

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

5 MAY -4 P3:28

SENATE
1995

S. B. No. _____

RECEIVED BY: _____

INTRODUCED BY THE HONORABLE MAR ROXAS

EXPLANATORY NOTE

This bill seeks to establish the monitoring and supervisory framework for the Liquefied Petroleum Gas (LPG) industry in order to strengthen and enhance existing standards and mechanisms against deceptive and harmful practices and other hazards to public health and safety arising under a deregulated downstream oil industry structure.

The LPG is a widely used fuel commodity in the Philippines, accounting for a significant portion of the country's total oil demand. Since Filipino households commonly use LPG for cooking, the safety of LPG use is a concern shared by most consumers. In the last three years, more than 3,000 fire incidents nationwide, leading to loss of lives and properties, were attributed to improper or indiscriminate handling of LPG. Around four million dilapidated LPG cylinders are reportedly circulating in Metro Manila alone.

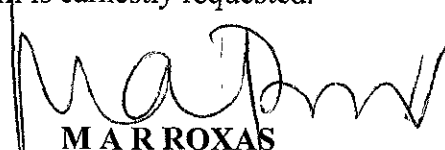
In 2001, the Department of Trade and Industry (DTI), together with the Department of Energy (DOE), the Department of Interior and Local Government (DILG), and the Philippine Liquefied Petroleum Gas Association (PLPGA), launched a wide-ranging campaign to protect consumers from the proliferation of sub-standard and defective steel LPG cylinders. One of the key actions undertaken in this campaign was a three-month long preventive recall and replacement initiative known as "Sauli-Palit."

During the course of its spot inspections, it was discovered by the DTI Bureau of Product Standards (DTI-BPS), that random samples of 11 kilogram LPG cylinders manufactured by the Laguna-based company Pilipinas Daecheng Steel Incorporated (PDSI) did not conform with Philippine Standard quality and safety parameters. Through "Sauli-Palit," DTI sought to recall and re-qualify the 44,000 11-kilogram LPG cylinders manufactured (between December 2000 to April 2001) and distributed by PDSI and the destruction and replacement of defective tanks.

The DTI-led campaign promoted vigilance in the extensive crackdown on substandard LPG cylinders. New and comprehensive legislation is still needed, however, to sustain, institutionalize and upgrade LPG industry standards and to establish the supervisory framework for the industry's monitoring system.

The proposed act will give additional powers and functions to the DOE, as the lead agency, as well as the DTI, DILG and local governments, to enable organized and coordinated efforts in the monitoring and inspection of the participants of the LPG industry to ensure their compliance with national product quality and environmental, worker safety and consumer welfare standards.

In view of the foregoing, approval of this bill is earnestly requested.


MAR ROXAS
Senator

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AN ACT
TO ESTABLISH THE MONITORING AND SUPERVISORY FRAMEWORK FOR THE
LIQUEFIED PETROLEUM GAS (LPG) INDUSTRY, PROVIDE ADDITIONAL
POWERS TO THE DEPARTMENT OF ENERGY, DEFINE AND PENALIZE CERTAIN
ACTS

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

ARTICLE I
GENERAL PROVISIONS

SEC. 1. *Short Title.* – This Act shall be known as the “LPG Industry Act of 2005.”

SEC. 2. *Declaration of Policy.* – It shall be the policy of the State to establish a monitoring and supervisory framework for the refining, importation, refilling, requalification, distribution and marketing processes of the Liquefied Petroleum Gas (hereafter referred to as “LPG”) industry to promote the general welfare, encourage the establishment of standards of conduct and codes of practice for LPG businesses, and address the quality and safety concerns under a deregulated downstream oil industry structure. Consequently, the State shall rationalize all applicable laws and executive issuances on the LPG industry to strengthen and enhance existing mechanisms against hazards to health and safety, and deceptive and unconscionable trade acts and practices within the industry. To this end, the State shall undertake the implementation of this Act primarily through the Department of Energy, in coordination with the Department of Trade and Industry, the Department of Justice, the Department of Interior and Local Government, and other appropriate government agencies and instrumentalities.

SEC. 3. *Definition of Terms.* – For the purposes of this Act, the following terms are herein below defined:

- (a) “DENR” shall refer to the Department of Environment and Natural Resources;
- (b) “DILG” shall refer to the Department of Interior and Local Government;
- (c) “DOE” shall refer to the Department of Energy;
- (d) “DOST” shall refer to the Department of Science and Technology;
- (e) “DTI” shall refer to the Department of Trade and Industry;
- (f) “LGU” and “LGUs” shall refer to a local government unit or local government units, respectively;

- (g) **"PNP"** shall refer to the Philippine National Police;
- (h) **"SEC"** shall refer to the Securities and Exchange Commission;
- (i) **"Accreditation"** shall refer to the formal recognition given by DTI that a requalifier of LPG cylinders has complied with PNS 17025:2000, "General Requirements for the Competence of Testing and Calibration Laboratories," and PNS 03:2000, "Steel Cylinders for Liquefied Petroleum Gas," Part 2 – "Method of Requalification;"
- (j) **"Ancillary Equipment"** shall refer to such equipment, parts, and other devices necessary and indispensable for the safe and proper operation of an LPG system such as, but not limited to, valves, hoses, and regulators;
- (k) **"Basel Convention"** shall refer to the international accord, which governs the trade or movement of hazardous and toxic waste across borders, the "Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal adopted by the Conference of Plenipotentiaries" on 22 March 1989;
- (l) **"Brand Owner"** shall refer to a person, natural or juridical, owning the brand, name, logo, color, mark, and/or distinction as registered with the DTI;
- (m) **"Bulk Consumer"** shall refer to any person or entity whose regular use or consumption of LPG requires bulk storage of LPG;
- (n) **"Bulk Loader"** shall refer to any person or entity, which engages in transportation and carriage of LPG in large quantities in barges, rail or road tankers, bullet trucks and similar transportation facilities;
- (o) **"Bulk Supplier"** shall refer to any person who engages in the sale or distribution of LPG in such large quantities.
- (p) **"Certification"** shall refer to the written assurance given by DTI that the LPG cylinder has complied with PNS 03:2000, "Steel Cylinders for Liquefied Petroleum Gas", Part 1 – "Specification" and Part 3 – "Requirement for Repair;"
- (q) **"Consumer"** shall refer to any person who purchases LPG for one's own consumption;
- (r) **"Cross Filling"** shall refer to the filling of cylinders by a person other than by the brand owner;
- (s) **"Cylinder" or "LPG Cylinder"** shall refer to any portable pressure-vessel or container for LPG, designed for the transportation and storage of LPG;
- (t) **"Cylinder Industry Participants"** shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, sale and distribution of LPG cylinders and ancillary equipment, including but not limited to, cylinder and ancillary equipment manufacturers and importers, requalifiers, repairers, scrapping centers, cylinder seal manufacturers and such other;
- (u) **"Cylinder Owner"** shall refer to the owner of the cylinder as shown by the brand, mark, trade name or business name embossed or engraved or otherwise permanently indicated on the cylinder in the manner prescribed by the DTI and the DOE;

