

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



'15 AUG 11 P4:00

SENATE

RECEIVED BY: *J*

COMMITTEE REPORT NO. 201

Submitted by the Committee on Trade, Commerce and Entrepreneurship joint with the Committees on Energy & Finance on AUG 11 2015.

Re: Senate Bill No. 2897, prepared by the Committees

Recommending its approval in substitution of Senate Bill Nos. 678, 737, 2245 and 2399

Sponsor: Senator Aquino IV

Mr. President:

The Committee on Trade, Commerce and Entrepreneurship joint with the Committees on Energy & Finance, to which were referred Senate Bill No. 678, introduced by Senator Legarda, *entitled:*

“AN ACT
TO ESTABLISH THE MONITORING AND SUPERVISORY FRAMEWORK
FOR THE SAFE OPERATIONS OF THE LIQUEFIED PETROLEUM GAS
(LPG) INDUSTRY; RATIONALIZE THE MANUFACTURE, SALE,
DISTRIBUTION, EXCHANGE, SWAPPING, REPAIR, REQUALIFICATION
AND REHABILITATION OF LPG CYLINDERS; PROVIDE ADDITIONAL
POWERS TO THE DEPARTMENT OF TRADE AND INDUSTRY; DEFINE
AND PENALIZE VIOLATIONS THEREOF AND FOR OTHER PURPOSES”

Senate Bill No. 737, introduced by Senator Ejercito Estrada, *entitled:*

“AN ACT
TO ESTABLISH THE REGULATORY FRAMEWORK FOR THE SAFE
OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY,
PROVIDE ADDITIONAL POWERS TO THE DEPARTMENT OF ENERGY,
DEFINE AND PENALIZE CERTAIN ACTS, AND FOR OTHER PURPOSES”

Senate Bill No. 2245, introduced by Senator Binay, *entitled:*

“AN ACT
ESTABLISHING THE REGULATORY FRAMEWORK FOR THE SAFE
OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY,
DELINEATE THE POWERS AND FUNCTIONS OF VARIOUS GOVERNMENT
AGENCIES, DEFINE AND PENALIZE CERTAIN ACTS, AND OR OTHER
PURPOSES”

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and Senate Bill No. 2399, introduced by Binay, *entitled:*

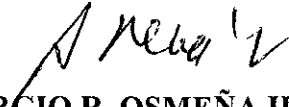
“AN ACT
ESTABLISHING THE REGULATORY FRAMEWORK FOR THE SAFE
OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY,
DELINEATE THE POWERS AND FUNCTIONS OF VARIOUS GOVERNMENT
AGENCIES, DEFINE AND PENALIZE CERTAIN ACTS, AND FOR OTHER
PURPOSES”

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, S.B. No. 2897, prepared by the Committees, entitled:

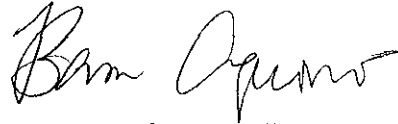
“AN ACT
ESTABLISHING THE REGULATORY FRAMEWORK FOR THE SAFE OPERATIONS
OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, DELINEATING THE
POWERS AND FUNCTIONS OF VARIOUS GOVERNMENT AGENCIES, DEFINING
AND PENALIZING CERTAIN ACTS, AND FOR OTHER PURPOSES”

be approved in substitution of Senate Bill Nos. 678, 737, 2245 and 2399 with Senators Legarda, Ejercito-Estrada, Binay and Aquino IV, as authors thereof.

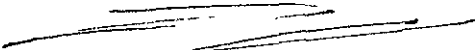
Respectfully submitted:



SERGIO R. OSMEÑA III
Chairperson, Committee on Energy
Chairperson, Committee on Finance
Subcommittee "B"



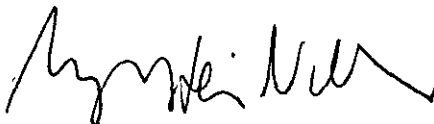
PAOLO BENIGNO "BAM" AQUINO IV
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Commerce and Entrepreneurship
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Subcommittee "G"



LOREN B. LEGARDA
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Vice Chairperson, Committee on Trade,
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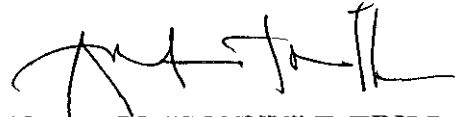
CYNTHIA A. VILLAR
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Chairperson, Committee on Finance
Subcommittee "F"



GRACE POE



ANTONIO "SONNY" F. TRILLANES IV



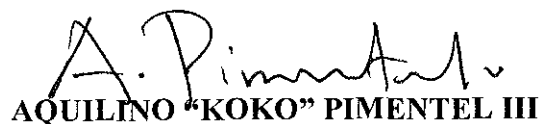
FRANCIS "CHIZ" G. ESCUDERO

FERDINAND R. MARCOS, JR.

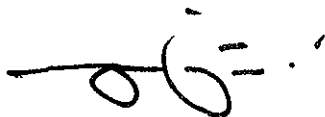
PIA S. CAYETANO

MIRIAM DEFENSOR SANTIAGO

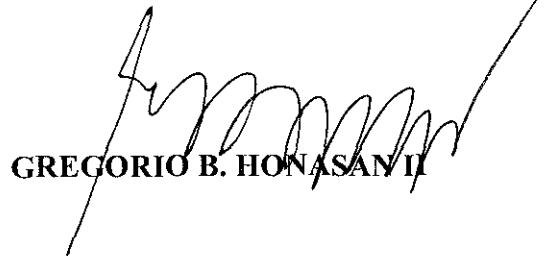
JINGGOY EJERCITO ESTRADA



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JOSEPH VICTOR G. EJERCITO



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VICENTE C. SOTTO III
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Ex-Officio Members:

RALPH G. RECTO
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SIXTEENTH CONGRESS OF THE REPUBLIC)
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Senate
Office of the Secretary

75 AUG 11 P4 00

RECEIVED BY: 

SENATE

S.B.NO. 2897

(In substitution of SB Nos. 678, 737 and 2245) and 2399) 

Prepared by the Committee on Trade, Commerce and Entrepreneurship joint with the Committees on Energy & Finance with Senators Legarda, Ejercito-Estrada, Binay and Aquino IV, as authors thereof

AN ACT
ESTABLISHING THE REGULATORY FRAMEWORK FOR THE SAFE
OPERATIONS OF THE LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY,
DELINEATING THE POWERS AND FUNCTIONS OF VARIOUS GOVERNMENT
AGENCIES, DEFINING AND PENALIZING CERTAIN ACTS, AND FOR OTHER
PURPOSES

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

CHAPTER I

GENERAL PROVISIONS

1 **SECTION 1. *Short Title.*** This Act shall be known as the "*LPG Industry*
2 *Regulation and Safety Act of 2015.*"

3 **SEC. 2. *Declaration of Policy.*** It is hereby declared the policy of the state to
4 protect the interests of consumers, ensure their general welfare and to establish standards
5 of conduct for business and industry.

6 Towards this end, the state shall:

7 (a) Establish a regulatory framework for the importation, refining, refilling,
8 transportation, distribution and marketing of liquefied petroleum gas (LPG), and the
9 manufacture, requalification, exchange, swapping or improvement of LPG cylinders;

10 (b) Establish standards of conduct and codes of practice for LPG businesses; and

1 (c) Address quality and safety concerns and uphold the right of consumers to
2 freely choose the LPG brand they want to purchase.

