

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



MEMORANDUM

FOR

The Directors

Legal Affairs Service

Policy and Planning Service Climate Change Service

All Bureau Directors

FROM

The Director

Legislative Liaison Office.

SUBJECT

INVITATION TO COMMITTEE MEETING ON VARIOUS LEGISLATIVE MEASURES ON LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY FROM THE COMMITTEE ON ENERGY OF THE

HOUSE OF REPRESENTATIVES

DATE

26 July 2024

In reference to the electronic letter received by our Office, the Committee on Energy of the House of Representatives is inviting the Department to a meeting on 30 July 2024, Tuesday, 09:30 AM at Conference Rooms 3 and 4, Mitra Bldg., House of Representatives, Quezon City for the deliberation of the following legislative measures:

- House Resolution No. 1014 A RESOLUTION DIRECTING THE HOUSE COMMITTEE ON ENERGY TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION REGARDING THE COMPLIANCE OF THE DEPARTMENT OF ENERGY WITH ITS LEGAL MANDATE TO ENFORCE REPUBLIC ACT NO. 11592 OTHERWISE KNOWN AS "THE LPG INDUSTRY REGULATION ACT", authored by Representative Pantaleon D. Alvarez;
- House Resolution No. 1362 RESOLUTION DIRECTING THE HOUSE COMMITTEE
 ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE
 ALLEGED VIOLATIONS OF THE REPUBLIC ACT NO. 11592 OTHERWISE KNOWN
 AS "THE LPG INDUSTRY REGULATION ACT" AND THE COMPLIANCE OF THE
 DEPARTMENT OF ENERGY IN ENFORCING THE LAW, authored by Representative
 Allan U. Ty;
- House Bill No. 164 AN ACT TO PROTECT THE FILIPINO CONSUMERS FROM ARBITRARY INCREASES IN THE PRICES OF LPG BEING CHARGED BY THE PLAYERS OF THE LPG INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 19 AND 14 OF R.A. 8479, OTHERWISE KNOWN AS "DOWNSTREAM OIL INDUSTRY DEREGULATION LAW OF 1998", authored by Representatives Rodante Marcoleta and Caroline Tanchay; and

• House Resolution No. 29 - RESOLUTION DIRECTING THE COMMITTEE ON ENERGY OF THE HOUSE OF REPRESENTATIVES TO CONDUCT A HEARING, IN AID OF LEGISLATION, ON THE NECESSITY OF GRANTING A SUBSIDIZED PRICE OF LPG TO URBAN POOR HOUSEHOLDS AND ON THE PROPRIETY OF DIRECTING THE DEPARTMENT OF ENERGY TO ENCOURAGE THE REVIVAL OF THE LIQUEFIED PETROLEUM GAS INSTITUTE OF THE PHILIPPINES (LPGIP) TO POLICE THE RANKS OF LPG DEALERS, authored by Representatives Rodante Marcoleta and Caroline Tanchay.

In this regard, may we request for comments/recommendations on the abovementioned legislative measures, in anticipation of the Committee meeting, as requested by the Committee. Kindly send them on or before 29 July 2024, at 5 PM via email at denr.gov.ph. 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 Letter-Invitation, Agenda, House Bills, and House Resolutions for your reference.

ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs



Quezon City

19th Congress

COMMITTEE ON ENERGY MEETING INVITATION

23 July 2024

To the Concerned Stakeholders

Sir/Madam,

Please be informed that the Committee on Energy will hold a Regular Meeting on the date, time, and venue indicated hereunder:

DATE/TIME/VENUE	30 July 2024 (Tuesday) 9:30 A.M. Conference Rooms 3&4, RVM Bldg., House of Representatives, Quezon City
AGENDA	Part 1. 2nd deliberation on the following:
	House Resolution No. 1014 - A RESOLUTION DIRECTING THE HOUSE COMMITTEE ON ENERGY TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION REGARDING THE COMPLIANCE OF THE DEPARTMENT OF ENERGY WITH ITS LEGAL MANDATE TO ENFORCE REPUBLIC ACT NO. 11592 OTHERWISE KNOWN AS "THE LPG INDUSTRY REGULATION ACT", authored by Representative Pantaleon D. Alvarez
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	Part 2. Initial deliberation on the following:
	House Bill No. 164 - AN ACT TO PROTECT THE FILIPINO CONSUMERS FROM ARBITRARY INCREASES IN THE PRICES OF LPG BEING CHARGED BY THE PLAYERS OF THE LPG INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 19 AND 14 OF R.A. 8479, OTHERWISE KNOWN AS "DOWNSTREAM OIL INDUSTRY DEREGULATION LAW OF 1998", authored by Representatives Rodante Marcoleta and Caroline Tanchay
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Your active participation on the said meeting will be highly appreciated.

May we reiterate our request from your office to submit your position paper on House Bill No. 164 and House Resolution No. 29 before our meeting date.

As regards the submissions requested during the meeting on February 14, 2024 on House Resolutions No. 1014 and 1362, may we request for your submission of the same on July 25, 2024. Kindly submit the said documents through email address: committee.energy@house.gov.ph or melanie.anain@house.gov.ph.

May we also request your good office to confirm your attendance on or before 29 July 2024, through email or at telephone number 8931-3593. You may also contact our Committee Staff, Mr. Lorenzo Cortes at 0918-9193698.

In compliance with the new House protocol for visitors, may we request the attendee/s from your good office to submit the following information:

- Full Name and Designation
- Email Address
- Mobile Number
- Copy of ID

Thank you very much.

Very truly yours,

LORD ALLAN JAY Q. VELASCO Chairperson

For the Chairperson:

Committee Secretary



COMMITTEE ON ENERGY

COMMITTEE MEETING

July 30, 2024 (Tuesday), 9:30 A.M. Rooms 3 & 4, RVM Building

AGENDA

- I. Call to Order/Roll Call
- II. Invocation
- III. Review and Approval of the Minutes of the Previous Meeting dated February 14, 2024
- IV. Welcome/Opening Remarks of Energy Chairperson Lord Allan Q. Velasco
- V. Acknowledgment of Committee Members and Resource Persons/Guests
- VI. Part 1. 2nd deliberation on the following:
 - > House Resolution No. 1014, A RESOLUTION DIRECTING THE HOUSE COMMITTEE ON ENERGY TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION REGARDING THE COMPLIANCE OF THE DEPARTMENT OF ENERGY WITH ITS LEGAL MANDATE TO ENFORCE REPUBLIC ACT NO. 11592 OTHERWISE KNOWN AS "THE LPG INDUSTRY REGULATION ACT", authored by Representative Pantaleon D. Alvarez
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Part 2. Initial deliberation on the following:

- ➤ House Bill No. 164, AN ACT TO PROTECT THE FILIPINO CONSUMERS FROM ARBITRARY INCREASES IN THE PRICES OF LPG BEING CHARGED BY THE PLAYERS OF THE LPG INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 19 AND 14 OF R.A. 8479, OTHERWISE KNOWN AS "DOWNSTREAM OIL INDUSTRY DEREGULATION LAW OF 1998", authored by Representatives Rodante Marcoleta and Caroline Tanchay
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COMMITTEE ON ENERGY

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DEALERS, authored by Representatives Rodante Marcoleta and Caroline Tanchay

VII. Other Matters

VIII. Adjournment

Invited Resource Persons/Guests:

For HRs 1014 and 1362

- 1. Department of Energy (DOE)
- 2. Department of Trade and Industry (DTI)
- 3. Department of Budget and Management (DBM)
- 4. Department of the Interior and Local Government (DILG)
- 5. Bureau of Internal Revenue (BIR)
- 6. Bureau of Customs (BOC)
- 7. Philippine National Police (PNP)
- 8. Bureau of Fire Protection (BFP)
- 9. Philippine Institute of Petroleum (PIP)
- 10. IPP Companies Association (IPPCA)
- 11. Petron Corporation
- 12. LPG Refillers Association, Inc. (LPGRA)
- 13. LPG Marketers Association, Inc. (LPGMA)
- 14. LPG Industry Association (LPGIA)

For HB 164 and HR 29

- 1. Department of Energy (DOE)
- 2. Department of Justice (DOJ)
- 3. Department of Science and Technology (DOST)
- 4. Department of Environment and Natural Resources (DENR)
- 5. Department of Trade and Industry Bureau of Product Standards (DTI-BPS)
- 6. Energy Regulatory Commission (ERC)
- 7. Philippine Institute of Petroleum (PIP)
- 8. IPP Companies Association (IPPCA)
- 9. LPG Refillers Association, Inc. (LPGRA)
- 10. LPG Marketers Association, Inc. (LPGMA)
- 11. LPG Industry Association (LPGIA)

Ouezon City, Metro Manila

NINETEENTH CONGRESS First Regular Session

HOUSE BILLINO. 164



Introduced by Rep. Rodante D. Marcoleta and Rep. Caroline L. Tanchay

EXPLANATORY NOTE

Since the passage of RA 8479 deregulating the price of petroleum products including liquefied petroleum gas (LPG), the price of the latter has skyrocketed since. Even as the law mandated the Department of Energy (DOE) to monitor the international and domestic prices of crude and petroleum products, the pricing is left to the oil/LPG companies and their dealers and retail outlets.

While the DOE has lately been successful in persuading most companies to implement price adjustments of liquid petroleum products in small increments, the situation is not true for all players in the LPG business. Some players have been noted to implement the full impact of increases in the benchmark monthly contract price (CP) in Saudi Arabia at the beginning of the month, but only smaller increments are implemented during times of downward CP movements.

It is recognized that domestic prices are dependent on the price in the international market and the peso exchange rate. However, certain mechanism may have to be put in place to protect the welfare of the consuming public from abuse by unscrupulous local LPG industry players.

Even as liberalization of the downstream oil industry has been the policy adopted by the government, the urgent passage of this bill is earnestly sought to provide a mechanism to ensure reasonable and timely adjustments of the prices of LPG.

RODANTE D. MARCOLETA

Quezon City, Metro Manila

NINETEENTH CONGRESS First Regular Session

HOUSE BILL NO. 164

Introduced by Rep. Rodante D. Marcoleta and Rep. Caroline L. Tanchay

AN ACT

TO PROTECT THE FILIPNO CONSUMERS FROM ARBITRARY INCREASES IN THE PRICES OF LPG BEING CHARGED BY THE PLAYERS OF THE LPG INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 19 AND 14 OF R.A. 8479, OTHERWISE KNOWN AS DOWNSTREAM OIL INDUSTRY DEREGULATION LAW OF 1998

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

SECTION 1. Section 19 of Republic Act No. 8479 is hereby amended by adding another paragraph to read as follows:

"Providing further, that effective immediately, the price of LPG has to be guided by an Automatic Pricing Mechanism (APM). Such APM shall be determined by the Energy Regulatory Commission (ERC), after prior notice and hearing, within six (6) months from the affectivity of this bill.

To ensure that only safe and qualified LPG cylinders are put in circulation, the APM shall provide for cylinder repair and maintenance cost."

SECTION 2. The functions of the Department of Energy-Department of Justice (DOE-DOJ) Task Force shall be transferred to the ERC. Thus, Sec. 14 (d) of the same law is hereby amended to read as follows:

"Any report from any person of an unreasonable rise in the prices of LPG shall be immediately acted upon. For this purpose, the ERC is hereby mandated to determine within thirty (30) days the merits of the

report and initiate the necessary actions warranted under the circumstances; *Provided*, that nothing herein shall prevent the ERC from investigating and/or filing the necessary complaint moto propio."