- (f) **“LGU”** and **“LGUs”** shall refer to a local government unit or local government units, respectively;
- (g) **“PNP”** shall refer to the Philippine National Police;
- (h) **“SEC”** shall refer to the Securities and Exchange Commission;
- (i) **“Accreditation”** shall refer to the formal recognition given by DTI that a requalifier of LPG cylinders has complied with PNS 17025:2000, “General Requirements for the Competence of Testing and Calibration Laboratories,” and PNS 03:2000, “Steel Cylinders for Liquefied Petroleum Gas,” Part 2 – “Method of Requalification;”
- (j) **“Ancillary Equipment”** shall refer to such equipment, parts, and other devices necessary and indispensable for the safe and proper operation of an LPG system such as, but not limited to, valves, hoses, and regulators;
- (k) **“Basel Convention”** shall refer to the international accord, which governs the trade or movement of hazardous and toxic waste across borders, the “Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal adopted by the Conference of Plenipotentiaries” on 22 March 1989;
- (l) **“Brand Owner”** shall refer to a person, natural or juridical, owning the brand, name, logo, color, mark, and/or distinction as registered with the DTI;
- (m) **“Bulk Consumer”** shall refer to any person or entity whose regular use or consumption of LPG requires bulk storage of LPG;
- (n) **“Bulk Loader”** shall refer to any person or entity, which engages in transportation and carriage of LPG in large quantities in barges, rail or road tankers, bullet trucks and similar transportation facilities;
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- (p) **“Certification”** shall refer to the written assurance given by DTI that the LPG cylinder has complied with PNS 03:2000, “Steel Cylinders for Liquefied Petroleum Gas”, Part 1 – “Specification” and Part 3 – “Requirement for Repair;”
- (q) **“Consumer”** shall refer to any person who purchases LPG for one’s own consumption;
- (r) **“Cross Filling”** shall refer to the filling of cylinders by a person other than by the brand owner;
- (s) **“Cylinder”** or **“LPG Cylinder”** shall refer to any portable pressure-vessel or container for LPG, designed for the transportation and storage of LPG;
- (t) **“Cylinder Industry Participants”** shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, sale and distribution of LPG cylinders and ancillary equipment, including but not limited to, cylinder and ancillary equipment manufacturers and importers, requalifiers, repairers, scrapping centers, cylinder seal manufacturers and such other;
- (u) **“Cylinder Owner”** shall refer to the owner of the cylinder as shown by the brand, mark, trade name or business name embossed or engraved or otherwise permanently indicated on the cylinder in the manner prescribed by the DTI and the DOE;

(v) **“Cylinder Swapping”** shall refer to the industry practice of exchanging LPG cylinders;

(w) **“Defective cylinder”** shall refer to damaged, unsafe and dilapidated cylinders due to corrosion or pitting, dents, cuts, gouges, digs, bulges, leaks and other similar defects that render the cylinder unsafe for distribution in accordance with the guidelines set by the DTI, thus creating a substantial risk of injury to the public;

(x) **“Dealer”** shall refer to any person involved in the sale or trading of LPG in cylinders to consumers and/or retail outlets;

(y) **“Hauler”** shall refer to any person involved in the distribution and delivery of LPG in cylinders from one place to another, whether engaged in such activity for purposes of directly selling to consumers or otherwise;

(z) **“Importer”** shall refer to any person engaged in the importation of LPG whether for processing, sale or own use;

(aa) **“Industry Participants”** shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, sale and distribution of LPG, such as Cylinder Industry Participants and LPG Industry Participants as defined in this Act;

(bb) **“LPG”** shall refer to liquefied petroleum gas, which consists of commercial propane gas or commercial butane gas or a mixture of the two gases, with properties conforming to the standards set forth in the PNS 22;

(cc) **“LPG Industry Participants”** shall refer to persons or entities engaged in activities or businesses related to the manufacture, importation, transportation, sale and distribution of LPG, including but not limited to LPG refiners, LPG importers, refillers; piped LPG providers, haulers, dealers, service stations, retail outlets and seal manufacturers;

(dd) **“Marketer”** shall refer to any person, whether natural or juridical, engaged in the sale of LPG, whether in bulk or retail;

(ee) **“Petroleum products”** shall refer to the products formed in the course of refining crude petroleum through distillation, cracking, solvent refining and chemical treatment coming out as primary stocks from the refinery such as but not limited to LPG, naphtha, gasoline, solvent, kerosene, aviation fuels, oils, waxes and petrolatum, asphalts, bitumen, coke and refinery sludge, or such refinery petroleum fractions which have not undergone any process or treatment as to produce separate chemically-defined compounds in a pure or commercially pure state and to which various substances may have been added to render them suitable for particular uses, provided that the resultant product contains not less than fifty percent (50%) by weight of such petroleum products;

(ff) **“Philippine National Standards”** or **“PNS”** shall refer to the standard promulgated by the Bureau of Product Standards (BPS) of the DTI relating to product specifications, test methods, terminologies and standardization procedures, guidelines or practices;

(gg) **“Piped LPG Provider”** shall refer to any person engaged in the business of supplying or distributing LPG to consumers through a pipeline system, including operators of central storage compounds for piped LPG or reticulated system facilities;

(hh) **“Pipeline System”** shall refer to a network of pipes or similar conduits used for the conveyance of LPG from the piped LPG provider to consumers;

(ii) **“Primary Storage Facilities”** shall refer to the plant, depot, equipment and other attendant facilities, such as underground caverns, refrigerated tanks, and pressurized steel tanks, used for storage of LPG;

(jj) **“Qualified LPG Serviceman”** shall refer to an individual who has been trained, qualified and certified by the DOE or any deputized agency thereof, or to an individual who has successfully completed an approved training course for LPG servicemen in a training school duly recognized and accredited by the Philippine government;

(kk) **“Refiller”** shall refer to (1) a service provider authorized by a cylinder owner to refill cylinders on the latter’s behalf; or (2) any person or entity who refills LPG into one’s own cylinders;

(ll) **“Refilling Plant”** shall refer to any installation that is used for refilling LPG into cylinders and has LPG bulk storage and refilling facilities therefore;

(mm) **“Refiner”** shall refer to any person who refines LPG through distillation, conversion and treatment of crude oil and other naturally occurring petroleum hydrocarbons;

(nn) **“Requalification”** shall refer to the method or procedure by which a cylinder is subjected to inspection and reevaluation by DTI in accordance with the specifications set forth in the PNS 03-2000, “Steel Cylinders for Liquefied Petroleum Gas,” Part 2 – “Method of Requalification to determine its acceptability for continuous use and distribution and subsequent repair or scrapping, where appropriate;”

(oo) **“Requalifier”** shall refer to any person duly accredited by the DTI pursuant to this Act to engage in the business of requalifying LPG cylinders;