3 The State shall also promote national awareness and education regarding the
4 quality and safety requirements for the proper use of LPG cylinders and ancillary
5 equipment to further consumer protection.

6 **SEC. 3. *Scope and Application.*** This act shall apply to the importation, refining,
7 refilling, transportation, distribution and marketing of LPG, the manufacture,
8 requalification, exchange, swapping or improvement of LPG cylinders and safe
9 operations of the LPG industry, which cover all activities and businesses related to LPG
10 products for household, commercial, industrial or automotive use (Auto-LPG) and
11 cylinders or containers for LPG.

12 **SEC. 4. *Definition of Terms.*** For the purposes of this Act, the following terms
13 are defined herein below:

14 (a) "Accreditation" shall refer to the formal recognition of competency given by
15 the Philippine Accreditation Bureau (PAB) of the Department of Trade and Industry
16 (DTI) that a re-qualifier of LPG cylinders has complied with the existing Philippine
17 National Standards (PNS) prescribing the General Requirements for the Competence of
18 Testing and Calibration Laboratories, the Method of Requalification of Steel Cylinders
19 for LPG and any other applicable PNS;

20 (b) "Alteration" - any act of converting, transforming or resizing of local or
21 imported LPG cylinder or container from its original size or design including, but not
22 limited to, replacement or removal of existing and embossed or stamped Registered brand
23 owner's markings, grinding, flattening, application of putty, replacement of collar,
24 revaluing, unauthorized repainting, replacement of foot rings, or re-labeling;

25 (c) "Ancillary Equipment" - equipment, parts and other devices and accessories
26 necessary and indispensable for the safe and proper operation of an LPG cylinder or
27 container such as, but not limited to, LPG cylinder or container valves, hoses and
28 regulators;

1 (d) "Auto-LPG" - LPG intended to fuel, propel or otherwise provide power to
2 motor vehicles;

3 (e) "Auto-LPG Dispensing Station" - outlet, facility or business establishment
4 which retails Auto-LPG directly to individual end-users or to the motoring public; the
5 same may stand alone or be located within or operated with a liquefied petroleum product
6 (LPP) retail outlet. It shall be deemed a dealer or retail outlet for purposes of this Act;

7 (f) "Brand Owner" - a person owning the brand name, logo, color, mark or
8 distinction as registered with the Intellectual Property Office of the Philippines (IPOP);

9 (g) "Bulk Consumer" - any person, whose regular use or consumption of LPG is
10 limited to its own use, and requires bulk storage of LPG at a volume as may be
11 determined by the Department of Energy (DOE);

12 (h) "Bulk Supplier" - any person, who engages in the sale or distribution of LPG
13 in large quantities as may be determined by the DOE;

14 (i) "Canister or Cartridge" - any portable pressure vessel or container designed or
15 intended for LPG, with water capacity of less than that of an LPG cylinder;

16 (j) "Centralized LPG Distribution System" - a network of pipes or similar conduit
17 used for the conveyance of LPG from the piped LPG provider to consumers confined
18 within the same compound or establishment such as, but not limited to, shopping malls
19 and condominiums;

20 (k) "Certification" - the written assurance given by the DTI that the LPG cylinder
21 has complied with the existing PNS or any other standards issued by the Bureau of
22 Product Standards (BPS) pursuant to Republic Act No. 4109, governing specifications
23 and requirements for the repair of steel cylinders for LPG;

24 (l) "Consumer" - any person, who purchases LPG for one's own consumption;

25 (m) "Container" - any portable pressure vessel for the storage of LPG of
26 automotive use;

27 (n) "Cross Filling" - the filling of LPG cylinders by a person, other than by the
28 brand owner;

1 (o) "Cylinder Owner" - the owner of the cylinder as shown by the brand, mark,
2 trade name or business name embossed or engraved or otherwise permanently indicated
3 on the LPG cylinder in the manner prescribed by the DTI;

4 (p) "Dealer" - any person involved in the sale or trading of LPG in cylinders to
5 consumers and/or retail outlets;

6 (q) "Defective Cylinder" - damaged, unsafe and dilapidated LPG cylinders due to
7 corrosion or pitting, dents, cuts, gouges, digs, bulges, leaks and other similar defects that
8 render the LPG cylinder unsafe, injurious or dangerous for distribution in accordance
9 with the guidelines set by the DTI, thus creating a substantial risk of injury to the public;

10 (r) "Hauler" - any person, involved in the distribution and delivery of LPG
11 cylinders from one place to another;

12 (s) "Importer" - any person engaged in the importation of LPG whether for
13 processing, sale or own use;

14 (t) "LPG" - liquefied petroleum gas, which consists of commercial propane gas or
15 commercial butane gas or a mixture of the two gases, with properties conforming to the
16 standards set forth in the existing PNS or any other standards prescribed by the BPS;

17 (u) "LPG Industry Participants" - persons, engaged in activities or businesses
18 related to:

19 (1) refining, manufacturing, importing, exporting, shipping, transporting,
20 hauling, storing, refilling, distributing, marketing and selling of LPG for
21 household, commercial or industrial, and automotive (auto-LPG) use; or

22 (2) manufacturing, importing, transporting, distributing and selling of LPG
23 cylinders and ancillary equipment including, but not limited to, LPG
24 cylinder or container and ancillary equipment manufacturers and
25 importers, re-qualifiers, repairers, scrapping centers, LPG cylinder or
26 container seal manufacturers and such other similar persons or entities;

27 (v) "Marketer" - any person, engaged in the sale of LPG, whether in bulk or retail
28 under its own brand name;

1 (w) "Person" - an entity such as an individual or group of individuals
2 incorporated, registered or formed under Philippine laws;

3 (x) "Philippine National Standards" or "PNS" - the standards promulgated by the
4 BPS of the DTI relating to product specifications, test methods, terminologies and
5 standardization procedures, guidelines or practices;

6 (y) "Piped LPG Provider" - any person, engaged in the business of supplying or
7 distributing LPG to consumers through a Centralized LPG Distribution System, including
8 operators of central storage compounds for piped LPG or reticulated system facilities;

9 (z) "Qualified Serviceman" - an individual who has been trained, qualified and
10 certified by the Bureau of Fire Protection (BFP) or any deputized agency thereof, or to an
11 individual who has successfully completed an approved training course for LPG
12 servicemen in a training school duly recognized and accredited by the Philippine
13 government;

14 (aa) "Refiller" - (1) a service provider authorized by an LPG cylinder owner to
15 refill LPG cylinders on the latter's behalf, or (2) any person who refills LPG into one's
16 own LPG cylinders;

17 (bb) "Refilling Plant" - any installation that is used for refilling LPG into
18 cylinders and has LPG bulk storage and refilling facilities thereof;

19 (cc) "Refiner" - any person, who refines LPG through distillation, conversion and
20 treatment of crude oil and other naturally occurring petroleum hydrocarbons;

21 (dd) "Re-qualification" - the method or procedure by which an LPG cylinder is
22 subjected to inspection and re-evaluation in accordance with the prescribed specifications
23 and any other standards prescribed governing the method of requalification of steel
24 cylinders for LPG to determine its acceptability for continuous use and distribution and
25 subsequent repair or scrapping, where appropriate;

26 (ee) "Re-qualifier" - any person, duly accredited by the DTI pursuant to this Act
27 to engage in the business of re-qualifying LPG cylinders;

28 (ff) "Repair" - the removal from and replacement of parts or attachments of LPG
29 cylinders or the performance of any other necessary corrective and restorative measures

1 pursuant to the PNS, to restore the fitness of LPG cylinders for refilling, distribution and
2 use;

3 (gg) "Repairer" - any person duly certified by the DTI to engage in the business of
4 repairing LPG cylinders;

5 (hh) "Retail Outlet" - any entity that sells LPG in cylinders directly to a consumer
6 in quantities as may be determined by the DOE;

7 (ii) "Reticulated System" - a means of supplying LPG through a pipeline network
8 from a centralized cylinder bank or bulk installation to multiple customers situated in a
9 common locality;

10 (jj) "Scrapage" - the destruction of defective LPG cylinders declared by a re-
11 qualifier of the DTI to be unfit for use;

12 (kk) "Seal" - the protective cover placed on the valve of an LPG cylinder; and

13 (ll) "Tare weight" - the net weight of the LPG cylinder excluding its contents as
14 engraved in the collar and painted in the body thereof and shall be expressed in kilograms
15 in accordance with the specifications as may be prescribed by the DTI.

