such powers as may be delegated to it by the DOE pursuant to this Act. It shall create offices and appoint personnel thereto as may be necessary to efficiently and effectively perform its functions in regulating power generated from natural gas resources, subject to existing laws, rules and regulations. It shall perform its functions in a manner that supports the State policies declared under this Act and consistent with the plans and strategies developed by the DOE pursuant to this Act.</p>		
<p><b>Sec. 7. Powers and Responsibilities of the Department of Environment and Natural Resources (DENR).</b> – In addition to its functions under Executive Order No. 192, otherwise known as the "Reorganization Act of the</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p><i>Department of Environment and Natural Resources”, the DENR shall, together with the DOE and the PCG, determine and monitor compliance with the environmental standards for the location, construction, improvement, expansion, operation, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG Storage and Regasification Terminals, PDNG Transmission System and PDNG Distribution System, and all related equipment and facilities pursuant to the Clean Air Act or Republic Act No. 8749, as amended, National Integrated Protected Areas System (NIPAS) under Republic Act No. 7586, as amended by the Expanded National Integrated Protected Areas System (E-NIPAS) under Republic Act No. 11038, Republic Act No. 6657, or the Comprehensive Agrarian Reform Law of 1988, as amended, and other existing environmental laws, rules, and regulations; <i>Provided, further,</i> That, within six (6) months from the effectivity of this Act, the DENR shall establish national standards for methane emissions and other pollutants from natural gas industries not otherwise regulated by existing laws.</i></p>		
<p><b>Sec. 8. Powers and Responsibilities of the Department of Transportation (DOTr) through the Philippine Coast Guard (PCG).</b> – In addition to its functions under Republic Act No. 9993,</p>		

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>otherwise known as the "Philippine Coast Guard Law of 2009", the PCG shall, together with the DENR, determine and monitor compliance with the Marine Environmental Protection standards for the location, construction, improvement, expansion, operation, rehabilitation, repair, maintenance, decommissioning, and abandonment of LNG Storage and Regasification Terminals, PDNG Transmission System and PDNG Distribution System, and all related equipment and facilities.</p>		
<p><b>Sec. 9. Powers and Responsibilities of the Department of Trade and Industry-Bureau of Philippine Standards (DTI-BPS).</b> – 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 PNS for natural gas transmission and distribution systems, and for natural gas, in its original or liquefied form, LNG Storage and Regasification Terminals, all related equipment and facilities.</p>		
<p><b>Sec. 10. Powers and Responsibilities of the Department of Science and Technology (DOST).</b> – In</p>		



## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>addition to its functions under Executive Order No. 128, otherwise known as the "<i>Reorganizing the National Science and Technology Authority</i>", the DOST shall undertake scientific and technological research and development for the improvement of new technologies in the PDNGI.</p>		
<p><b>Sec. 11. Referral to the Philippine Competition Commission (PCC).</b> – All matters involving or suspected by ERC and/or DOE to involve anti-competitive agreements or abuse of market power shall be referred to the PCC for investigation and adjudication. Where the act or acts to be referred to by the PCC are highly technical in nature, the ERC and/or DOE shall assist the PCC in its inquiry and analysis of the facts.</p>		
<p><b>CHAPTER III</b> <b>STRUCTURE, OPERATION, AND REGULATION OF THE DOWNSTREAM NATURAL GAS INDUSTRY</b></p>		
<p><b>Sec. 12. Structure.</b> – For purposes of this Act, the PDNGI shall consist of the following sectors: natural gas supply and Aggregation, LNG bunkering, LNG Storage and Regasification Terminals, Conventional and Virtual Transportation Systems, ancillary facilities, and End-users.</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p><b>Sec. 13. <i>DOE Permits and Issuances.</i></b> – The DOE shall have the power and responsibility to evaluate, approve, and issue the Permits necessary for the construction, operation, improvement, expansion, modification, maintenance, repair, rehabilitation, decommissioning, and abandonment of any PDNGI facility or activity. Further, the DOE shall accredit PDNGI Participants and acknowledge notification of commercial activities in the PDNGI value chain. Moreover, Permits issued to natural gas facilities may vary depending on the intended use such as Own-use Permit and TPA Permit.</p> <p>An Own-use PDNGI Participant whose facility has available and uncommitted excess capacity may apply for a TPA Permit with the DOE, subject to the provisions of Chapter V of this Act.</p>		
<p><b>Sec. 14. <i>Compliance with Philippine Laws, Rules, and Regulations.</i></b> – Operators or Permit Holders of PDNGI facilities shall comply with all Philippine laws, rules, and regulations implemented by the different agencies of the government.</p>		
<p><b>Sec 15. <i>Compliance with Standards.</i></b> – The DOE shall ensure that downstream natural gas products are of high</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>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.</p>		
<p><b>Sec. 16. Confidential Information.</b> – 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.</p>		
<p><b>Sec. 17. Authority to Obtain Information.</b> – The DOE and other concerned government agencies may require any downstream natural gas player or Permit Holder, through a valid order to furnish, within a reasonable period specified, all information and documents relating to all such matters as to the permit, rates, and operation of the 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 Permit Holder to provide the required information or document without valid reason shall</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
be punishable under this Act.		
<p> <b>Sec. 18. <i>Natural Gas Supply.</i></b> – The procurement, delivery, and pricing of natural gas from indigenous production facilities or from LNG importation to the PDNGI shall be transparent, competitive, and secure. The DOE may require the suppliers to submit relevant information pertaining to supply contracting, procurement, pricing, and distribution scheme to users for the purpose of monitoring. Procurement and use of indigenous natural gas (including, without limitation, by gas-fired power generators) or aggregated or blended indigenous natural gas shall be prioritized over imported natural gas in all circumstances (including, without limitation, when imported LNG prices are lower than indigenous natural gas prices). Power plants that prioritize and use indigenous gas or aggregated or blended indigenous natural gas shall be given priority dispatch status.                     </p> <p>                         The LNG-related facilities, PDNG Transmission System, and PDNG Distribution System shall be designed and constructed to ensure the accommodation of both the indigenous and imported supply of natural gas pursuant to measures to be issued by the DOE. The DOE shall provide measures to support the supply and use of indigenous natural gas to the domestic downstream natural gas sector, including priority dispatch of power plants using indigenous gas or aggregated                     </p>		