(pp) **“Repair”** shall refer to the removal and replacement of parts or attachments of LPG cylinders or the performance of any other necessary corrective measures to restore the fitness of LPG cylinders for refilling and distribution;

(qq) **“Repairer”** shall refer to any person or entity duly certified by the DTI to engage in the business of repairing LPG cylinders;

(rr) **“Retail Outlet”** shall refer to any entity that sells LPG cylinders directly to a consumer in quantities as may be determined by the DOE;

(ss) **“Reticulated System”** shall refer to a means of supplying LPG through a pipeline network from a centralized cylinder bank or bulk installation to multiple customers situated in a common locality;”

(tt) **“Scrapping”** shall refer to the destruction of defective LPG cylinders declared by a requalifier or the DTI to be unfit for use;

(uu) **“Scrapping Center”** shall refer to any person or entity engaged in the business of disposing defective LPG cylinders;

(vv) **“Seal”** shall refer to the protective cover placed on the valve of an LPG cylinder;

(ww) **“Service Station”** shall refer to a retail establishment engaged in the business of selling lpg in cylinders as a retail outlet and in distributing and dispensing of LPG to consumers for automotive use. It shall be deemed a dealer or retail outlet for purposes of this Act;

(xx) **“Tare weight”** shall refer to the net weight of the LPG cylinder excluding its contents, as engraved in the collar and painted in the body thereof and shall be expressed in kilograms in accordance with the specifications as may be prescribed by the DTI.

ARTICLE II IMPLEMENTING AGENCIES

SEC. 4. *Lead Agency.* – The DOE shall be the primary government agency responsible for the implementation and enforcement of this Act. The DOE shall supervise and monitor the LPG industry and its participants to ensure compliance with national product quality, environmental and worker safety, and consumer welfare standards.

SEC. 5. *Additional Powers and Functions of the DOE Secretary.* – In connection with the enforcement of this act and in addition to his/her powers and functions under existing laws, the DOE Secretary shall have the following powers and functions:

(a) Administer and supervise the enforcement and implementation of this Act, including the promulgation of Implementing Rules and Regulations, and issuance, from time to time, of other regulations, orders or circulars necessary to implement this Act;

(b) Formulate and implement policies, programs and regulations on the LPG industry, including the importation, exportation, stockpiling, storage, shipping, transportation, refining, processing, marketing and distribution of LPG, whether distributed in cylinders, through pipelines or other means, to ensure that product quality, environmental and worker safety, and consumer welfare standards are met;

(c) Inspect and evaluate LPG and LPG cylinders in circulation, at any time from and after its purchase by a refiner, marketer, or refiller, and while it is in circulation or intended for distribution to the public, for purposes of determining conformity to established quality and safety standards for LPG cylinders developed and established by the Bureau of Product Standards (BPS);

(d) Establish safety standards for refilling plants, depots, storage areas, transportation and other facilities of LPG industry players and inspect and evaluate refilling plants, depots, storage areas, transportation and other facilities or business premises of LPG Industry Participants to ensure compliance to safety standards;

(e) Direct LPG brand owners, refillers, dealers and retail outlets to periodically submit cylinders for requalification, and to secure proper proof of compliance therewith in accordance with the requirements of DTI;

(f) Investigate, *motu proprio* or upon report of any person, possible infractions of this Act by industry participants, and initiate the necessary actions warranted under the circumstances, including the recall, prohibition, forfeiture or seizure of substandard LPG and LPG cylinders as well as illegally filled LPG cylinders as defined in Article VI of this Act, the filing of charges with the proper court or government agency, and the enforcement of administrative sanctions as provided under this Act;

(g) Recommend to the concerned LGUs the suspension or revocation of the business permits or licenses of LPG industry participants who violate the provisions of this Act;

(h) Issue Standards Compliance Certificates to LPG industry participants in accordance with Article III of this Act, and to revoke the same;

(i) Impose and collect administrative fines for violation of this Code, as well as fees or similar charges for its services, including the processing of applications for Standards Compliance Certificate and collection of administrative fines for violations of this Act;

(j) Create and maintain a central database of industry participants, and an inventory of existing and projected LPG supply levels in the industry, which shall be updated monthly through its own initiative and through reports of LPG industry participants;

(k) Investigate and keep a record of incidents of injury or damage to person or property, caused by or attributable to the improper production, storage, handling or use of LPG for purposes of prosecuting or filing the appropriate action against responsible persons;

(l) Establish and develop research and training programs to develop new uses for LPG, promote improved and innovative methods and technologies for safe and efficient production, storage, handling or use of LPG, and to foster public awareness thereof;

(m) Consult and coordinate, on a regular basis, with LPG industry participants, associations and consumers in furtherance of the objectives of this Act;

(n) Coordinate with other government agencies, bodies and instrumentalities to ensure the effective implementation of this Act;

(o) Exercise such other powers and functions as may be necessary or incidental to attaining the objectives of this Act; and

(p) Investigate, prosecute, and impose penalties for dumping activities or unauthorized filling of bulk tanks installed in industrial LPG consumers by bulk suppliers other than the owner of the tanks.

SEC. 6. Powers and Functions of DTI. – Under this Act, the DTI shall have the following exclusive powers and functions:

(a) Develop, formulate, promulgate, review and revise the PNS for LPG, LPG cylinders, and other ancillary equipment;

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

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

(c) Grant accreditation and certification to requalifiers, repairers, scrapping centers, cylinder and seal manufacturers and other independent, competent, private persons, and entities that provide products and services to ensure compliance by industry participants with the PNS for LPG cylinders and ancillary equipment, in accordance with Article III of this Act, and to revoke the same; and

(d) Extend all necessary assistance to the DOE in the implementation of measures in furtherance of the objectives of this Act.

SEC. 7. Powers and Functions of DILG. – Under this Act, the DILG shall have the following powers and functions:

(a) Coordinate with LGUs and the PNP for the orderly and effective implementation of this Act, and of the orders, rules, regulations and issuances pursuant thereto, including recommendations for the suspension or revocation of business permits or licenses of LPG industry participants found to be in violation of this Act;

(b) Coordinate with the DOE and the DTI in the dissemination of information relevant to the implementation of this Act, particularly to the LGUs and the PNP; and

(c) Extend all necessary assistance to the DOE with respect to the enforcement of measures in furtherance of this Act.

SEC. 8. Powers and Functions of LGUs. – LGUs, on their own initiative or upon recommendation of the DOE and upon due notice and hearing, shall have the power to suspend or revoke the business permit or license of any LPG industry participant within their respective areas of jurisdiction for violation of the provisions of this Act: *Provided*, That upon notice by the DOE of revocation of the Standards Compliance Certificate of an LPG industry participant issued by the DOE under Article III of this Act, the LGU shall immediately revoke the business permit or license of said LPG industry participant.

SEC. 9. Technical Working Group. – The DOE shall be authorized to convene a Technical Working Group to assist the DOE, through review and recommendation of rules and regulations, policies, safety standards and PNS affecting the LPG industry. The Technical Working Group shall be composed of representatives of the implementing agencies and industry participants. Industry representation in the Technical Working Group shall be determined through consultation among the industry participants.