16

17

CHAPTER II

18

IMPLEMENTING AGENCIES

19

SEC. 5. *Lead Agency.* The DOE shall be the primary government agency
20 responsible for the implementation and enforcement of this Act unless otherwise stated.
21 The DOE shall regulate, supervise and monitor the LPG industry and persons and entities
22 engaged in any activity or business therein to ensure compliance with the national
23 product quality, environmental and worker safety and consumer welfare standards.

24

SEC. 6. *Additional Powers and Functions of the DOE.* In addition to its powers
25 and functions under existing laws, the DOE shall have the following powers and
26 functions:

27

(a) Administer and supervise the enforcement and implementation of this Act;

28

(b) Implement safety standards prescribed by the DOE or set in the PNS

29

promulgated by the BPS for refilling plants, depots, storage areas, transportation facilities

1 and other facilities or business premises of the owners thereof and retail outlets, and
2 exercise reasonable visitorial powers in order to inspect and evaluate whether such
3 refilling plants, depots, storage areas, transportation facilities and other facilities or
4 business premises and retail outlets comply with such safety standards. During such
5 inspection, the DOE may scrutinize the records of the concerned LPG industry
6 participants;

7 (c) Inspect LPG cylinders in circulation, whether filled or unfilled, which are
8 for distribution and sale to dealers, retail outlets and end-consumers to determine
9 conformity with established quality and safety standards for LPG cylinders developed
10 and established by the BPS;

11 (d) Confiscate and impound immediately after the conduct of inspection or
12 investigation of substandard, defective, unsafe, injurious or dangerous LPG and LPG
13 cylinders, or those that are found in violation of the provisions of this Act or in
14 commission of any of the prohibited acts under this Act or do not conform to established
15 quality and safety standards for LPG cylinders developed and established by the BPS, as
16 well as underfilled and illegally refilled LPG cylinders as defined in this Act;

17 (e) Investigate, *motu proprio* or upon report of any person, possible
18 infractions of this Act by any person, initiate the necessary criminal or administrative
19 actions warranted under the circumstances, enforce administrative sanctions or penalties
20 as provided under this Act, and file the necessary complaints with the proper court or
21 government agency;

22 (f) Implement the Philippine LPG Cylinder Improvement Program as
23 provided in this Act;

24 (g) Direct LPG brand owners, to periodically submit cylinders for
25 requalification, and to secure proper proof of compliance therewith in accordance with
26 the requirements of the DTI;

27 (h) Issue and grant Licenses to Operate to qualified LPG industry participants
28 in accordance with the implementing rules and regulations to be issued by the DOE, and

1 suspend or revoke the same, after due notice and hearing, for committing any of the
2 prohibited acts under Chapter X this Act;

3 (i) Issue closure or cease-and-desist orders, as the case may be, to any
4 concerned LPG industry participants found to have committed any of the prohibited acts
5 under Chapter X of this Act;

6 (j) Impose and collect administrative fines against LPG industry participants
7 found to have committed any of the prohibited acts under Chapter X of this Act;

8 (k) Create and maintain a central database of LPG industry participants, and
9 an inventory of existing and projected LPG supply levels in the country subject to the
10 limitations set out in Section 26 of this Act, which shall be updated monthly on its own
11 initiative or through reports of LPG industry participants;

12 (l) Investigate and keep a record of incidents of injury or damage to person or
13 property, caused by or attributable to the improper production, refilling, storage, handling
14 or dispensing or use of LPG for purposes of prosecuting or filing the appropriate
15 administrative or criminal complaints against responsible persons;

16 (m) Investigate, prosecute, and impose penalties for dumping activities or
17 unauthorized filling of bulk tanks in refilling plants by bulk suppliers other than the
18 owner of tanks;

19 (n) Dispose LPG and LPG cylinders in accordance with the guidelines on
20 disposal of LPG or LPG cylinders promulgated by the DOE;

21 (o) Inspect and evaluate LPG cylinder seals and confiscate seals not
22 complying with standards and regulations including those in illegal possession or use;
23 and

24 (p) Exercise such other powers and functions as may be necessary or
25 incidental to attaining the objectives of this Act.

26 **SEC. 7. Powers and Functions of the DTI.** The DTI shall have the following
27 exclusive powers and functions:

28 (a) Develop, formulate, promulgate, review and revise, as may be necessary, the
29 PNS for LPG, LPG cylinders and other ancillary equipment;

1 (b) Inspect and evaluate LPG cylinders, whether manufactured locally or
2 imported, prior to any sale or distribution to LPG refiners or refillers and certify to their
3 conformity to the PNS and their fitness for public and sale distribution;

4 (c) Inspect and evaluate ancillary equipment, whether manufactured locally or
5 imported, and certify to their conformity to PNS and their fitness for public sale and
6 distribution; and

7 (d) Grant accreditation and certification of conformity to PNS to re-qualifiers,
8 repairers, LPG cylinder manufacturers and other independent, competent, private persons
9 and entities that provide products and services involving LPG cylinders and revoke the
10 same, if warranted.

11 **SEC. 8. Powers and Functions of the DILG.** To help effectively implement the
12 provisions of this Act, the Department of Interior and Local Government (DILG) shall
13 have the following powers and functions:

14 (a) Coordinate with local government units (LGUs) and the Philippine National
15 Police (PNP), in close coordination with the DOE and DTI, for the orderly and effective
16 implementation of this Act and of the orders, rules and regulations and issuances pursuant
17 thereto;

18 (b) Coordinate and cooperate with the DOE and the DTI in the conduct of
19 information dissemination to the LGUs and the PNP; and

20 (c) Extend all the necessary assistance to the DOE with respect to the enforcement
21 of measures to attain the objectives of this Act.

22 **SEC. 9. Powers and Functions of LGUs.** To help effectively implement the
23 provisions of this Act, the LGUs shall have the following powers and functions:

24 (a) Assist the DOE in providing an area for impounded LPG cylinders; and

25 (b) Immediately suspend or revoke the business permit or license of an LPG
26 industry participant upon the issuance by the DOE of a notice of suspension or revocation
27 of the License to Operate of such LPG industry participant in accordance with Chapter III
28 of this Act.

