

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

OFFICE OF THE SECRETARY

9 AUG 26 P 6:44

SENATE

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COMMITTEE REPORT NO. 567

Submitted by the Committee on Trade and Commerce joint with the Committee on Energy on AUG 26 2009.

Re: Senate Bill No. 3418, prepared by the Committees

Recommending its approval in substitution of Senate Bill Nos. 1029, 1034, 1187 and 2250, taking into consideration House Bill No. 5942 and Senate Resolution No. 889

Sponsors: Senators Roxas and Honasan

Mr. President:

The joint Committees on Trade and Commerce and Energy to which were referred Senate Bill No. 1029, introduced by Senator Villar, entitled:

“AN ACT  
REQUIRING ALL RETAILERS OF LIQUEFIED PETROLEUM GAS (LPG) TO  
HAVE A SCALE OR WEIGHING MACHINE IN THEIR STORES OR  
ESTABLISHMENTS AND FOR OTHER PURPOSES”;

Senate Bill No. 1034, introduced by Senator Villar, entitled:

“AN ACT  
PRESCRIBING A UNIFORM OR STANDARD DESIGN FOR THE OUTLET  
AND REGULATOR OF THE LIQUEFIED PETROLEUM (LPG) TANKS AND  
PROVIDING PENALTY FOR VIOLATION THEREFOR”;

GAS Jordon

Senate Bill No. 1187, introduced by Senator Roxas, entitled:

“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”;

and Senate Bill No. 2250, introduced by Senator Lapid, entitled:

“AN ACT  
REQUIRING ALL RETAILERS OF LIQUEFIED PETROLEUM GAS (LPG) TO  
HAVE A DULY-INSPECTED AND ACCURATE WEIGHING SCALE OR  
WEIGHING MACHINE IN THEIR STORES OR ESTABLISHMENTS AND  
FOR OTHER PURPOSES”;

taking into consideration House Bill No. 5942, introduced by Reps. Plaza, Macapagal Arroyo, Alvarez (A.), *et. al.* entitled:

“AN ACT  
ESTABLISHING THE REGULATORY FRAMEWORK FOR THE LIQUEFIED  
PETROLEUM GAS (LPG) AND RELATED INDUSTRIES,  
DEFINING AND PENALIZING CERTAIN PROHIBITED ACTS INVOLVING  
LPG AND FOR OTHER PURPOSES”

and Senate Resolution No. 889, introduced by Senator Roxas entitled:

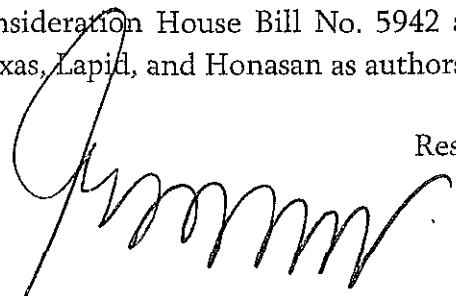
“A RESOLUTION  
DIRECTING THE SENATE COMMITTEE ON TRADE AND COMMERCE TO  
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED  
SHORTAGE IN THE SUPPLY OF LIQUEFIED PETROLEUM GAS (LPG) AND THE  
INCREASE IN ITS RETAIL PRICE TO DETERMINE ITS CAUSE AND ENSURE ITS  
SUFFICIENT SUPPLY IN THE LOCAL MARKET 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. 3418, prepared by the Committees, 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”;


be approved in substitution of S. B. Nos. 1029, 1034, 1187 and 2250 taking into consideration House Bill No. 5942 and Senate Resolution No. 889 with Senators Villar, Roxas, Lapid, and Honasan as authors thereof.

Respectfully submitted:

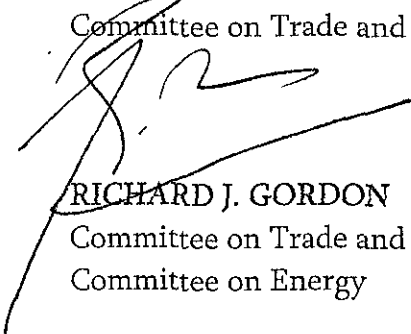
  
GREGORIO B. HONASAN II  
*Chairman*  
Committee on Energy

  
MAR ROXAS  
*Chairman*  
Committee on Trade and Commerce  
*Member, Committee on Energy*

Members:



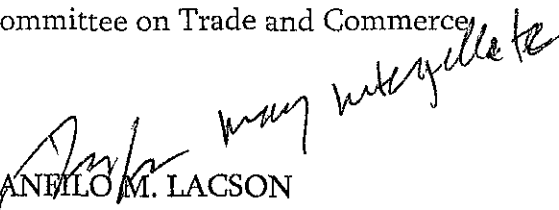
FRANCIS "CHIZ" G. ESCUDERO  
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RICHARD J. GORDON  
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Committee on Energy