ARTICLE III MONITORING AND ENFORCEMENT MECHANISMS

SEC. 10. Undertaking to Comply with Requirements. – Any person or entity who intends to engage in any business or activity which shall render it an industry participant as defined in this Act, shall undertake to comply with the requirements of this Act, its implementing rules and regulations, and such other issuances of the DOE, under a verified instrument to be executed in such form as required by the DOE or the DTI, as the case may be.

Due filing of the verified undertaking shall be a condition precedent for the issuance of the Standards Compliance Certificate required under this Act: *Provided*, That submission of such undertaking does not exempt such person or entity from securing any other certification of quality, health, safety, security, or environmental clearance from the proper governmental agencies or instrumentalities.

Any person or entity intending to import or export LPG or LPG cylinders shall, in addition to the requirement for a verified undertaking, furnish a report to the DOE prior to his or its every importation or exportation: *Provided*, That all LPG and LPG cylinder importations shall be in accordance with the Basel Convention.

SEC. 11. Reports and Disclosures to DOE or DTI. – The DOE or the DTI, as the case may be, shall have the power and authority to require industry participants to submit written, electronic or other form of reports or disclosures, as they may deem reasonable and necessary to perform their functions under this Act. Any industry participant who fails to submit any such report or disclosure within the period and in the manner prescribed by the DOE or the DTI shall be penalized under this Act.

SEC. 12. Central Database of Industry Participants. – The central database of LPG industry participants shall include their corporate or business name or trade name; principal office or business address; primary purpose or nature of business; registered brand name or logo for LPG, LPG cylinder, facilities and equipment; haulers, dealers, retail outlets and cylinder seal manufacturers; amount and status of performance bond, where required under this Act; violations committed or incidents relating to such violations, if any; agreements with other industry participants, such as for cross-filling and similar arrangements; list of lost, stolen or missing LPG cylinders; and such other relevant information as may be determined by the DOE or the DTI, as the case may be.

The central database shall be created jointly by the DOE and the DTI within one (1) year from the effectivity of this Act. This central database shall be updated on a monthly basis and shall be made available to the public and through the Internet.

SEC. 13. *Standards Compliance Certificate.* –

(a) Requirement Prior to Engaging in Business. – Any person or entity intending to engage in business involving LPG, LPG cylinders or ancillary equipment or in any activity that shall render it an industry participant as defined in this Act shall secure its Standards Compliance Certificate from the DOE or the DTI, as the case may be, prior to commencement of commercial operations and annually thereafter.

For purposes of this Act, the Standards Compliance Certificate shall certify that such person or entity has complied with the safety rules and regulations prescribed by the DOE or the DTI applicable to the particular classification of industry participant defined by this Act:

Provided, That, a brand owner shall be responsible for the:

- 1) proper manufacture, maintenance, and requalification of all its cylinders prior to the release thereof to the public, in accordance with this act;
- 2) proper filling of cylinders;
- 3) assurance that LPG is readily available at his refilling plant/s for refilling into his own cylinders; and
- 4) refilling of his own cylinders, unless authorized by another brand owner.

No industry participant shall engage in business without first having duly secured a Standards Compliance Certificate. Any industry participant that subsequently engages in an activity or business involving LPG or LPG cylinders outside of the scope of its Standards Compliance Certificate shall duly notify the DOE or the DTI, as the case may be, and secure the proper Standards Compliance Certificate for the said new activity or business, where deemed necessary by the DOE or the DTI, as the case may be.

The DOE shall prescribe specific guidelines for compliance of retail outlets, dealers and haulers in remote areas outside Metro Manila, in which case the verified undertaking required under this Article may be submitted through registered mail, without prejudice to the conduct of a standards compliance inspection.

(b) Persons or Entities Already Engaged in LPG Business. – Subject to the provisions of Section 63 of this Act, any industry participant already legally engaged in business upon effectivity of this Act shall obtain a Standards Compliance Certificate prior to the renewal of its business license and annually thereafter, in accordance with the rules, regulations, and guidelines issued by the DOE or the DTI, as the case may be.

(c) Bulk Consumers. – A bulk consumer shall be required to secure a Standards Compliance Certificate from the DOE prior to its storage of LPG, and annually thereafter prior to its renewal of business permit: *Provided, That* if the bulk consumer has secured a similar certificate from the Department of Labor and Employment (DOLE) and the Bureau of Fire Protection (BFP), such certificate from these agencies shall be deemed substantive compliance under this act.

(d) Required Submissions for Standards Compliance Certificate. – A Standards Compliance Certificate shall only be issued upon a satisfactory finding of the applicant's compliance with the provisions of this Act and submission of requirements, which may include the following, where applicable:

1) Certification of compliance of applicant's facilities with fire safety laws and regulations from the Bureau of Fire Protection (BFP);

2) Environmental Compliance Certificate (ECC) from the DENR;

3) Product liability insurance certificate from an insurer duly registered with and licensed by the Insurance Commission;

4) Permits on suitability, safety and soundness of plant and facilities for the proposed or existing operation;

5) Compliance with the provisions of Presidential Decree No. 1185, otherwise known as the *Fire Code of the Philippines* and/or pamphlet 58 of the National Fire Protection Association (NFPA 58), otherwise known as the "Liquefied Petroleum Gas Code"; and

6) Such other documents or requirements as the DOE or the DTI may prescribe as necessary for the effective implementation of this Act.

(e) Renewal and Posting of Standards Compliance Certificate. – The Standards Compliance Certificate shall be renewed annually and shall be prominently posted or displayed in a public, accessible and conspicuous area within the business premises of the industry participant.

SEC. 14. *Certificate of Accreditation for Manufacturers, Requalifiers, Repairers of LPG Cylinders and Cylinder Seal Manufacturers* – Prior to the commencement of its operations and annually thereafter, any person who intends to engage in the business of manufacturing, requalifying, or repairing LPG cylinders, shall obtain a Certificate of Accreditation from the DTI prior to the commencement of its operations and annually thereafter.

Any person already engaged in the business of requalification, repair, scrappage or cylinder and seal manufacturing upon the effectivity of this Act shall apply for a Certificate of Accreditation from the DTI prior to the renewal of its business permit.

SEC. 15. *Monitoring and Standards Compliance Inspection.* –

(a) Monitoring of Facilities and Equipment. – The DOE shall monitor the refining, importation and distribution of LPG and conduct annual inspections of refinery, storage, hauling, transportation, refilling, or installation facilities and equipment to ensure that clean, environmentally-safe and worker-benign technologies are applied, and to ensure conformity with quality and safety standards and other mandatory requirements under this Act.

(b) Standards Compliance Inspection. – The DOE shall not issue a Standards Compliance Certificate unless it is shown, upon proper conduct of standards compliance inspection, that the industry participant has complied with this Act and such other rules and regulations as may be prescribed by the DOE.