1 **SEC. 10. Powers and Functions of the PNP.** The PNP shall, only upon request
2 of the DOE or the DTI, provide security to life and property during the conduct of
3 operations for the implementation of this Act, such as but not limited to, the confiscation
4 of LPG cylinders found in violation of the prohibited acts under Chapter X of this Act,
5 and during the transport of the confiscated LPG cylinders to the impounding area:
6 *Provided*, that the PNP shall not, by itself, conduct LPG inspections without request from
7 the DOE and DTI, nor confiscate LPG cylinders unless duly authorized by a warrant
8 issued by the courts.

9 **SEC. 11. LPG Monitoring and Enforcement Task Force.**

10 (a) No later than six (6) months from the effectivity of this Act, the DOE shall
11 establish the LPG Monitoring and Enforcement Task Force with the following members:

- 12 (1) The Secretary of the DOE as Chairman;
- 13 (2) The Secretary of the DILG and Secretary of DTI as members;
- 14 (3) Such other representatives of other government agencies as may be
15 determined to be appropriate by the Chairman;
- 16 (4) Representatives from LPG industry participants as may be determined
17 to be appropriate by the Chairman; and
- 18 (5) Such other representatives from the private-sector entities as may be
19 determined to be appropriate by the Chairman.

20 (b) The LPG Monitoring and Enforcement Task Force shall have the following
21 powers and functions:

- 22 (1) Assist the DOE in monitoring and compliance standards inspection as
23 provided in this Act; and
- 24 (2) Exercise such other powers and functions necessary to give force and
25 effect to this Act, its implementing rules and regulations, and such other
26 rules issued by the DOE from time to time, as may be determined by the
27 DOE in consultation with the LPG industry participants.

28 (c) Prior to the creation of the LPG Monitoring and Enforcement Task Force or
29 whenever the DOE deems necessary, the DOE may deputize such other government

1 agencies it deems necessary to assist in the effective discharge of its functions provided
2 in this Act.

3 CHAPTER III

4 LICENSES, PERMITS AND OTHER BUSINESS REQUIREMENTS

5 SEC.12. *License to Operate.*

6 (a) Any person intending to engage in any activity or business involving LPG
7 shall secure a License to Operate prior to commencement of construction and commercial
8 operations. The DOE shall have the exclusive authority to issue the License to Operate. It
9 shall be valid for a period of three (3) years or any such period as may be determined by
10 the DOE. For purposes of this Act, the License to Operate shall certify that such person
11 or entity has complied with all the documentary requirements and safety rules and
12 regulations prescribed by the DOE and other pertinent government agencies.

13 (b) No person or entity intending to engage in any activity or business involving
14 LPG shall engage in business without first having duly secured a License to Operate from
15 the DOE. Any such person or entity that subsequently engages in an activity or business
16 outside of the scope of its License to Operate shall duly notify the DOE and secure the
17 proper License to Operate from and where deemed necessary by the DOE for such new
18 activity or business.

19 (c) The DOE shall prescribe specific guidelines for compliance of retail outlets,
20 dealers and haulers in remote areas outside Metro Manila.

21 (d) An LPG industry participant who has a License to Operate shall transact
22 business only with an LPG industry participant who likewise has a License to Operate.

23 (e) Subject to the provisions of this Act, any person already legally engaged in
24 any activity or business involving LPG shall obtain a License to Operate within six (6)
25 months from effectivity of this Act in accordance with the rules, regulations, and
26 guidelines to be issued by the DOE.

27 **SEC. 13. *Certificate of Non-Coverage (CNC).*** Any person or entity whose
28 principal business requires consumption of LPG in bulk and which business operation
29 does not include, in any way, the distribution or retail of LPG to consumers, such as but

1 not limited to garage-based Auto-LPG stations, centralized LPG distribution systems,
2 shall secure a CNC from the DOE.

3 For purposes of this Act, a Garage-Based Auto-LPG operation shall refer to the
4 operation of a motor vehicle fleet with a number of vehicle units as may be determined
5 by the DOE and which vehicle units are parked and serviced in a confined area or garage.
6 The DOE shall prescribe such other conditions in order that an Auto-LPG dispensing
7 activity shall be deemed as a garage-based operation.

8 Bulk suppliers shall ensure that their bulk consumers have secured the necessary
9 CNC prior to entering into any supply contract or agreement with said bulk consumers.

10 A copy of such contract or a sworn certification shall be submitted to the DOE
11 within thirty (30) days from the execution thereof.

12 The CNC does not in any way preclude compliance with applicable PNS,
13 requirements of the BFP and other concerned government agencies.

14 **SEC. 14. *Suspension or Revocation of License to Operate.*** The DOE shall
15 likewise have the power to suspend or revoke, after due notice and hearing, the License
16 to Operate of any person engaged in any activity or business involving LPG for the
17 commission of any of the prohibited acts under Chapter X of this Act.

18 **SEC. 15. *Mandatory Requirement Prior to LGU's Issuance or Renewal of***
19 ***Local Government Business License or Mayor's Permit.*** The License to Operate
20 provided under Section 12 of this Act shall be a mandatory requirement for the grant or
21 renewal of any LGU business license or Mayor's permit to engage in business involving
22 LPG regardless of whether such products or activities constitute the entire or a portion of
23 the business for which a business license is sought by the applicant.

24 **SEC. 16. *Action of LGUs on Suspended or Revoked License to Operate.*** Upon
25 receipt of written notice by the DOE of suspension or revocation of the License to
26 Operate of a concerned LPG industry participant, the LGU shall immediately suspend or
27 revoke the LGU business license or Mayor's permit of said LPG industry participant. The
28 LGU shall formally communicate to the DOE the fact of such suspension or revocation

1 within five (5) working days from receipt of the written notice of revocation of License to
2 Operate from the DOE.

3 **SEC. 17. *Certificate of Accreditation for Manufacturers, Requalifiers,***
4 ***Repairers of LPG Cylinders and Manufacturers.*** Prior to the commencement of its
5 operations and annually thereafter, any person who intends to engage in the business of
6 manufacturing, re-qualifying, or repairing LPG cylinders, shall obtain a Certificate of
7 Accreditation from the DTI.

8 Any person already engaged in the business of re-qualification, repair, scrapping
9 of LPG cylinder and seal manufacturing upon the effectivity of this Act shall apply for a
10 Certificate of Accreditation from the DTI.

11 **CHAPTER IV**

12 **AUTO-LPG**

13 **SEC. 18. *Retailing of Auto-LPG.*** Any person who is operating or intending to
14 operate an Auto-LPG Dispensing Station shall comply with the requirements as may be
15 provided in the implementing rules and regulations of this Act.

16 **CHAPTER V**

17 **OWNERSHIP OF LPG CYLINDERS AND CONTAINERS**

18 **FOR AUTOMOTIVE USE**

19 **SEC. 19. *Ownership of LPG Cylinders.*** The LPG brand owner whose permanent
20 mark appears on the LPG cylinder shall be presumed the owner thereof, irrespective of
21 the party in custody or possession of the LPG cylinder. Permanent marks refer to the
22 embossed trade or brand name of the registered owner thereof as prescribed by the DTI
23 for LPG cylinders.

24 The rights and obligations of LPG brand owners shall be provided in the
25 implementing rules and regulations of this Act. The LPG brand owner shall have the
26 obligation to ensure that its LPG cylinders comply with all the required quality and safety
27 standards and specifications before they are released for distribution: *Provided*, that
28 receipt by the DOE of a verified notice or report from the LPG brand owner regarding
29 any lost, stolen or missing LPG cylinders shall *prima facie* relieve the LPG brand owner

1 of the obligation to ensure the quality and safety of such LPG cylinders. Such report may
2 be rebutted by contrary evidence.