BENIGNO S. AQUINO III  
Committee on Trade and Commerce


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PANFILO M. LACSON  
Committee on Energy




MANUEL "LITO" M. LAPID  
Committee on Energy

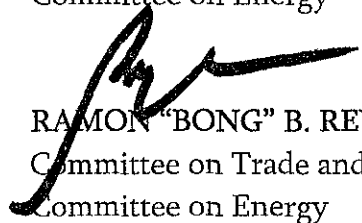


MIRIAM DEFENSOR SANTIAGO  
Committee on Energy

"Compañera" PIA S. CAYETANO  
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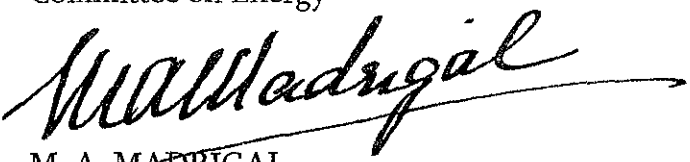


RODOLFO G. BIAZON  
Committee on Trade and Commerce  
Committee on Energy

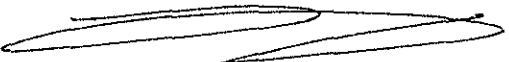


RAMON "BONG" B. REVILLA, JR.  
Committee on Trade and Commerce  
Committee on Energy


ALAN PETER *Compañero* S. CAYETANO  
Committee on Trade and Commerce  
Committee on Energy




M. A. MADRIGAL  
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LOREN B. LEGARDA  
Committee on Energy



EDGARDO J. ANGARA  
Committee on Energy




JOKER P. ARROYO  
Committee on Energy

MANNY VILLAR  
Committee on Energy

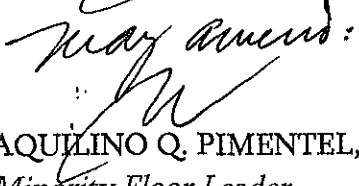
*Ex-Officio Members*



JINGGOY EJERCITO ESTRADA  
*President Pro-Tempore*



JUAN MIGUEL F. ZUBIRI  
*Majority Floor Leader*

*May amend:*  
  
AQUILINO Q. PIMENTEL, JR.  
*Minority Floor Leader*

HON. JUAN PONCE ENRILE  
*Senate President*  
Senate of the Philippines  
Pasay City

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SENATE

S. No. 3418

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(In substitution of Senate Bill Nos. 1029, 1034, 1187 and 2250, taking into consideration House Bill No. 5942 and Senate Resolution No. 889)

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Prepared by the Joint Committees on Trade and Commerce and Energy with Senators Villar, Roxas, Lapid, and Honasan as authors thereof

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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.

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

CHAPTER I  
GENERAL PROVISIONS

1 SECTION 1. *Title.* – This Act shall be known as the “LPG Industry Regulation and  
2 *Safety Act of 2009.*”

3 SEC. 2. *Declaration of Policy.* – It shall be the policy of the State to establish a  
4 regulatory framework for the refining, importation, refilling, re-qualification, distribution,  
5 and marketing processes of the Liquefied Petroleum Gas (hereafter referred to as “LPG”)  
6 industry to promote the general welfare, encourage the establishment of standards of  
7 conduct and codes of practice for LPG businesses, and to ultimately address the quality and  
8 safety concerns under a deregulated downstream oil industry structure. Consequently, the  
9 State shall rationalize all applicable laws and executive issuances on the LPG industry to  
10 strengthen and enhance existing mechanisms against hazards to health and safety, and  
11 deceptive and unconscionable trade acts and practices within the industry. To this end, the  
12 State shall undertake the implementation of this Act primarily through the Department of

1 Energy, in coordination with the Department of Trade and Industry, the Department of  
2 Justice, the Department of Interior and Local Government, and other appropriate  
3 government agencies and instrumentalities.

4 **SEC. 3. *Construction and Interpretation Clause.*** – Any doubts in the interpretation of  
5 any provision in this Act shall be interpreted in favor of the interests of the consumer  
6 particularly to ensure the safety of consumers and the general public.