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>or blended indigenous natural gas and determining the appropriate minimum percentage of the power generation mix that should be supplied by natural gas power plants.</p> <p>Any entity engaged in the distribution of natural gas may engage in the supply of the same.</p> <p>In developing and establishing a national gas aggregation policy, and in issuing rules and regulations to implement the same, the DOE shall be guided by the principle of economies of scale, including the DOE's implementation of mechanisms to enable an aggregator to implement procurement strategies that will mitigate supply risk of End-users and to mitigate risks associated with a fragmented natural gas market.</p>		
<p><b>Sec. 19. Abandonment of Downstream Natural Gas Facility.</b> – 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><b>Sec. 20. Administrative Rules and Procedures.</b> – The</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
DOE shall issue the administrative rules and procedure for the discharge of administrative cases and imposition of administrative fines and penalties. The Rules of Court shall apply in a suppletory manner.		
<b>Sec. 21. Fees.</b> – 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.		
<b>CHAPTER IV</b> <b>PUBLIC OPERATION OF LNG FACILITIES</b>		
<b>Sec. 22. Transmission and Distribution System and Related Facility.</b> – The DOE shall issue a license or authorization to operators of Conventional Transportation Systems (as defined under Section 4(f) of this Act) operating as public utilities if: (1) the operator is fit, willing, and able to perform such service properly in conformity with the provisions of this Act and its Implementing Rules and Regulations; and (2) such service is required by the public convenience and necessity. The rate of charges and fees for their services shall only be subject to the principles of transparency and competitiveness to ensure that access by the general public is non-discriminatory.		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>Sec. 23. <b><i>LNG Storage and Regasification Terminals.</i></b> – The operation of an LNG Storage and Regasification Terminal shall not be considered as a public utility operation.</p>		
<p><b>CHAPTER V</b> <b>THIRD-PARTY ACCESS</b></p>		
<p>Sec. 24. <b><i>Third-Party Access (TPA).</i></b> – Participation of any Permit Holder or Operator of an LNG Storage and Regasification Terminal, PDNG Transmission System, PDNG Distribution System, and related facilities to TPA shall be voluntary and subject to the sole discretion of the Permit Holder or Operator.</p> <p>The rates and the terms and conditions of the service under the TPA shall be transparent and non-discriminatory and in accordance with the TPA Code.</p>		
<p><b>Sec. 25. <i>Available and Uncommitted Excess Capacity.</i></b> – Any available and uncommitted capacity in excess of an Operator’s own-use requirement may be offered at its discretion for TPA. The Operator under the TPA shall submit a regular report on the total, committed and available, and</p>		