3 **SEC. 20. *Ownership of LPG Containers for Automotive Use.*** Containers of LPG
4 for automotive use are permanently installed inside the vehicles and are therefore
5 inherent and integral parts of the vehicle. As such, ownership of these containers is that
6 of the vehicle owner.

7 **CHAPTER VI**

8 **MONITORING AND ENFORCEMENT MECHANISMS**

9 **SEC. 21. *Reports and Disclosures to the DOE.*** Subject to the limitations in
10 Section 22 below, the DOE, as the case may be, shall have the power and authority to
11 require concerned LPG industry participants to submit written, electronic or other form of
12 reports or disclosures, as the DOE may deem reasonable and necessary to perform its
13 functions under this Act. Any LPG industry participant who fails to submit any such
14 report or disclosure within the period and in the manner prescribed by the DOE shall be
15 penalized under Section 31 of this Act.

16 **SEC. 22. *Central Database of LPG Industry Participants.*** The DOE shall, within
17 one (1) year from the effectivity of this Act, create the central database. The central
18 database shall be updated on a monthly basis. The central database of LPG industry
19 participants shall include their corporate or business name or trade name; a list of all
20 directors and officers; principal office or business address; primary purpose or nature of
21 business; registered brand name or logo for LPG, LPG cylinder, facilities and equipment;
22 violations committed or incidents relating to such violations, if any; nature of agreements
23 with other LPG industry participants, such as for cross- filling and similar arrangements;
24 list of lost, stolen or missing LPG cylinders; and such other relevant information as may
25 be determined by the DOE.

26 The foregoing provisions notwithstanding, the right of concerned LPG industry
27 participants against undue disclosure of information is expressly recognized, and as such:

1 (a) The DOE may not require from the LPG industry participants the
2 disclosure of intellectual property rights, trade secrets and proprietary data or other
3 legitimate commercial information which are confidential or privileged in nature;

4 (b) Any information, documents, plans and other matters disclosed necessary
5 for ensuring the safe operations of the LPG industry which constitute intellectual
6 property, trade secrets or proprietary data or other legitimate commercial information
7 which are confidential and/or privileged in nature, shall not be disclosed by the DOE or
8 any other person having access thereto to other LPG industry participants or to the public;
9 and

10 (c) The provisions of Republic Act No. 8293, otherwise known as the
11 "Intellectual Property Code of the Philippines," and other laws insofar as applicable shall
12 continue to apply to information, documents, plans and other matters disclosed pursuant
13 to this Act.

14 15 **CHAPTER VII**

16 **DECLARATION OF LPG CYLINDER AS DEFECTIVE, INJURIOUS, UNSAFE** 17 **OR DANGEROUS**

18 **SEC. 23. Declaration of LPG Cylinder as Defective, Injurious, Unsafe or**
19 ***Dangerous.*** When the DOE or DTI, as the case may be, finds, *motu proprio* or upon
20 petition of any person, that an LPG cylinder is defective, injurious, unsafe or dangerous,
21 it shall, after due notice, issue the appropriate order for its immediate confiscation, recall,
22 seizure, impoundment or prohibition from public sale or distribution, in which case the
23 LPG cylinder owner shall be afforded a hearing within forty-eight (48) hours from
24 issuance of such order, for the purpose of determining the propriety of the recall and
25 seizure of the LPG cylinders: *Provided*, that such a declaration shall be limited to
26 instances when the LPG cylinder is already filled and already sealed inside a refilling
27 plant, dealer's showroom, retail outlets, or LPG cylinder transporter: *Provided, further*,
28 that the DOE or DTI shall, within thirty (30) days from termination of administrative

1 proceedings, make a final determination as to whether or not an LPG cylinder is
2 defective, injurious, unsafe or dangerous.

3 Filled LPG cylinders that are found by the DOE or DTI to pose an imminent
4 threat or danger of exploding shall be disposed of without the necessity of serving prior
5 notice to the owners thereof. The DOE or DTI shall notify the violator, owner or
6 respondent of such fact within five (5) days after such disposition.

7 **SEC. 24. *LPG in Canisters or Cartridges.*** It shall be unlawful for any person to
8 refill, sell, trade or distribute LPG in single-trip tin canister or cartridge that is intended or
9 labeled as for one time use only, not designed or intended for LPG, or not in compliance
10 with existing PNS.

11 **CHAPTER VIII**

12 **TRANSPORT OF LPG IN CYLINDERS**

13 **SEC. 25. *Transport of LPG in Cylinders.***The DOE, together with other
14 government agencies, shall issue appropriate guidelines for the transport of LPG in
15 cylinders. The LPG industry participant shall not allow any vehicle used for the transport
16 of LPG in cylinders to enter its premises, including refilling plants, depot or warehouses,
17 unless such vehicle has complied with the requirements of the DOE for the transport of
18 LPG in cylinders. For the transport of LPG in cylinders to households, the LPG industry
19 participants shall only use vehicles that meet the requirements prescribed by the DOE, as
20 well as those of the Department of Transportation and Communication (DOTC),
21 Department of Public Works and Highways (DPWH) and the concerned LGUs. As proof
22 of compliance, the Certificate of Road Worthiness from the Land Transportation Office
23 (LTO) or the Land Transportation Franchising and Regulatory Board (LTFRB) shall be
24 presented as additional documentary requirement for the issuance and renewal of a
25 License to Operate.

26 Vehicles carrying, transporting or delivering LPG and which are not registered
27 and without the appropriate DOE signage shall be seized or impounded by the DOE. The
28 guidelines for the accreditation of drivers and attendants for LPG delivery vehicles shall

1 be prescribed by the DOE upon prior consultation with the LPG industry participants and
2 other government agencies concerned.

3 CHAPTER IX

4 PHILIPPINE LPG CYLINDER IMPROVEMENT PROGRAM

5 **SEC. 26. *Philippine LPG Cylinder Improvement.*** A Philippine LPG Cylinder
6 Improvement Program shall be implemented with the objective of safeguarding and
7 ensuring the safety of consumers. The DOE shall, upon prior consultation with the LPG
8 industry participants and other concerned government agencies, determine the mechanics,
9 rules and regulations for the Philippine LPG Cylinder Improvement Program.

11 CHAPTER X

12 PROHIBITED ACTS, FINES AND PENALTIES

13 **SEC. 27. *Engaging in Business Without License to Operate.*** Any LPG industry
14 participant who engages in business without securing a License to Operate from the DOE
15 as required under this Act shall be penalized with a fine of Five Thousand Pesos
16 (Php5,000.00) for each day of operation without a License to Operate: *Provided*, that the
17 maximum fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for
18 an individual and One Million Pesos (Php 1,000,000.00) for a corporation.

19 **SEC. 28. *Engaging in Business Without Accreditation.*** Any person who engages
20 in the business of manufacturing LPG cylinder seals or of re-qualifying, repairing or
21 scrapping LPG cylinders without first securing a certificate of accreditation from the DTI
22 as provided under this Act, shall be penalized with a fine of One Million Pesos
23 (Php1,000,000.00).

24 **SEC. 29. *Refusal or Obstruction of Inspection.*** Any LPG industry participant
25 who refuses, prevents or obstructs the inspection of its premises and records as required
26 under this Act shall be penalized with a fine of Three Hundred Thousand Pesos
27 (Php300,000.00) for the first violation, Five Hundred Thousand Pesos (Php500,000.00)
28 for the second violation and revocation of the License to Operate for the third violation.

