



'22 AUG -8 A10 :19

SENATE

P.S. RES. No. 102

RECEIVED BY:

Introduced by Senator WIN GATCHALIAN

**A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO
CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE PHILIPPINES'
NATURAL GAS INDUSTRY POLICY WITH THE END IN VIEW OF ENACTING
A COMPREHENSIVE NATURAL GAS REGULATORY FRAMEWORK TOWARDS
ENERGY SECURITY**

1 WHEREAS, the Malampaya Gas-to-Power Project supplies fuel to five natural
2 gas power plants with a total installed capacity of 3,200 MW representing 17.85% of
3 the installed capacity of the Luzon grid,¹ and providing 56% of Meralco's electricity
4 demand as of April 2021;²

5 WHEREAS, almost 20 years since the project has begun commercial
6 operations, its production is expected to start decreasing because of declining
7 reserves and its Service Contract's is scheduled to expire by 2024.³

8 WHEREAS, the Department of Energy (DOE), taking the foregoing into
9 consideration, announced in 2016 its plans of making the Philippines a liquefied
10 natural gas (LNG) import hub through the construction of LNG import terminals with
11 storage, re-gasification, distribution, and power plant facilities;⁴

12 WHEREAS, in November 2017, the DOE issued Department Circular No.
13 DC2017-11-0012, entitled "Rules and Regulations Governing the Philippine
14 Downstream Natural Gas Industry" or the "Philippine Downstream Natural Gas

¹ Department of Energy. Power Supply and Demand Highlights January – June 2017.

² Meralco April 2021 Generation Charge.

³ Malampaya: when the gas runs out will Luzon have power? Available at: <http://nine.cnnphilippines.com/news/2015/06/26/Malampaya-When-the-gas-runs-out-will-Luzon-have-power.html>. 27 June 2015.

⁴ <https://businessmirror.com.ph/seven-foreign-firms-eye-venture-with-pnoc-for-ambitious-lng-hub/> visited 21 March 2018.

15 Regulation” outlining the regulations to be followed by all stakeholders in the
16 industry;

17 WHEREAS, the Circular designated the DOE as both the policy-maker and
18 regulator of the natural gas industry through the (1) issuance of permits on the
19 construction, expansion, rehabilitation, modification, operation, and maintenance of
20 downstream natural gas facilities; (2) regulation of the activities of an LNG terminal,
21 and transmission and distribution-related facilities; (3) accreditation of importers and
22 suppliers; and (4) determination and setting of rates or schedule of prices for the
23 use of transmission and distribution pipelines;

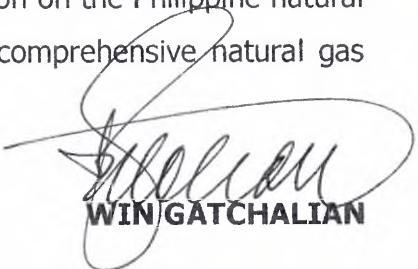
24 WHEREAS, since the issuance of the circular, the DOE⁵ and ERC⁶ have
25 engaged in various capacity building activities to improve their respective expertise
26 on the various technical, financial, legal, regulatory, and commercial aspects of the
27 LNG industry through the assistance of the academe, the private sector, and non-
28 government organizations;

29 WHEREAS, the private sector has responded positively to the expected
30 natural gas supply gap by 2024 with the DOE giving a total of six (6) import terminal
31 projects a Notice to Proceed (NTP);⁷ However, the DOE also noted that out of the six
32 (6) projects, four (4) have reported delays in their scheduled completion dates;⁸

33 WHEREAS, owing to the complexity of the natural gas industry, the lack of an
34 institutionalized comprehensive regulatory framework, and the continuously
35 decreasing amount of time left to replace the fuel source coming from Malampaya,
36 there is a need to revisit and clarify the national government’s natural gas industry
37 plan and policies to guarantee sufficient supply beyond 2024;

38 RESOLVED BY THE SENATE, as it is hereby resolved, to direct the appropriate
39 Senate Committee to conduct an inquiry in aid of legislation on the Philippine natural
40 gas industry policy with the end in view of enacting a comprehensive natural gas
41 regulatory framework towards energy security.

Adopted,



WIN GATCHALIAN

⁵ DOE fleshing out LNG pricing and contracting for PH. Available at: <https://business.mb.com.ph/2019/06/10/doe-fleshing-out-lng-pricing-and-contracting-for-ph/>. 10 June 2019

⁶ ERC Enters into a partnership exchange with NARUC. Available at: <https://www.erc.gov.ph/ContentPage/61747>. 1 July 2019.

⁷ Data as of 17 January 2022 submitted by DOE.

⁸ 2 LNG projects reaching completion, 4 delayed – DOE. Manila Bulletin. 14 May 2022. Available at: <https://mb.com.ph/2022/05/14/2-lng-projects-reaching-completion-4-delayed-doe/>. Accessed on 23 June 2022.