

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



Senate
Office of the Secretary

14 JUL -1 P2:18

SENATE
S. No. 2295

RECEIVED BY: *JW*

Introduced by Senator Miriam Defensor Santiago

AN ACT
IMPOSING CIVIL PENALTIES ON UNREASONABLE PRICE INCREASES FOR CRUDE
OIL, RESIDUAL FUEL OIL, AND REFINED PETROLEUM PRODUCTS

EXPLANATORY NOTE

The Constitution provides:

Art. II, Section 5. The maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy.

Art. II, Section 9. The 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.

Art. II, Section 19. The State shall develop a self-reliant and independent national economy effectively controlled by Filipinos.

From the vehicles we drive to the equipment we use, our society relies on gasoline to fuel our lives. The high demand for this commodity and frequent fluctuations in its price warrant a closer look at the issue of predatory pricing.

This bill seeks to impose civil penalties on unreasonable price increases for crude oil, residual fuel oil, and refined petroleum products.*

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO
ass.

* This bill was originally filed during the Thirteenth Congress, First Regular Session.

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

1 AN ACT

2 IMPOSING CIVIL PENALTIES ON UNREASONABLE PRICE INCREASES FOR CRUDE
3 OIL, RESIDUAL FUEL OIL, AND REFINED PETROLEUM PRODUCTS

4 SECTION 1. *Short Title.* – This Act shall be known as the “Fuel Pricing Fairness Act.”

5 SECTION 2. *Declaration of Policy.* – It is the policy of the State to promote the general
6 welfare and protect consumers from trade malpractices.

7 SECTION 3. *Definition of Terms.* – For the purposes of this Act, the term:

8 (A) “Energy-producing company” means a person engaged in:

- 9 (1) Ownership or control of mineral fuel resources or non-mineral energy
10 resources;
- 11 (2) Exploration for, or development of, mineral fuel resources;
- 12 (3) Extraction of mineral fuel or non-mineral energy resources;
- 13 (4) Refining, milling, or otherwise processing mineral fuel or non-mineral
14 energy resources;
- 15 (5) Storage of mineral fuel or non-mineral energy resources by any means
16 whatever; or
- 17 (6) Wholesale or retail distribution or mineral fuels, non-mineral energy
18 resources or electrical energy;

1 (B) "Unreasonable price increase" means any price increase that exceeds any
2 concurrent increase in the production or operation cost of the energy-producing company that are
3 directly related to the products being sold.

4 (C) "Energy industry" means all energy-producing companies.

5 (D) "Crude oil" means a naturally-occurring substance found trapped in certain rocks
6 below the earth's crust. It is a dark, sticky liquid which, scientifically speaking, is classed as a
7 hydrocarbon. It is highly flammable that can be burned to create energy.

8 (E) "Residual fuel oil" means a liquid or semi-liquid, high-boiling fraction of residue
9 from the distillation of petroleum which is used as a fuel.

10 (F) "Refined petroleum products" means products derived from crude oils through
11 processes such as catalytic cracking and fractional distillation. These products have physical and
12 chemical characteristics that differ according to the type of crude oil and subsequent refining
13 processes. These include gasoline, kerosene, liquefied petroleum gas (LPG), No. 2 Fuel Oil, No.
14 4 Fuel Oil, No. 5 Fuel Oil (Bunker B), and No. 6 Fuel Oil (Bunker C).

15 (G) "LPG" means liquefied petroleum gas.

16 (H) "DOE" means Department of Energy.

17 (I) "DTI" means Department of Trade and Industry.

18 SECTION 4. *Civil Penalty for Unreasonable Price Increases for Crude Oil, Residual*
19 *Fuel Oil, and Refined Petroleum Products.* —

20 (A) *In General.* — Not later than three (3) months after the date of enactment of this
21 Act, the Secretary of Energy, in coordination with the Secretary of Trade and Industry, shall
22 issue regulations that —

23 (1) Apply to all crude oil, residual fuel oil, and refined petroleum products
24 that are sold and used as energy fuel in the Philippines;

25 (2) Prohibit any unreasonable price increase for such products by an energy-
26 producing company; and

1 (3) Impose a civil penalty of not less than One Million Pesos (P1,000,000.00)
2 but not more than Ten Million Pesos (P10,000,000.00) for each
3 unreasonable price increase.

4 (B) *Determination of Unreasonable Price Increase.* – The DOE, in coordination with
5 the DTI, shall determine at least annually whether any energy-producing company has
6 implemented an unreasonable price increase in violation of regulations issued under paragraph
7 (A) of this Section.

8 SECTION 5. *Separability Clause.* – If any provision or part hereof is held invalid or
9 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
10 valid and subsisting.

11 SECTION 6. *Repealing Clause.* – Any law, presidential decree or issuance, executive
12 order, letter of instruction, administrative order, rule, or regulation contrary to or inconsistent
13 with the provision of this Act is hereby repealed, modified, or amended accordingly.

14 SECTION 7. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
15 publication in at least two (2) newspapers of general circulation.

Approved,