1 **SEC. 30. *Failure to Post License to Operate.*** Any LPG industry participant
2 concerned who fails or refuses to post its License to Operate shall be penalized with a
3 fine of not exceeding Five Thousand Pesos (Php5,000.00) for each instance of violation.

4 **SEC. 31. *Failure to Submit Reportorial Requirements.*** Any LPG industry
5 participant concerned who fails to submit periodic reports as may be required under
6 existing laws particularly Republic Act No. 8479, otherwise known as "Downstream Oil
7 Industry Deregulation Act of 1998," within a reasonable period and in the manner
8 prescribed by the DOE, shall be penalized with a fine of Ten Thousand Pesos (Php
9 10,000.00) in case of an individual and Twenty Thousand Pesos (Php20,000.00) in case
10 of a partnership or corporation.

11 **SEC. 32. *Illegal Storage.*** Any refiner, importer, refiller, hauler, dealer, retail
12 outlet or bulk consumer who stores LPG in bulk without obtaining a License to Operate
13 or Certificate of Non-Coverage as required under this Act shall, upon conviction, be
14 penalized with a fine of not less than Twenty Thousand Pesos (Php20,000.00) but not
15 more than One Hundred Thousand Pesos (Php100,000.00).

16 **SEC. 33. *Failure to Comply with Product Standards.*** Any concerned LPG
17 industry participant who, by act or omission, fails to comply with plant or product
18 standards set by the DOE with respect to their specific activity shall, upon conviction, be
19 penalized as follows:

20 (a) Non-compliance with DOE mandatory requirements on safety designs for
21 refilling plants, equipment, depots, centralized LPG distribution systems and similar
22 facilities shall be penalized with a fine of not less than Fifty Thousand Pesos
23 (Php50,000.00) but not more than Five Hundred Thousand Pesos (Php500,000.00). For
24 this purpose, the DOE shall, after public consultation, formulate a table of penalties to
25 determine the imposition of the minimum and the maximum penalty. *Provided*, that
26 nothing in this paragraph shall preclude the DOE from ordering the closure of the facility
27 until such time that the mandatory requirements have been met; and

28 (b) Failure to secure the required PNS Certificate for LPG cylinders shall be
29 penalized with a fine of Five Thousand Pesos (Php5,000.00) for each non-compliant LPG

1 cylinder used and distributed to consumers: *Provided*, that the maximum fine to be
2 imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and
3 One Million Pesos (Php1,000,000.00) for a corporation: *Provided, further*, that this
4 section shall apply only after the full implementation of the Philippine LPG Cylinder
5 Improvement Program.

6 **SEC. 34. Adulteration.** LPG-filled cylinders found to be mixed with another
7 finished or unfinished petroleum product or stock or with any non-petroleum substance or
8 material that will result in product quality change or in the failure of the LPG to meet the
9 required product specifications of the DOE shall render the person in possession thereof
10 *prima facie* liable for violating this provision and shall, upon conviction, be penalized
11 with a fine of Five Thousand Pesos (Php5,000.00) for each LPG cylinder containing
12 adulterated LPG: *Provided*, that the maximum fine to be imposed shall be Five Hundred
13 Thousand Pesos (Php500,000.00) for an individual and One Million Pesos
14 (Php1,000,000.00) for a corporation.

15 **SEC. 35. Underfilling.** When the net quantity of LPG contained in LPG cylinders
16 intentionally sold, transferred, delivered or filled by refillers is less than the LPG cylinder
17 content required by the DOE at the filling plant, the refiller shall, upon conviction, be
18 penalized with a fine of Five Thousand Pesos (Php5,000.00) for each underfilled LPG
19 cylinder or with imprisonment of at least six (6) months but not more than two (2) years,
20 or both, at the discretion of the court: *Provided*, that subsequent violations shall be
21 penalized with both fine and imprisonment: *Provided, further*, that the maximum fine to
22 be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and
23 One Million Pesos (Php 1,000,000.00) for a corporation. When the net quantity of LPG in
24 cylinders intentionally sold, transferred, or delivered by dealers or retail outlets is at least
25 *three tenths* of one kilogram (0.30 kg) less than the DOE-required LPG cylinder content
26 quantity, the dealers or retail outlets shall be penalized with the same fines mentioned
27 earlier in this paragraph: *Provided, finally*, that when the net quantity of LPG cylinders
28 *sold*, transferred or delivered by dealers or retail outlets is at least five hundred (500)
29 grams less than the DOE-required LPG cylinder content quantity, the said cylinders shall

1 be confiscated outright and the refillers, dealers or retail outlets thereof shall be penalized
2 with the aforementioned penalties.

3 The following shall be considered as *prima facie* evidence of under filling:

4 (a) A broken, tampered, absent or removed seal; or

5 (b) An LPG cylinder containing less than the required LPG quantity which is not
6 so identified and set apart or taken out from the sales area by dealers or retail outlets is
7 presumed to be for sale.

8 **SEC. 36. *Illegal Refilling.*** The following shall constitute illegal refilling of LPG
9 cylinders under this Act:

10 (a) Refilling of LPG cylinder by a person or entity other than the brand owner
11 thereof, unless an express permission is granted by the brand owner for such refilling as
12 evidenced by a written contract or similar instrument;

13 (b) Refilling of LPG cylinder with a brand, trademark, trade name or registered
14 business name other than that of the brand owner indicated on the LPG cylinder tank,
15 otherwise called "pirate filling" or "cross-filling";

16 (c) Refilling of LPG cylinder bearing defaced, tampered or illegible markings
17 contrary to the mandatory labelling and stamping requirements under this Act;

18 (d) Refilling of LPG cylinder which is due for repair, re-qualification or
19 scrappage as provided in this Act or is subject to the recall or prohibition order of the
20 DOE;

21 (e) Filling of LPG cylinder directly from LPG tank trucks without the use of
22 approved filling machines;

23 (f) Refilling LPG from one LPG cylinder to another without using the prescribed
24 equipment;

25 (g) Backyard refilling of LPG cylinder other than in properly designed LPG
26 refilling plants;

27 (h) Filling LPG cylinder with products or substances other than LPG in an effort
28 to achieve the correct net weight;

1 (i) Refilling of LPG cylinders for household or commercial use by Auto-LPG
2 Dispensing Stations;

3 (j) Refilling of LPG into single-trip or tin canister or cartridge not designed or
4 intended for LPG or not in compliance with existing PNS or, in the absence of a PNS,
5 without the express consent, approval or conformity of the DTI;

6 (k) Any other refilling of LPG cylinders in violation of the mandatory
7 requirements or prescribed standards under this Act; and

8 (l) Unauthorized loading of bulk LPG tanks in industrial accounts.

9 An LPG industry participant found guilty of illegal refilling under this section
10 shall, upon conviction, be penalized with a fine of Five Thousand Pesos (Php5,000.00)
11 for each illegally-filled or refilled LPG cylinder, or imprisonment of at least six (6)
12 months but not more than two (2) years, or both, at the discretion of the court: *Provided*,
13 that subsequent violations shall be penalized with both fine and imprisonment: *Provided*,
14 *further*, that the maximum fine to be imposed shall be Five Hundred Thousand Pesos
15 (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a
16 corporation: *Provided*, finally, that illegally refilled LPG cylinders described in sub-
17 paragraphs (c), (d), (e), (f), (g), (h) and (i) above shall be confiscated outright and the
18 refillers, dealers or retail outlets thereof shall be penalized with the aforementioned
19 penalties.