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>uncommitted excess capacity to the DOE for monitoring.</p> <p>The operators hereof shall conduct an open and sufficient consultation process with both existing and potential third-party users to discuss the available and uncommitted capacity.</p> <p>To ensure safe and reliable operation, the Operator under the TPA and DOE shall ensure that the allocation of such available and uncommitted excess capacity shall not endanger the safe, secure, reliable, and efficient operation of its own-use requirement and that of the third-party user.</p>		
<p><b>Sec. 26. <i>Third-Party Access (TPA) Principles.</i></b> – Adherence to the principles of transparency, non-discrimination, 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>		
<p>(a) The TPA shall be transparent and non-discriminatory with regard to the rates and services for the purpose of enhancing efficiency and optimization of capacity which shall further encourage investments in the PDNGI;</p>		
<p>(b) The TPA is seen likewise as a driver to encourage a diverse and sustainable market for natural gas beyond the power sector;</p>		



## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
(c) The TPA shall be anchored on a safe, secure, reliable, and efficient operation for both the participant and the third-party users;		
(d) The determination of available and excess capacity shall be subject to a transparent and sufficient consultation among the participant and the prospective third-party users and DOE's verification and confirmation;		
(e) 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; and		
(f) The TPA shall not apply to facilities subject to Own-use Permits. Should the Own-use Permit Holder opt to participate in TPA activities, it shall obtain a TPA Permit from DOE.		
<b>Sec. 27. Congestion Management.</b> – 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		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
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.		
<p>                             Sec. 28. <b>Standards on LNG Ships and LNG Facility.</b> – 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.                         </p> <p>                             Applications for the issuance of DOE Permits and continued conduct of any PDNGI activity and operation of the facility shall be subject to continuous compliance with standards.                         </p>		
<p>                             Sec. 29. <b>Standards on Product Quality.</b> – The Permit Holder or Operator shall maintain the quality of gas supply to End-users in accordance with the Philippine and                         </p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>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. 30. <b><i>Standards on Safety Practice.</i></b> – 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, DENR, DOH, and other concerned agencies shall ensure compliance with this requirement.</p>		
<b>CHAPTER VII</b>		
<p>Sec. 31. <b><i>Responsibilities of the Permit Holder or Operator.</i></b> – A Permit Holder or Operator shall have the</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>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/or 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 expenses incurred;</p>		
<p>(c) Comply with applicable Philippine laws and regulations to attain energy security and common welfare;</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 and other government agencies pursuant to this Act and its Implementing Rules and Regulations;</p>		
<p>(e) Implement the natural gas project strictly adhering to the scope and limits of the Permit and operate in</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
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		

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>with accidents, damages, or injuries which are beyond their control; and</p> <p>(j) Participate in the development, issuance, and review of plans, protocols, standards, and codes applicable to the PDNGI.</p> <p>The specific responsibilities of the PDNGI Participants shall be further defined in the Implementing Rules and Regulations of this Act.</p>		
<p style="text-align: center;"><b>CHAPTER VIII</b></p> <p style="text-align: center;"><b>INCENTIVES</b></p>		
<p>Sec. 32. <b><i>Fiscal Incentives.</i></b> – In recognition of the substantial investments needed for the development, construction of, lease, operation and/or maintenance of, and conversion to natural gas facilities, all other activities in relation to the PDNGI value chain projects, as certified by the DOE shall be included in Tier III of the Strategic Investment Priority Plan (SIPP), subject to the incentives provided under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997 (NIRC), as amended by Republic Act No. 11534, otherwise known as the "<i>Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act</i>". Moreover, the registered projects shall also be entitled to value-added tax (VAT) and duty exemptions as provided under Section 294 of</p>		

# NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
the NIRC during the construction and expansion periods.		
<b>CHAPTER IX</b> <b>PROMOTION OF COMPETITION</b>		
Sec. 33. <b><i>Anti-Competitive Behavior.</i></b> – No PDNGI Participant, or any Affiliates thereof, may engage in any anti-competitive behavior or abuse of its dominant position by engaging in any conduct or behavior in accordance with Republic Act No. 10667 or the Philippine Competition Act.		
Sec. 34. <b><i>Fair Access to Capital and Off-Taker Market.</i></b> – The DOE shall issue applicable policies that promote the financial viability of the PDNGI and competitive access to both capital and off-taker markets for natural gas.		
<b>CHAPTER X</b> <b>FINES AND PENALTIES</b>		
<b>Sec. 35. <i>Administrative Fines and Penalties.</i></b> – The following administrative fines and penalties shall be imposed on any industry Participant who violates the provisions of this		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
Act:		
(a) The permit, accreditation or other approvals issued by the DOE under Chapter III, Section 13 of this Act, may be suspended or revoked and the DOE shall impose upon the Operator a fine ranging from Fifty Thousand Pesos (Php50,000.00) to Five Million Pesos (Php5,000,000.00) per violation without prejudice to other appropriate administrative fines and penalties that other relevant government agencies may impose on the operator: <i>Provided</i> , That the schedule of fines provided for in this Section shall be increased by the DOE every five (5) years, for violation of:		
<ul style="list-style-type: none"> <li>(i) Standards on LNG ships and LNG facilities issued pursuant to Section 28;</li> <li>(ii) Standards on product quality issued pursuant to Section 29;</li> <li>(iii) Standards on safety practice issued pursuant to Section 30;</li> <li>(iv) Responsibilities of the Permit Holder or Operator pursuant to Section 31;</li> <li>(v) PDNG Transmission Code and PDNG Distribution Code, PLSR Terminal Code, and TPA Code; and</li> <li>(vi) Orders or directives of the DOE in the implementation</li> </ul>		



## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
of this Act;		
(b) The applicable administrative penalty for Section 33 shall be pursuant to the PCA.		
<b>Sec. 36. <i>Criminal Fines and Penalties.</i></b> – Appropriate fines and penalties under existing penal laws shall apply to any criminal violation associated in the implementation of this Act.		
<b>CHAPTER XI TRANSITORY PROVISIONS</b>		
<b>Sec. 37. <i>Existing Systems.</i></b> –Downstream 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.		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b> SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p>All PDNGI Participants shall comply with the provisions of this Act within two (2) years from the effectivity of the Implementing Rules and Regulations of this Act: Provided, that health, safety, security, environmental, construction, operation, and other permits, licenses, certificates, and authorizations issued prior to the effectivity of this Act which are not inconsistent herewith shall remain valid.</p> <p>PDNG Transmission Systems and PDNG Distribution 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><b>Sec. 38. Pending Application.</b> – All applications for any activity in the PDNGI pending before the DOE upon the effectivity hereof shall be covered by this Act.</p>		
<p><b>CHAPTER XII</b> <b>FINAL PROVISIONS</b></p>		
<p><b>Sec. 39. Assignment or Transfer of Interest.</b> – Assignment of the Permit or change of operatorship shall be allowed only upon prior written approval by the DOE based on acceptable reasons and compliance by the existing Permit</p>		

## NATURAL GAS INDUSTRY

<p style="text-align: center;"><b>SBN 2247</b></p> <p style="text-align: center;">SEN. RAFFY T. TULFO</p>	<p style="text-align: center;"><b>FIRST TWG DISCUSSION</b></p>	<p style="text-align: center;"><b>REMARKS</b></p>
<p>Holder, the assumption by the assignee of all obligations of the existing Permit Holder, and upon meeting the minimum legal, technical, and financial qualifications by the assignee.</p> <p>In case of a transfer of more than fifty percent (50%) of the shares of the Permit Holder or Operator, without assignment of the Permit or change of operatorship, the Permit Holder or Operator shall notify the DOE within seven (7) days from the date of transfer.</p>		
<p><b>Sec. 40. Amicable Settlement.</b> – All parties shall make their best efforts to amicably settle any dispute arising from the performance or interpretation of any provision of this Act.</p>		
<p><b>Sec. 41. Congressional Oversight.</b> – 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 each year, which shall include the latest relevant data, implementation review and reports, and policy and regulatory issues.</p>		
<p><b>Sec. 42. Appropriations.</b> – The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act.</p>		

## NATURAL GAS INDUSTRY

<b>SBN 2247</b>  SEN. RAFFY T. TULFO	<b>FIRST TWG DISCUSSION</b>	<b>REMARKS</b>
<p><b>Sec. 43. <i>Implementing Rules and Regulations.</i></b> – The DOE shall promulgate the rules and regulations for the effective implementation of this Act within twelve (12) months after the effectivity of this Act.</p>		
<p><b>Sec. 44. <i>Separability Clause.</i></b> – 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><b>Sec. 45. <i>Repealing Clause.</i></b> – 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><b>Sec. 46. <i>Effectivity.</i></b> – 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><i>Approved,</i></p>		