#### FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES First Regular Session

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# S. No. 1828

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## Introduced by Senator Miriam Defensor Santiago

#### **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

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

## FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES First Regular Session

10 JUL 21 P5 -77

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### SENATE S. No. **1828**

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	Introduced by Senator Miriam Defensor Santiago RECEIVED BY
1 2 3	AN ACT IMPOSING CIVIL PENALTIES ON UNREASONABLE PRICE INCREASES FOR CRUDE OIL, RESIDUAL FUEL OIL, OR REFINED PETROLEUM PRODUCTS
	Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:
4	SECTION 1. Short Title. – This Act shall be known as the "Fuel Pricing Fairness Act."
5	SECTION 2. Declaration of Policy It is the policy of the State to protect consumers
6	from trade malpractices and from substandard or hazardous products.
7	SECTION 3. Definition of Terms. – For the purposes of this Act, the term:
8	(A) "Energy-producing company" means a person engaged in:
9	(1) Ownership or control of mineral fuel resources or non-mineral energy
10	resources;
11	(2) Exploration for, or development of, mineral fuel resources;
12	(3) Extraction of mineral fuel or non-mineral energy resources;
13	(4) Refining, milling, or otherwise processing mineral fuel or non-mineral energy
14	resources;
15	(5) Storage of mineral fuel or non-mineral energy resources by any means
16	whatever; or
17	(6) Wholesale or retail distribution or mineral fuels, non-mineral energy resources
18	or electrical energy;
19	(B) "Unreasonable price increase" means any price increase that exceeds any concurrent
20	increase in the production or operation cost of the energy-producing company that are directly
21	related to the products being sold.

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

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(D) "Crude Oil" means a naturally-occurring substance found trapped in certain rocks 2 below the earth's crust. It is a dark, sticky liquid which, scientifically speaking, is classed as a 3 hydrocarbon. It is highly flammable that can be burned to create energy. 4 (E) "Residual Fuel Oil" means a liquid or semi-liquid, high-boiling fraction of residue 5 from the distillation of petroleum which is used as a fuel. 6 (F) "Refined Petroleum Products" means are derived from crude oils through processes 7 such as catalytic cracking and fractional distillation. These products have physical and chemical 8 characteristics that differ according to the type of crude oil and subsequent refining processes. 9 These include gasoline, kerosene, LPG, No. 2 Fuel Oil, No. 4 Fuel Oil, No. 5 Fuel Oil (Bunker 10 B), and No. 6 Fuel Oil (Bunker C). 11 12 (G) "LPG" - Liquefied Petroleum Gas. (H) "DOE" means Department of Energy. 13 (I) "DTI" means Department of Trade and Industry. 14 15 SECTION 4. Civil Penalty for Unreasonable Price Increase for Crude Oil, Residual Fuel Oil, or Refined Petroleum Products. ---16 (A) In General. - Not later than three (3) months after the date of enactment of this Act, 17 the Department of Energy Secretary, in coordination with the Department of Trade and Industry 18 Secretary, shall issue regulations that — 19 (1) Apply to all crude oil, residual fuel oil, and refined petroleum products that are 20 sold and used as energy fuel in the Philippines; 21 (2) Prohibit any unreasonable price increase for such products by an energy-22 producing company; and 23 (3) impose a civil penalty of not less than One Million Pesos (P1,000,000.00) but 24 not more than Ten Million Pesos (P10,000,000.00) for each unreasonable price 25 increase. 26 (B) Determination of Unreasonable Price Increase. - The DOE, in coordination with the 27 DTI, shall determine at least annually whether any energy-producing company has implemented 28

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an unreasonable price increase in violation of regulations issued under paragraph (1) of this
Section.

3 SECTION 5. Separability Clause. – If any provision or part hereof, is held invalid or 4 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain 5 valid and subsisting.

6 SECTION 6. *Repealing Clause.* – Any law, presidential decree or issuance, executive 7 order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent 8 with, the provision of this Act is hereby repealed, modified, or amended accordingly.

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

Approved.

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