SECTION 3. Implementing Rules And Regulations – The ERC, in coordination with DOE and other concerned government agencies, shall formulate and issue the necessary implementing rules and regulations within sixty (60) days after the effectivity of this Act.

SECTION 4. Repealing Clause – All laws, Presidential Decrees, executive orders, issuances, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

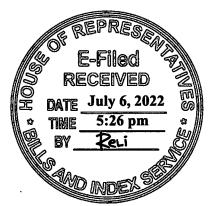
SECTION 5. Effectivity – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,

NINETEENTH CONGRESS

First Regular Session

HOUSE RESOLUTION NO. 29



Introduced by Rep. Rodante D. Marcoleta and Rep. Caroline L. Tanchay

RESOLUTION

DIRECTING THE COMMITTEE ON ENERGY OF THE HOUSE OF REPRESENTATIVES TO CONDUCT A HEARING, IN AID OF LEGISLATION, ON THE NECESSITY OF GRANTING A SUBSIDIZED PRICE OF LPG TO URBAN POOR HOUSEHOLDS AND ON THE PROPRIETY OF DIRECTING THE DEPARTMENT OF ENERGY TO ENCOURAGE THE REVIVAL OF THE LIQUEFIED PETROLEUM GAS INSTITUTE OF THE PHILIPPINES (LPGIP) TO POLICE THE RANKS OF LPG DEALERS

WHEREAS, Section 9, Article II of the 1987 Constitution provides that "(t)he State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all";

WHEREAS, Section 1, Article XIII of the same Constitution provides that "Congress shall give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequities x x x";

WHEREAS, in 2006 and in response to the above-quoted constitutional mandate, the Department of Energy initiated the issuance of Executive Order No. 527 precisely to mitigate the inflationary impact of rising oil prices in the world market with the view of subsidizing the cost of diesel for public transport through a calibrated reduction or adjustment in tariff rates for the ultimate benefit of the ordinary and regular passengers/commuters;

WHEREAS, a study conducted on the price pattern of liquefied petroleum gas (LPG) from 1967 up to the middle part of the '80s showed, among others, that the historical monthly average price of this basic commodity per 11-kg cylinder steered somewhat close to the prevailing minimum daily wage, making it affordable to the common and ordinary people;

WHEREAS, as observed in December 2008 to January 2009, the urban poor households have, once more, become the unwilling victims in the interplay of forces that impact on the supply—and ultimately on the price—of cooking gas which proved to be too burdensome to, and beyond the reach of, these ordinary wage earners;

WHEREAS, one of the factors that exacerbated the plight of the ordinary consumers who were preyed upon by unscrupulous dealers is the lack of an effective self-regulating entity that should police the ranks of LPG dealers under a deregulated industry setting parallel to, or consistent with, the administrative mandate of the DOE to check the irregular activities of dealers pursuant to DOE Circular No. 2000-06-010;

WHEREAS, it may be recalled that in the wake of the oil embargo in the seventies, and considering that the industry was regulated through the institution of a Price Stabilization Council, the urban poor and ordinary households where virtually shielded from the debilitating effects of sudden price spirals;

WHEREAS, in the aftermath of tropical typhoons Ondoy and Pepeng, the government declared a national state of calamity that gave rise to Executive Order No. 839 which temporarily froze the price of oil products in Luzon with the end in view of mitigating the harsh impact of the said catastrophes;

WHEREAS, despite a regulated oil industry, the "Liquefied Petroleum Gas Institute of the Philippines, Inc." (LPGIP) was still organized on February 5, 1973, with the noble purpose of: (1) "promoting the development of the liquefied petroleum gas industry in the Philippines in such a manner as to contribute in the economic development of the nation"; and (2) "developing professionalism in the marketing of liquefied petroleum gas", among others; and

WHEREAS, the necessity to encourage the establishment of a body within the industry to police the LPG dealers themselves and to self-regulate their activities as well, has become even more significant in the atmosphere of deregulation, with the view of providing additional relief to the poor consumers on this basic product.