(c) Frequency of Standards Compliance Inspection. – The DOE may, *motu proprio* or upon a verified statement or complaint by any person, conduct regular or random inspections of the refinery, storage, hauling, transportation or installation facilities and equipment of industry participants as it may deem reasonable and necessary to implement the purposes of this Act.

(d) Conduct of Standards Compliance Inspection. – The DOE shall prescribe guidelines for the proper conduct of the standards compliance inspection, including but not limited to the scope of the relevant premises and records as may be subject to inspection.

SEC. 16. Requirement for Business Permit. – The Standards Compliance Certificate provided under Section 13 of this Act shall be a mandatory requirement for the grant or renewal of any local government license or permit to engage in business involving LPG, LPG cylinders, or ancillary equipment, regardless of whether such products or activities constitute the entire or a portion of the business for which a business license is sought by the applicant.

SEC. 17. Performance Bond. –

(a) Performance Bond Required. – A performance bond shall be required of all LPG refiners, importers and other bulk suppliers; cylinder manufacturers, repairers and requalifiers; cylinder importers, refillers, bulk loaders, haulers, piped gas providers, and cylinder seal manufacturers, and other LPG industry players, depending on the type of business to be established prior to engaging in such business and as a condition precedent to the grant of a Standards Compliance Certificate by the DOE or the DTI, as the case may be: *Provided*, That on the first year of implementation of this Act, such bond shall be posted not later than six (6) months from effectivity of this Act.

The performance bond shall answer for such administrative fines as may be imposed for violations of this Act.

(b) Amount of Bond. – Within sixty (60) days from effectivity of this Act, the DOE shall, in consultation with the DTI and the industry participants, prescribe the schedule of amounts required for performance bond, which shall be reviewed and adjusted every two (2) years: *Provided*, That the DOE shall have the authority to increase or decrease the required amounts for the performance bond, upon prior consultation with the DTI and the industry participants and other concerned sectors.

(c) Maintenance of Bond. – The performance bond shall be maintained at the required amount and shall be fully replenished within thirty (30) days from any charge or liability deducted therefrom, as well as on the close of business hours on the thirty-first of December of every year. Failure to maintain or replenish the bond accordingly shall be a ground for revocation of the Standards Compliance Certificate and business license or permit.

(d) Publication of Non-Bonded LPG Businesses. – The DOE or the DTI, as the case may be, shall publish a list of non-bonded LPG businesses in a newspaper of general circulation and in such frequency as it may deem necessary, to disseminate to the public that said businesses have failed or refused to comply with their obligation to post bond and such other relevant information.

SEC. 18. Issuance of Receipts. –

(a) Transactions in Bulk. – All transactions involving the sale or transfer of LPG in bulk must be covered by a form bearing, in addition to other requirements under applicable laws, the following information:

- 1) registered name of the seller;
- 2) address of the seller;
- 3) date of the transaction;
- 4) quantity or volume of the product;
- 5) plate number of transporting trucks or registered name of transporting barge;
- 6) total price of the transaction; and

7) such other information as may be prescribed by the DOE with the concurrence of affected industry players .

(b) Transactions in Cylinders. – All transactions involving the sale or transfer of LPG from dealers to retail outlets and to direct consumers must be covered by an official receipt or sales invoice bearing, in addition to other requirements under applicable laws, the following information:

- 1) registered name of the seller;
- 2) address of the seller;
- 3) date of the transaction;
- 4) brand of LPG;
- 5) net weight or weight of the LPG contained in the cylinder;
- 6) unit price per cylinder;
- 7) total price of the transaction; and
- 8) such other information as may be required by the DOE.

All other transactions involving the sale or transfer of possession or ownership of LPG from one industry participant to another must likewise be covered by an official receipt or other written instrument bearing the above information, as applicable.

SEC. 19. Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous. – When the DOE finds, *motu proprio* or upon petition of any person, that an LPG cylinder is defective and hence, possibly injurious, unsafe or dangerous, it shall, after due notice and hearing, issue the appropriate order for its immediate confiscation, recall, seizure, impoundment or prohibition from public sale or distribution: *Provided*, That, in the sound discretion of the DOE it may declare an LPG cylinder to be imminently injurious, unsafe or dangerous, and order its immediate recall, seizure and impoundment, in which case the cylinder owner shall be afforded a hearing, within forty-eight (48) hours from issuance of such order, for the purpose of determining the propriety of the recall and seizure of the cylinders: *Provided, further*, That such a declaration shall be limited to instances when the cylinder is already filled and already sealed inside a refilling plant; dealer's showroom; retail outlets; and/or cylinder transporter

For cases initiated *motu proprio* by the DOE, it shall make a final determination of whether an LPG cylinder is injurious, unsafe or dangerous within thirty (30) days from termination of administrative proceedings: *Provided, further*, That in the absence of such determination upon expiration of the period therefor, the DOE shall thereafter release custody of the LPG cylinders to the industry participant in custody thereof prior to the order for recall, impoundment or prohibition from public sale or distribution.

SEC. 20. Procedure for Petition for Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous. – Any interested person may, upon payment of the appropriate filing fee prescribed by the DOE, petition the DOE for an order declaring an LPG cylinder injurious, dangerous or unsafe. In case the DOE, acting on such petition or on its own initiative and upon due notice and hearing, determines an LPG cylinder to be injurious, dangerous or unsafe, it shall so notify the cylinder owner of such finding and order the recall, prohibition or seizure of the LPG cylinder.

SEC. 21. Recall, Seizure, Impoundment and Prohibition of Defective LPG Cylinders.

– The order for recall, seizure, impoundment or prohibition issued by the DOE shall contain a prohibition against the refilling, sale or distribution of the recalled or banned cylinder.

The cylinder owner against whom the order for recall, prohibition or seizure is issued shall be required to subject the recalled, banned or seized LPG cylinder to repair or requalification processes to render the same compliant with appropriate PNS, or, where repair or requalification is not possible or practicable, to present proof of scrapping thereof.

The cylinder owner against whom the order for recall, seizure or prohibition is issued may petition for the revocation of the order. The DOE shall revoke the order for recall, prohibition or seizure upon a finding that the subject LPG cylinder has been repaired or otherwise made compliant with the required PNS, or has been replaced with a like or equivalent cylinder which conforms with the appropriate PNS.

The cylinder owner shall not charge a consumer who avails of the remedy as provided above of any expenses or costs that may be incurred in the course of repair and requalification.

SEC. 22. Disposition of Recalled, Banned or Seized Cylinders. – The DOE shall formulate rules for the disposition of recalled, banned or seized cylinders: *Provided*, That it shall adopt and enforce the rules for disposition of recalled, banned or seized cylinders established by the DTI.

SEC. 23. Weighing Devices. –

(a) Calibrated and Sealed Weighing Devices Required in Premises. – All refiners, importers, refillers, haulers, dealers, and retail outlets shall maintain, at all times, in all their establishments or outlets and within the sales areas accessible to the public, suitable weighing devices duly calibrated annually and sealed by the City or Municipal Treasurer, the DOST, or any other government agency authorized therefor, and which shall accurately measure LPG cylinders up to one-tenth (0.1) of one kilogram.

