

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

7 SEP 2011

SENATE  
S. No. 1628

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Introduced by Senator Miriam Defensor Santiago

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EXPLANATORY NOTE

The Constitution, Article XVI, provides:

Section 9. The State shall *protect consumers from trade malpractices* and from substandard or hazardous products. (Italics supplied)

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

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

  
MIRIAM DEFENSOR SANTIAGO  


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

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SENATE  
S. No. 1628

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1 AN ACT  
2 IMPOSING CIVIL PENALTIES ON UNREASONABLE PRICE INCREASES FOR CRUDE  
3 OIL, RESIDUAL FUEL OIL, OR REFINED PETROLEUM PRODUCTS

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

6 SECTION 1. *Short Title.* – This Act shall be known as the “Fuel Pricing Fairness Act of  
7 2007.”

8 SECTION 2. *Declaration of Policy.* – It is the policy of the State to protect consumers  
9 from trade malpractices and from substandard or hazardous products.

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

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

12 (1) Ownership or control of mineral fuel resources or non-mineral energy  
13 resources;

14 (2) Exploration for, or development of, mineral fuel resources;

15 (3) Extraction of mineral fuel or non-mineral energy resources;

16 (4) Refining, milling, or otherwise processing mineral fuel or non-mineral energy  
17 resources;

18 (5) Storage of mineral fuel or non-mineral energy resources by any means  
19 whatever; or

20 (6) Wholesale or retail distribution or mineral fuels, non-mineral energy resources  
21 or electrical energy;

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

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

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

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

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

15 (G) “LPG” - Liquefied Petroleum Gas.

16 (H) “DOE” means Department of Energy.

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

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

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

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

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

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

4 (B) *Determination of Unreasonable Price Increase.* – The DOE, in coordination with the  
5 DTI, shall determine at least annually whether any energy-producing company has implemented  
6 an unreasonable price increase in violation of regulations issued under paragraph (1) of this  
7 Section.

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

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

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

16 Approved,