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the Committee on Energy to conduct an appropriate hearing, or a technical working group, in aid of legislation, or to prevail upon the Department of Energy to: (1) study and initiate the crafting of a workable mechanism for the immediate granting of LPG subsidized price to the urban poor households similar to the scheme adopted for the public transport on subsidized diesel price; and (2) to encourage all LPG dealers—the major players and the independents—to police their own ranks and self-regulate their activities through the reactivation of the Liquefied Petroleum Gas Institute of the Philippines, Inc. (LPGIP)

ADOPTED.

RQDANTE D. MARCOLETA

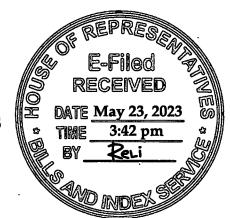
CAROLINE I. TANCHAY



Constitution Hills, Quezon City

NINETEENTH CONGRESS

First Regular Session



HOUSE RESOLUTION NO. 1014

Introduced by REPRESENTATIVE PANTALEON D. ALVAREZ

A RESOLUTION

DIRECTING THE HOUSE COMMITTEE ON ENERGY TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION REGARDING THE COMPLIANCE OF THE DEPARTMENT OF ENERGY WITH ITS LEGAL MANDATE TO ENFORCE REPUBLIC ACT NO. 11592 OTHERWISE KNOWN AS "THE LGP INDUSTRY REGULATION ACT"

WHEREAS, on October 14, 2021, then President Rodrigo Duterte signed into law Republic Act No. 11592, or the LPG Industry Regulation Act, that will regulate the domestic liquefied petroleum gas ("LPG") industry and ensure consumer protection against malpractices;

WHEREAS, R.A. No. 11592 provides for the creation of an LPG Cylinder Improvement Program to ensure the quality of all cylinders in circulation with the goal of protecting the end-consumers against defective and dangerous LPG containers that could lead do accidents and fires;

WHEREAS, said law also specifically mandates the Department of Energy ("DOE"), to be the primary lead government agency responsible for the implementation and enforcement of the LPG Industry Regulation Act;

WHEREAS, on May 20, 2023, the DOE and DTI released Joint Department Circular No. JDC 2022-05-0001 pursuant to Section 52 of RA

11592, adopting and promulgating the implementing rules and regulations for the said law;

WHEREAS, on June 28, 2022, Solane, one of the country's biggest LPG industry players, confiscated over Php 406,510 worth of fake, dangerous, and illegally refilled LPG tanks from multiple raids in the country including Metro Manila, Camarines Sur, Albay, Cagayan, Sorsogon, and Quirino;¹

WHEREAS, on September 15, 2022, police officers from National Capital Region Police Office ("NCRPO") nabbed four suspects for selling fake LPG cylinders in separate operations in Manila;²

WHEREAS, further, there were several dozens of reports that narrate the proliferation of fake LPG tanks that may cause gas leaks thereby endangering consumer households and business end-users;

WHEREAS, on January 10, 2023, the news outlet Philippine Daily Inquirer, quoting a data provided by the Bureau of Fire Protection ("BFP"), noted that there were at least 104 LPG-related fires in 2018, 95 fires in 2019, 85 fires in 2020, and 47 fires in 2021;³

WHEREAS, it is urgent that the DOE, as the lead agency, together with DTI and other concerned government offices, as mandated by R.A. No. 11592, to ensure <u>immediate and full enforcement of the LPG Industry Regulation Act to</u> ensure the public's compliance with quality and safety standards of the LPG industry and to avoid possible future loss of lives and damage to properties by reason of defective LPG products;

WHEREFORE, GIVEN THE FOREGOING, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, DIRECTING THE HOUSE OF REPRESENTATIVES COMMITTEE ON ENERGY TO CONDUCT AN INVESTIGATION - IN AID OF LEGISLATION - REGARDING THE DEPARTMENT OF ENERGY'S COMPLIANCE WITH ITS MANDATE TO IMMEDIATELY ENFORCE AND IMPLEMENT R.A. NO. 11592.