(b) Checking of LPG Cylinder Content by Dealers, Retail Outlets and Haulers. – All dealers, retail outlets and haulers that sell directly to consumers, shall weigh the LPG cylinders prior to being placed in the sales areas and also in the presence of the customers prior to sale, to afford the latter an opportunity to verify the correctness of the weight of the cylinders and the LPG contents thereof.

SEC. 24. Cylinder Sealing. – All LPG cylinders shall be provided with seals after filling, which conform to the specifications of the DOE: *Provided*, That the DOE, after consultation with the concerned brand owners, shall establish such specifications: *Provided, further*, That the cylinder owner and its authorized refiller shall be jointly responsible for ensuring that LPG cylinders are properly sealed before the cylinders leave the filling or refilling plants: *Provided, finally*, That LPG cylinders with tampered or broken seals shall not be sold or distributed.

Cylinder seal manufacturers shall not sell seals of an LPG brand owner to any other brand owner, unless allowed by both the brand owner itself and the DOE. Seals are to be registered with the DOE.

SEC. 25. Labeling Requirements for LPG Cylinders. – LPG cylinders shall comply with labeling requirements of the PNS, with the labeling requirement provided under this Section and as may be further prescribed by the DTI.

(a) For LPG Cylinder Collar. – All LPG cylinders, whether manufactured locally or imported, shall have the following embossed or stamped on the cylinder collar:

- 1) The manufacturer's registered trade name or brand name, trademark and business name;
- 2) For imported cylinders, the name and address of the importer in the Philippines;
- 3) Philippine Standard or Import Commodity Clearance certification marks, as applicable;
- 4) Specific standard used;
- 5) Date of testing or requalification;
- 6) Thickness of plate;
- 7) Cylinder water capacity;
- 8) Tare weight;
- 9) Design and test pressure; and
- 10) Serial number.

The above requirements shall form an integral part of the cylinder collar, without danger of being erased or detached under ordinary handling of the cylinder.

(b) For LPG Cylinder Body. – All LPG cylinders, whether manufactured locally or imported, shall bear the following:

- 1) The registered brand name, trade name or trademark of the LPG product;
- 2) A color which distinguishes the brand owner of the LPG it contains;
- 3) Tare weight; and
- 4) Net weight.

The brand name, trade name or trademark of the LPG product shall be embossed and shall form an integral part of the body of the cylinder, without danger of being erased or detached under ordinary handling of the cylinder.

SEC. 26. Labeling of Delivery Vehicles. – All trucks and other vehicles used for hauling and delivering LPG cylinders shall display on their delivery trucks or vehicles a prominent signage or label showing the specific LPG brand name or names that it represents, services or sales. The absence of a signage or label on the delivery vehicle as required under this Section shall give rise to a presumption that the hauler is not duly authorized to transport LPG. Trucks without the appropriate signage or label can be seized or impounded.

SEC. 27. Direct Sales by Haulers. – Subject to guidelines and requirements as may be promulgated by the DOE, haulers who engage in direct selling of LPG to consumers shall be treated as dealers for purposes of this Act and shall observe the standards and requirements for dealers under this Act.

ARTICLE IV QUALITY STANDARDS

SEC. 28. *Promulgation of Quality Standards.* – In order to reduce safety risks and operational hazards, and promote the use of environmentally safe and worker-benign technologies and processes, industry participants are hereby required to comply with the quality standards established by the DOE for the LPG industry consistent with the PNS formulated by the DTI. The quality standards shall be provided for, but not be limited to, the following:

- (a) Primary Storage Facilities
- (b) Cylinder-Filling Plants and Facilities
- (c) Bulk-Loading, Unloading and Transportation of LPG
- (d) Dealers and Retail Outlets
- (e) Service Stations

The DOE shall formulate the specific guidelines for mandatory compliance with the established quality standards and enforce the appropriate sanctions for violations thereof: *Provided*, That the DOE shall consult the LPG industry participants in the formulation of said standards.

Provided, That nothing in this article will allow licensees for refilling plants, dealers, and retailers to sell ancillary equipment not recommended by the cylinder brand owner: *Provided, further*, That the DOE, in formulating the quality standards in this act, when applicable, shall adopt the Philippine LPG Association safety code and the applicable international safety standards for the LPG industry, including, but not limited to, the National Fire Protection Association (NFPA) 58, otherwise known as the liquefied petroleum gas code for LPG.

SEC. 29. *Usage Requirements for Customers and End-users.* – The DOE and the DTI shall jointly undertake educational and information dissemination activities to enhance customer awareness among LPG consumers and end-users. In addition to such educational programs, the DOE and/or the DTI, after consultation with the LPG industry participants, may prescribe rules and regulations in relation to the following:

- (a) For industrial or large end-users, installation of signs at storage facilities;
- (b) Use of only branded, legally-filled and certified LPG cylinders; and
- (c) Installation of LPG appliances and devices approved by the DTI: *Provided*, That such appliances and devices shall be installed only by qualified servicemen as provided in this Act.

SEC. 30. *Bond Discount and Bond Exemption for Satisfactory Performance.* – Any industry participant whose performance bond, as required under Article III of this Act, has not been charged with any fine or fee arising from any violation of this Act for an uninterrupted period of two (2) consecutive years, equivalent to fifty percent (50%) of the required amount for each year as prescribed by the DOE or the DTI, as the case may be: *Provided*, That such discount shall not be accumulated or compounded: *Provided, further*, That an industry participant who continues to have no record of any fine or fee arising from ANY violation of this Act for the next succeeding five (5) years shall be thereafter exempt from paying the performance bond. Any violation of this Act, its implementing rules and regulations, or guidelines prescribed by the DOE or the DTI, as the case may be, or any of its divisions, shall immediately forfeit the bond discount or bond exemption provided herein and such industry

participant shall post and maintain the performance bond in such amount as may be required by the DOE.

ARTICLE V PROHIBITED ACTS

SEC. 31. *Engaging in Business Without Standards Compliance Certificate.* – Any industry participant who engages in business without securing a Standards Compliance Certificate from the DOE or the DTI as required under Article III of this Act shall be penalized with a fine of Five Thousand Pesos (PhP 5,000.00) for an individual and Ten Thousand Pesos (PhP 10,000.00) for a corporation, for each day of operation without a Standards Compliance Certificate: *Provided*, That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and Ten Million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 32. *Engaging in Business Without Accreditation.* – Any person who engages in the business of manufacturing cylinder seals or of requalifying, repairing or scrapping LPG cylinders without first securing a certificate of accreditation from the DTI as provided under this Act, shall be penalized with a fine of Three Thousand Pesos (PhP 3,000.00) for an individual and Five Thousand Pesos (PhP 5,000.00) for a corporation, for each day of operation without a certificate of accreditation: *Provided*, That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and Ten Million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 33. *Failure to Maintain or Replenish Performance Bond.* – A cylinder manufacturer, cylinder, importer, LPG refiner, LPG importer, bulk supplier, refiller, bulk loader, hauler, piped gas provider, repairer, requalifier, or cylinder seal manufacturer who fails to maintain or replenish the performance bond from a reputable insurance company duly licensed by the insurance commission required to be posted under the provisions of Article III of this Act, shall be penalized with a fine of Five Thousand Pesos (PhP 5,000.00) for an individual and Ten Thousand Pesos (PhP 10,000.00) for a corporation, for each day of operation that the performance bond is not replenished: *Provided*, That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and Ten Million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 34. *Obstruction of Inspection.* – Any industry participant who refuses, prevents or obstructs the inspection of its premises and records as provided under Article III of this Act shall be penalized with a fine of Three Hundred Thousand Pesos (PhP 300,000.00) for an individual and Five Hundred Thousand Pesos (PhP 500,000.00) for a corporation, for each instance of violation.