20 **SEC. 37. Hoarding.** Any concerned LPG industry participant who, before a price
21 increase or in times of tight supply, unduly accumulates LPG products beyond his normal
22 inventory levels and unreasonably limits or refuses to dispose of, sell, or distribute LPG
23 products to the general public, even if the buyer or consumer has the ability to pay in cash
24 for the LPG products, shall, upon conviction, be penalized with a fine of at least One
25 Hundred Thousand Pesos (Php100,000.00) but not more than One Million Pesos
26 (Php1,000,000.00) and imprisonment of at least six (6) months but not more than two (2)
27 years.

28 The determination of said participant's usual inventory shall be reckoned from the
29 third (3rd) month immediately preceding the discovery of the stocks in case said

1 participant has been engaged in the business for at least three (3) months. Otherwise, it
2 shall be reckoned from the time the participant started the business.

3 For purposes of this Act, it shall be considered as *prima facie* evidence of hoarding when
4 the following conditions concur:

5 (a) said LPG industry participant has stocks of LPG products fifty percent (50%)
6 higher than his inventory capacity; and

7 (b) said LPG industry participant unreasonably limits, refuses or fails to sell the
8 same to the general public at the time of discovery of the stocks.

9 **SEC. 38. *Unauthorized Trading of LPG Cylinders.*** Any concerned LPG industry
10 participant who, without the consent of the LPG brand owner, stores or sells empty LPG
11 cylinders in excess of those allowed by the DOE, through LPG cylinder swapping and
12 other similar industry practices and exchanges, barter, sells, distributes or otherwise
13 transfers ownership or possession thereof to a person or entity other than the LPG brand
14 owner and without the authority of the LPG brand owner, shall, upon conviction, be
15 penalized with a fine of Five Thousand Pesos (Php5,000.00) for each illegally-stored or
16 sold empty LPG cylinder or imprisonment of at least six (6) months but not more than
17 two (2) years, or both, at the discretion of the court: *Provided*, that subsequent violations
18 shall be penalized with both fine and imprisonment: *Provided, further*, that the maximum
19 fine to be imposed shall be Five Hundred Thousand Pesos (Php500,000.00) in case of an
20 individual and One Million Pesos (Php1,000,000.00) in case of a corporation.

21 **SEC. 39. *Tampering of LPG Cylinders and Similar Acts.*** Any person who
22 destroys, tampers, alters or modifies LPG cylinders through any means such as, but not
23 limited to, changing the LPG cylinder valve, repainting and re-labelling, by any person
24 other than the LPG cylinder owner shall, upon conviction, be penalized with a fine of
25 Five Thousand Pesos (Php5,000.00) for each tampered or altered LPG cylinder or
26 imprisonment of at least six (6) months but not more than two (2) years, or both, at the
27 discretion of the court: *Provided*, that subsequent violations shall be penalized with both
28 fine and imprisonment: *Provided, further*, that the maximum fine to be imposed shall be

1 Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos
2 (Phpl,000,000.00) for a corporation.

3 **SEC. 40. *Illegal Possession of LPG Cylinder Seal.*** Any person found in
4 possession of LPG cylinder seals, including the seals already used in the LPG cylinders
5 without authority from the LPG cylinder owner or its authorized refiller shall, upon
6 conviction, be penalized with a fine of Five Thousand Pesos (Php5,000.00) for each LPG
7 seal found in its or his possession: *Provided*, that the maximum fine to be imposed shall
8 be Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million
9 Pesos (Phpl,000,000.00) for a corporation.

10 **SEC. 41. *Failure to Comply with Weighing Device Requirements.*** Any refiner,
11 importer, refiller, dealer or retail outlet who fails to comply with the requirements
12 pertaining to weighing devices as required by the DOE and DTI, shall be penalized with a
13 fine of Ten Thousand Pesos (Php10,000.00) in case of an individual or Twenty Thousand
14 Pesos (Php20,000.00) in case of a corporation.

15 **SEC. 42. *Overloading.*** Any hauler who loads and transports or permits the
16 loading and transportation of LPG cylinders in quantities greater than the rated capacity
17 of the vehicle or in such a manner that endangers the life and safety of its passengers or
18 the public, shall be penalized with a fine of Twenty Thousand Pesos (Php20,000.00) in
19 case of an individual and Fifty Thousand Pesos (Php50,000.00) in case of a corporation:
20 *Provided*, that the penalties provided herein shall be without prejudice to its liability
21 under other laws for any damage or injury to person or property.

22 **SEC. 43. *Importation of Used or Second-Hand LPG Cylinders.*** Any person who
23 imports used or second-hand LPG cylinders or containers, without securing authority to
24 import from the DTI, shall, upon conviction, be penalized with a fine of One Hundred
25 Thousand Pesos (Php100,000.00) or Five Thousand Pesos (Php5,000.00) per LPG
26 cylinder or container whichever is higher and imprisonment of at least six (6) months and
27 one (1) day to two (2) years.

28 **SEC. 44. *Sale or Distribution to Non-complying Persons or Entities.*** Any LPG
29 industry participant who knowingly sells or distributes LPG products, LPG cylinders or

1 LPG seals to persons or entities committing any of the prohibited acts provided in this
2 Act and in such other issuances or orders to be issued by the DOE or the DTI as the case
3 may be, shall upon conviction, be penalized for each sale or distribution with a fine of not
4 less than One Hundred Thousand Pesos (Php100,000.00) but not more than Five Hundred
5 Thousand Pesos (Php500,000.00) or imprisonment of at least six (6) months but not more
6 than two (2) years, or both at the discretion of the court.

7 **SEC. 45. *Pilferage of LPG.*** Any person who pilfers LPG shall, upon conviction,
8 be penalized with a fine of Five Hundred Thousand Pesos (Php500,000.00) for an
9 individual and One Million Pesos (Php1,000,000.00) for a corporation or imprisonment of
10 at least six (6) months but not more than two (2) years, or both, at the discretion of the
11 court: *Provided*, that subsequent violations shall be penalized with both fine and
12 imprisonment: *Provided, further*, that the maximum fine to be imposed shall be Five
13 Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos
14 (Php1,000,000.00) for a corporation.

15 **SEC. 46. *Sale or Distribution of LPG-filled Cylinders Without Seals.*** Any
16 person, brand owner, its authorized refiller, dealer or retail outlet who sells or distributes
17 LPG-filled cylinders without seal, with tampered, fake or broken seals, or with seal not
18 belonging to the brand owner shall be penalized with a fine of not less than Five
19 Thousand Pesos (Php5,000.00) for each LPG cylinder or imprisonment of at least six (6)
20 months but not more than two (2) years, or both, at the discretion of the court: *Provided*,
21 That the maximum fine to be imposed shall be Five Hundred Thousand Pesos
22 (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a
23 partnership or corporation.

24 **SEC. 47. *Refusal to Refund the Deposit.*** Any LPG brand owner, its authorized
25 dealer or retail outlet that refuses to refund the deposit on the LPG cylinder to any
26 consumer shall be administratively charged and upon proper proof, shall be imposed a
27 fine of One Thousand Five Hundred Pesos (Php1,500.00) for each LPG cylinder and a
28 warning that its License to Operate shall be suspended or revoked: *Provided*, that
29 subsequent violations thereof shall be imposed a fine of Five Thousand Pesos

1 (Php5,000.00) per LPG cylinder and the suspension and revocation of its License to
2 Operate.