¹ https://manilastandard.net/news/national/314239772/lpg-company-solane-seizes-illegal-tanks-worth-p406k-in-raids.html

² https://www.pna.gov.ph/articles/1183717

³ https://newsinfo.inquirer.net/1714829/for-posting-edited-consumers-warned-vs-illegal-gas-tanks

Adopted,

PANTALEON D. ALVAREZ



Republic of the Philippines HOUSE OF REPRESENTATIVES Quezon City, Metro Manila



NINETEENTH CONGRESS

First Regular Session

HOUSE RESOLUTION NO. 1362

Introduced by Representative Allan U. Ty

RESOLUTION DIRECTING THE HOUSE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED VIOLATIONS OF THE REPUBLIC ACT NO. 11592 OTHERWISE KNOWN AS "THE LPG INDUSTRY REGULATION ACT" AND THE COMPLIANCE OF THE DEPARTMENT OF ENERGY IN ENFORCING THE LAW

WHEREAS, Republic Act No. 11592, or the LPG Industry Regulation Act, became law on October 14, 2021. The law seeks to regulate the domestic liquefied petroleum gas ("LPG") industry and ensure consumer protection against malpractices;

WHEREAS, R.A. No. 11592 provides for the creation of an LPG Cylinder Improvement Program to ensure the quality of all cylinders in circulation with the goal of protecting the end-consumers against defective and dangerous LPG containers that could lead to accidents and fires;

WHEREAS, said law also specifically mandates the Department of Energy ("DOE"), to be the primary lead government agency responsible for the implementation and enforcement of the LPG Industry Regulation Act;

WHEREAS, on May 20, 2023, the DOE and DTI released Joint Department Circular No. JDC 2022-05-0001 pursuant to Section 52 of RA 11592, adopting and promulgating the implementing rules and regulations for the said law;

WHEREAS, on June 28, 2022, Solane, one of the country's biggest LPG industry players, confiscated Php 406,510 worth of fake, dangerous, and illegally refilled LPG tanks from multiple raids in the country including Metro Manila, Camarines Sur, Albay, Cagayan, Sorsogon, and Quirino;

WHEREAS, on September 15, 2022, police officers from National Capital Region Police Office ("NCRPO") nabbed four suspects for selling fake LPG cylinders in separate operations in Manila;

WHEREAS, on January 10, 2023, the news outlet Philippine Daily Inquirer, quoting a data provided by the Bureau of Fire Protection ("BFP"), noted that there were at least 104 LPG-related fires in 2018, 95 fires in 2019, 85 fires in 2020, and 47 fires in 2021;

WHEREAS, it is urgent that the DOE, as the lead agency, together with DTI and other concerned government offices, as mandated by R.A. No. 11592, to ensure immediate and full enforcement of the LPG Industry Regulation Act to ensure the public's compliance with quality and safety standards of the LPG industry and to avoid possible future loss of lives and damage to properties by reason of defective LPG products;

WHEREFORE, GIVEN THE FOREGOING, BE IT RESOLVED, AS IT IS HEREBY RELOVED, DIRECTING THE HOUSE OF REPRESENTATIVES COMMITTEE ON ENERGY TO CONDUCT AN INVESTIGATION - IN AID OF LEGISLATION - REGARDING THE ALLEGED VIOLATIONS OF R.A. 11592 AND THE COMPLIANCE OF THE DEPARTMENT OF ENERGY TO IMMEDIATELY ENFORCE AND IMPLEMENT R.A. NO. 11592

Adopted,

ALLAN U. TY
LPGMA Partylist