SEC. 35. *Failure to Post Standards Compliance Certificate.* – An industry participant who fails or refuses to post its Standards Compliance Certificate as required under Article III of this Act and as required by the DOE, shall be penalized with a fine not exceeding Five Thousand Pesos (PhP 5,000.00) for each instance of violation.

SEC. 36. *Failure to Submit Reportorial Requirements.* – An industry participant who fails to submit periodic reports as may be required by the DOE, within a reasonable period and in the manner prescribed by the DOE, shall be penalized with a fine not exceeding Five Thousand Pesos (PhP 5,000.00) for each instance of violation.

SEC. 37. *Illegal Storage.* – A refiner, importer, refiller, hauler, dealer, retail outlet or bulk consumer who stores LPG in bulk without obtaining the Standards Compliance Certificate required under Article III of this Act shall, upon conviction, be penalized with a fine of not less than Twenty Thousand Pesos (PhP 20,000.00) but not more than One Hundred Thousand Pesos (PhP 100,000.00), or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided*, That the second and subsequent violations shall be penalized with both fine and imprisonment as provided herein.

SEC. 38. Failure to Comply with Product Standards. – An industry participant who, by act or omission, fails to comply with plant or product standards set by the DOE with respect to their specific activity shall, upon conviction, be penalized as follows:

(a) Non-compliance with DOE mandatory requirements on safety designs for refilling plants, equipment, depots, pipeline systems and similar facilities shall be penalized with a fine of not less than Fifty Thousand Pesos (PhP 50,000.00) but not more than One Million Pesos (PhP 1,000,000.00) or imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of the court: *Provided*, That nothing in this paragraph shall preclude the court from ordering the closure of the facility until such time that the mandatory requirements have been met.

(b) Failure to secure the required PNS Certificate for LPG cylinders shall be penalized with a fine of Five Thousand Pesos (PhP 5,000.00) for an individual or Ten Thousand Pesos (PhP 10,000.00) for a corporation, for each non-compliant cylinder used and distributed to consumers, or imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of the court: *Provided*, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (PhP 500,000.00) for an individual and One Million Pesos (PhP 1,000,000.00) for a corporation:

Provided, further, That the second and subsequent violations shall be penalized with both fine and imprisonment as provided herein: *Provided, finally*, That this section shall not apply unless the cylinder is in the possession of an illegal refiller or trader.

SEC. 39. Adulteration. – A refiner, importer, refiller, piped gas provider, dealer or retail outlet who mixes LPG with another finished or unfinished petroleum product or stock or with any non-petroleum substance or material that will result in product quality change or in the failure of the LPG to meet the required product specifications of the DOE, shall, upon conviction, be penalized with a fine of Ten Thousand Pesos (PhP 10,000.00) for an individual and Twenty Thousand Pesos (PhP 20,000.00) for a corporation, for each cylinder containing adulterated LPG, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided*, That the second and subsequent violations shall be penalized with both fine and imprisonment: *Provided, further*, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (PhP 500,000.00) for an individual and One Million Pesos (PhP 1,000,000.00) for a corporation.

SEC. 40. Underfilling. – When the net quantity of LPG contained in cylinders sold, transferred, delivered or filled by refillers is less than the cylinder content required by the government at the filling plant, the refiller shall, upon conviction, be penalized with a fine of Five Thousand Pesos (PhP 5,000.00) for an individual and Ten Thousand Pesos (PhP 10,000.00) for a corporation for each underfilled cylinder or with imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided*, That second and subsequent violations shall be penalized with both fine and imprisonment: *Provided, further*, That the maximum fine to be imposed shall be Five Hundred Thousand Pesos (PhP 500,000.00) for an individual and One Million Pesos (PhP 1,000,000.00) for a corporation. When the net quantity of LPG for sale in cylinders sold, transferred, delivered or filled by dealers or retail outlets is less than three tenths of one kilogram (0.30 Kg) or the government-required cylinder content quantity, the dealer or retail outlet shall be penalized with the same fines mentioned earlier in this paragraph.

A broken, tampered, absent or removed seal shall give rise to a presumption that the cylinder is underfilled. A cylinder containing less than the required LPG quantity which is not so identified and set apart or taken out from the sales area by dealers or retail outlets is presumed to be for sale.

SEC. 41. *Illegal Refilling.* – The following shall constitute illegal refilling of LPG cylinders under this Act:

(a) Refilling of LPG cylinders by a person or entity other than the rightful owner thereof, unless specific permission is granted by the owner for such refilling as evidenced by a written contract or similar instrument;

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

(c) Refilling of LPG cylinder without embossed markings or other indication of the brand or trade name thereof, or bearing defaced, tampered or illegible markings contrary to the mandatory labeling and stamping requirements under this Act;

(d) Refilling of LPG cylinder which is due for repair, requalification or scrappage as provided in this Act, or is subject to the recall or prohibition order of the LPG Board;

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

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

(g) Backyard refilling of cylinders other than in properly designed LPG refilling plants;

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

(i) Any other refilling of LPG cylinders in violation of the mandatory requirements or prescribed standards under this act; and

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

It shall also be prohibited for any marketer, dealer or retail outlet to knowingly sell illegally refilled cylinders.

An industry participant found guilty of illegal refilling under this Section shall, upon conviction, be penalized with a fine of Ten Thousand Pesos (PhP 10,000.00) for an individual and Twenty Thousand Pesos (PhP 20,000.00) for a corporation, for each illegally-filled cylinder, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided*, That second and subsequent violations shall be penalized with both fine and imprisonment: *Provided, further*, That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and Ten Million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 42. *Unauthorized Trading of LPG Cylinders.* – Any industry participant who, without the consent of the cylinder owner, stores empty LPG cylinders in quantities in excess of those allowed by the DOE, through cylinder swapping and other similar industry practices, and exchanges, barter, sells, distributes or otherwise transfers ownership and/or possession thereof to a person or entity other than the cylinder owner and without the authority of the cylinder owner shall, upon conviction, be penalized with a fine of Three Thousand Pesos (PhP 3,000.00) for an individual and Six Thousand Pesos (PhP 6,000.00) for each illegally-stored or sold empty cylinder, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided*, That second and subsequent violations shall be penalized with both fine and imprisonment. *Provided, further*, That the maximum fine to be imposed shall be Three Hundred Thousand Pesos (PhP 300,000.00) for an individual and Six Hundred Thousand Pesos (PhP 600,000.00) for a corporation.