3 **SEC. 48. *Sale of LPG in Single-trip (non-refillable) Container or Canister.***

4 Any person who sells or distributes LPG in single-trip (non-refillable) containers or
5 canisters which have been previously filled with butane, or not designed or intended for
6 refilling of LPG due to non-compliance with PNS or not certified or allowed by the DTI
7 shall be penalized with a fine of not less than Five Thousand Pesos (Php5,000.00) for
8 each LPG cylinder or imprisonment or at least six (6) months but not more than two (2)
9 years, or both, at the discretion of the court: *Provided*, That the maximum fine to be
10 imposed shall be Five Hundred Thousand Pesos (Php500,000.00) for an individual and
11 One Million Pesos (Php1,000,000.00) for a partnership or corporation.

12 **SEC. 49. *Other Prohibited Acts.*** The following acts shall likewise be declared
13 unlawful:

14 (a) Sale and distribution to or transactions with an LPG industry participant who
15 has no License to Operate;

16 (b) Manufacture, sale or distribution of LPG cylinders to the local market without
17 the necessary PS marks and other markings as required by the PNS and its future
18 amendments or the detailed standard governing LPG cylinder manufacture,
19 requalification and repair;

20 (c) Sale and distribution of LPG cylinders considered substandard as defined by
21 the PNS;

22 (d) Manufacture or sale of LPG cylinders carrying a brand name, logo, mark or
23 distinction without the express approval of the registered brand owner;

24 (e) Manufacture of LPG cylinders using substandard or non-industrial steel plates;

25 (f) Wrong or misleading information stamped on the LPG cylinder such as the
26 tare weight; and

27 (g) Knowingly selling illegally-filled or refilled LPG cylinders by marketers,
28 dealers or retail outlets;

1 A fine of at least Five Hundred Thousand Pesos (Php500,000.00) but not more
2 than One Million Pesos (Php1,000,000.00) and imprisonment of at least six (6) years and
3 one (1) day to twelve (12) years shall be imposed on any person, firm, partnership or
4 corporation found guilty of committing any of the other prohibited acts enumerated
5 above.

6 **SEC. 50. "Strike Three" Penalty.** Any person convicted or found
7 administratively liable with finality of committing any prohibited act for three (3)
8 instances shall be perpetually disqualified from engaging in any activity in the LPG
9 industry.

10 **SEC. 51. Publication of Persons Convicted of Violations of this Act.** The DOE
11 shall, on a quarterly basis, publish in a newspaper of general circulation, the names of
12 LPG industry participants found liable for prohibited acts in Chapter X of this Act.

13 **SEC. 52. Violations by Juridical Entities.** If the violation is committed by a
14 corporation, partnership, association or other juridical entity, the penalty of imprisonment
15 shall be imposed on the responsible directors or officers thereof. Any new juridical entity
16 formed by persons (or agents of such persons) previously found in violation of the
17 prohibited acts under Chapter X of this Act shall not be eligible for any License to
18 Operate by the DOE. If the offender is an alien, he shall be deported immediately,
19 without further proceedings, after service of sentence.

20 CHAPTER XI

21 EDUCATION AND RESEARCH

22 **SEC. 53. Usage Requirements for Customers and End-Users.** The DOE and the
23 DTI shall jointly undertake educational and information dissemination activities to
24 enhance customer awareness among LPG consumers and end-users. In addition to such
25 educational program, the DOE and the DTI, after consultation with the LPG industry
26 participants, may prescribe rules and regulations in relation to the following:

- 27 (a) For industrial or large end-users, installation of sign at storage facilities;
28 (b) Use of only branded, legally-filled and certified LPG cylinders; and

1 (c) Installation of LPG appliances and devices approved by the DTI:
2 *Provided*, that such appliances and devices shall be installed only by qualified
3 servicemen as provided in this Act.

4 **SEC. 54. *Development Research.*** The DOE shall, in coordination with the
5 Department of Science and Technology (DOST) and the DTI, conduct study and research
6 for the purpose of developing more efficient methods of providing safe, clean and hazard-
7 free LPG to consumers.

8 CHAPTER XVII

9 FINAL PROVISIONS

10 **SEC. 55. *Implementing Rules and Regulations.*** Unless otherwise expressly
11 provided in this Act, the DOE shall, in consultation with the DTI, other appropriate
12 agencies, and the LPG industry participants, be the lead agency to formulate, issue and
13 promulgate the necessary implementing rules and regulations within sixty (60) days from
14 the effectivity of this Act. The implementing rules and regulations shall cover, among
15 others, guidelines and standards for LPG weighing devices, cylinder sealing, labeling
16 requirements, quality standards, delivery vehicles, drivers, and attendants, and the
17 Philippine LPG Cylinder Improvement Program.

18 **SEC. 56. *Transition Phase.*** The DOE shall, upon prior consultation with the LPG
19 industry participants and other government agencies and taking into account data
20 obtained from LPG industry participants and other sources, determine the appropriate
21 period for the transition phase to allow for compliance by all LPG industry participants
22 with the objectives of this Act.

23 **SEC. 57. *Appropriations.*** The amount of Two Billion Pesos
24 (Php2,000,000,000.00) annually for the first five (5) years of the implementation of this
25 Act is hereby appropriated out of the Malampaya Fund being administered by the DOE.
26 Thereafter, the same shall be included in the regular budget of the DOE in such amounts
27 as may be necessary to fully implement the Philippine LPG Cylinder Improvement
28 Program.

1 Appropriations herein shall be utilized by the DOE only for the purpose of
2 providing financial support and assistance to fund the implementation of the Philippine
3 LPG Cylinder Improvement Program and shall in no way unduly burden, financially or
4 otherwise, any LPG industry participant and or consumer.

5 Not more than Ten Percent (10%) of the amount herein appropriated shall be used
6 for administrative costs in implementing the Philippine LPG Cylinder Improvement
7 Program.

8 **SEC. 58. *Joint Congressional Oversight Committee.*** There is hereby created a
9 Joint Congressional Oversight Committee to monitor the implementation of this Act. The
10 committee shall be composed of three (3) senators and three (3) representatives to be
11 appointed by the Senate President and the Speaker of the House of Representatives,
12 respectively. The oversight committee shall be jointly chaired by the Chairmen of the
13 Senate Committees on Energy and Trade and Commerce and the House Committees on
14 Energy and Trade and Industry: *Provided*, that the Minority in both the Senate and the
15 House of Representatives shall be equitably represented therein.

16 The mandate given to the Joint Congressional Oversight Committee under this
17 Act shall be without prejudice to the performance of the duties and functions by the
18 respective existing oversight committees of the Senate and the House of Representatives.

19 **SEC. 59. *Construction and Interpretation.*** Any doubt in the interpretation of any
20 provision in this Act shall be interpreted in favor of the interests of the consumers
21 particularly to ensure access to reasonably priced LPG and the safety of the consumers
22 and the general public.

23 **SEC. 60. *Separability Clause.*** If for any reason, any chapter, section or provision
24 of this Act shall be declared unconstitutional, illegal, or invalid, such parts not affected
25 thereby shall remain in full force and effect.

26 **SEC. 61. *Repealing Clause.*** All laws, decrees, executive orders, proclamations
27 and administrative regulations, or parts thereof inconsistent herewith are hereby repealed
28 or modified accordingly.

1 **SEC. 62. *Effectivity Clause.*** This Act shall take effect after fifteen (15) days after
2 its publication in the Official Gazette or in at least two (2) newspapers of general
3 circulation.

4 Approved,