Provided, however, That if the legitimate cylinder owner refuses to buy back the cylinders that were acquired by other LPG industry participants, the party in possession of the acquired cylinders shall be allowed to dispose of said cylinders, subject to the guidelines promulgated by the DOE.

SEC. 43. *Tampering of LPG Cylinders and Similar Acts.* – Any person who tampers, alters or modifies LPG cylinders through any means such as, but not limited to, changing the cylinder valve, repainting, and re-labeling, by any person other than the cylinder owner shall, upon conviction, be penalized with a fine of Five Thousand Pesos (PhP 5,000.00) for an individual and Ten Thousand Pesos (PhP 10,000.00) for a corporation, for each tampered or altered LPG cylinder, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided,* That second and subsequent violations shall be penalized with both fine and imprisonment: *Provided, further,* That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and Ten Million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 44. *Illegal Possession of LPG Cylinder Seal.* – Any person found in possession of LPG cylinder seals, including the seals already used in the cylinders without authority from the cylinder owner or its authorized refiller shall, upon conviction, be penalized with a fine of Five Thousand Pesos (PhP 5,000.00) for an individual and Ten Thousand Pesos (PhP 10,000.00) for a corporation, for each LPG seal found in its or his possession, or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided,* That second and subsequent violations shall be penalized with both fine and imprisonment: *Provided, further,* That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and Ten Million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 45. *Failure to Comply with Weighing Device Requirements.* – A refiner, importer, refiller, dealer or retail outlet who fails to comply with the requirements pertaining to weighing devices under Article III, shall be penalized with a fine of Ten Thousand Pesos (PhP 10,000.00) for an individual or Twenty Thousand Pesos (PhP 20,000.00) for a corporation.

SEC. 46. *Overloading.* – A hauler who loads and transports, or permits the loading and transportation of LPG cylinders in quantities greater than the rated capacity of the vehicle or in such a manner that endangers the life and safety of its passengers or the public, shall be penalized with a fine of Twenty Thousand Pesos (PhP 20,000.00) for an individual and Forty Thousand Pesos (PhP 40,000.00) for a corporation: *Provided,* That the penalties provided herein shall be without prejudice to its liability under other laws for any damage or injury to person or property.

SEC. 47. *Sale or Distribution to Non-complying Persons or Entities.* – A cylinder manufacturer, refiner, importer, refiller, dealer or retail outlet who knowingly sells or distributes LPG or LPG cylinders or LPG Seals to persons or entities committing any of the prohibited acts provided in this Act and in such other issuances or orders to be issued by the DOE, shall upon conviction, be penalized for each sale or distribution with a fine of not less than One Hundred Thousand Pesos (PhP 100,000.00) but not more than Five Hundred Thousand Pesos (PhP 500,000.00) or imprisonment of at least six (6) months but not more than two (2) years, or both at the discretion of the court.

SEC. 48. *Pilferage of LPG.* – Any person who pilfers LPG, upon conviction, shall be penalized with a fine of One Million Pesos (PhP 1,000,000.00) for an individual and Two Million Pesos (PhP 2,000,000.00) for a corporation or imprisonment of at least six (6) months but not more than two (2) years, or both, at the discretion of the court: *Provided,* That second and subsequent violations shall be penalized with both fine and imprisonment: *Provided, further,* That the maximum fine to be imposed shall be Five Million Pesos (PhP 5,000,000.00) for an individual and ten million Pesos (PhP 10,000,000.00) for a corporation.

SEC. 49. *Suspension or Revocation of Business License or Permit.* – The penalties provided herein shall be without prejudice to the suspension or revocation of the business license of such person by the appropriate local government unit, within the same year for which such business license was granted.

SEC. 50. *Imposition of Administrative Penalty.* – The DOE may, in addition to or in lieu of the institution of a criminal action in a court of law, impose an administrative penalty within the range prescribed under the provisions of this Article, which may be charged against the performance bond of the industry participant.

SEC. 51. *“Strike Three” Penalty.* – Any person convicted with finality of violating the provisions of this Act for three (3) consecutive instances shall be perpetually disqualified from engaging in any activity in the LPG industry.

SEC. 52. *Publication of Persons Convicted of Violations of this Act.* – The DOE shall, on a quarterly basis, publish in a newspaper of general circulation, the names of industry players convicted with finality of violations of this Act.

SEC. 53. *Violations by Juridical Entities.* – If the violation is committed by a corporation, partnership, association or other juridical entity, the penalty of imprisonment shall be imposed on the responsible directors or officers thereof. If the offender is an alien, he shall be deported immediately, without further proceedings, after service of sentence.

SEC. 54. *Prosecution Under Separate Laws.* – Prosecution under this Act shall be without prejudice to any liability for violation of any provision of the Revised Penal Code, Republic Act No. 8293, otherwise known as the “Intellectual Property Code of the Philippines”, and other applicable laws.

ARTICLE VI EDUCATION AND RESEARCH

SEC. 55. *Public Information Campaign.* – The DOE, in coordination with the Philippine Information Agency, the DILG and such other appropriate government agencies, shall jointly develop and implement an effective strategy for the dissemination of information to the public about LPG, cylinder quality and safety.

SEC. 56. *Development Research.* – The DOE, in coordination with the DOST and the DTI, shall conduct study and research for the purpose of developing more efficient methods of providing safe, clean and hazard-free LPG to consumers.

ARTICLE VII FINAL PROVISIONS

SEC. 57. *Implementing Rules and Regulations.* – In consultation with DTI and the LPG industry participants, the DOE shall formulate and issue the necessary implementing rules and regulations within one hundred eighty (180) days from the effectivity of this Act.

SEC. 58. *Transition Phase.* – In order to provide a smooth implementation of the monitoring and supervisory mechanisms provided herein, the industry participants shall be given a grace period of six (6) months from the effectivity of this Act, within which to comply with the provisions herein: *Provided, That* during the transition period, the industry participants shall continue to be bound and made liable under the provisions of existing laws, rules and regulations not otherwise repealed by this Act. Industry participants already legally engaged in business upon the effectivity of this Act and who are required to secure a Standards Compliance Certificate prior to the renewal of their business licenses as provided in Section 13 of this Act,

shall not be required to obtain a Standards Compliance Certificate for the duration of the grace period.

SEC. 59. *Separability Clause.* – Any portion or provisions of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying other portions and provisions hereof as long as such remaining portion or provision can still subsist and be given effect in their entirety.

SEC. 60. *Repealing Clause.* – All other laws, decrees, executive orders, proclamations and administrative regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SEC. 61. *Effectivity Clause.* – This Act shall take effect within fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,