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

9 (a) “*DENR*” shall refer to the Department of Environment and Natural Resources;

10 (b) “*DILG*” shall refer to the Department of Interior and Local Government;

11 (c) “*DOE*” shall refer to the Department of Energy;

12 (d) “*DOST*” shall refer to the Department of Science and Technology;

13 (e) “*DTI*” shall refer to the Department of Trade and Industry;

14 (f) “*LGU*” and “*LGUs*” shall refer to a local government unit or local government  
15 units, respectively;

16 (g) “*PNP*” shall refer to the Philippine National Police;

17 (h) “*SEC*” shall refer to the Securities and Exchange Commission;

18 (i) “*Accreditation*” shall refer to the formal recognition given by DTI that a re-  
19 qualifier of LPG cylinders has complied with PNS 17025:2000, “General Requirements for  
20 the Competence of Testing and Calibration Laboratories,” and PNS 03:2000, “Steel Cylinders  
21 for Liquefied Petroleum Gas,” Part 2 – “Method of Re-qualification;”

22 (j) “*Ancillary Equipment*” shall refer to such equipment, parts, and other devices  
23 necessary and indispensable for the safe and proper operation of an LPG system such as, but  
24 not limited to, valves, hoses, and regulators;

1 (k) "*Brand Owner*" shall refer to a person, natural or juridical, owning the brand,  
2 name, logo, color, mark, and/or distinction as registered with the DTI;

3 (l) "*Bulk Consumer*" shall refer to any person or entity whose regular use or  
4 consumption of LPG is limited to its own use and requires bulk storage of LPG at a volume as  
5 may be determined by DOE;

6 (m) "*Bulk Loader*" shall refer to any person or entity, which engages in transportation  
7 and carriage of LPG in large quantities in barges, rail or road tankers, bullet trucks and  
8 similar transportation facilities;

9 (n) "*Bulk Supplier*" shall refer to any person who engages in the sale or distribution of  
10 LPG in such large quantities.

11 (o) "*Certification*" shall refer to the written assurance given by DTI that the LPG  
12 cylinder has complied with PNS 03:2000, "Steel Cylinders for Liquefied Petroleum Gas",  
13 Part 1 – "Specification" and Part 3 – "Requirement for Repair;"

14 (p) "*Consumer*" shall refer to any person who purchases LPG for one's own  
15 consumption;

16 (q) "*Cross Filling*" shall refer to the filling of cylinders by a person other than by the  
17 brand owner;

18 (r) "*Cylinder*" or "*LPG Cylinder*" shall refer to any portable pressure-vessel or  
19 container for LPG, designed for the transportation and storage of LPG;

20 (s) "*Cylinder Industry Participants*" shall refer to persons or entities engaged in  
21 activities or businesses related to the manufacture, importation, transportation, sale and  
22 distribution of LPG cylinders and ancillary equipment, including but not limited to, cylinder  
23 and ancillary equipment manufacturers and importers, re-qualifiers, repairers, scrapping  
24 centers, cylinder seal manufacturers and such other;

1 (t) "*Cylinder Owner*" shall refer to the owner of the cylinder as shown by the brand,  
2 mark, trade name or business name embossed or engraved or otherwise permanently  
3 indicated on the cylinder in the manner prescribed by the DTI and the DOE;

4 (u) "*Cylinder Swapping*" shall refer to the industry practice of exchanging LPG  
5 cylinders;

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

10 (w) "*Dealer*" shall refer to any person involved in the sale or trading of LPG in  
11 cylinders to consumers and/or retail outlets;

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

15 (y) "*Importer*" shall refer to any person engaged in the importation of LPG whether  
16 for processing, sale or own use;

17 (z) "*Industry Participants*" shall refer to persons or entities engaged in activities or  
18 businesses related to the manufacture, importation, transportation, distribution or sale of  
19 LPG, including, among others, Cylinder Industry Participants and LPG Industry Participants  
20 as defined in this Act;

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

24 (bb) "*LPG Industry Participants*" shall refer to persons or entities engaged in  
25 activities or businesses related to the manufacture, importation, transportation, sale and



1 distribution of LPG, including but not limited to LPG refiners, LPG importers, re-fillers;  
2 piped LPG providers, haulers, dealers, service stations, retail outlets and seal manufacturers;

3 (cc) "*Marketer*" shall refer to any person, whether natural or juridical, engaged in the  
4 sale of LPG, whether in bulk or retail;

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

14 (ee) "*Philippine National Standards*" or "*PNS*" shall refer to the standard  
15 promulgated by the Bureau of Product Standards (BPS) of the DTI relating to product  
16 specifications, test methods, terminologies and standardization procedures, guidelines or  
17 practices;

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

21 (gg) "*Pipeline System*" shall refer to a network of pipes or similar conduits used for  
22 the conveyance of LPG from the piped LPG provider to consumers;

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

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

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

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

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

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

18 (nn) “*Re-qualifier*” shall refer to any person duly accredited by the DTI pursuant to  
19 this Act to engage in the business of re-qualifying LPG cylinders;

20 (oo) “*Repair*” shall refer to the removal and replacement of parts or attachments of  
21 LPG cylinders or the performance of any other necessary corrective and restorative measures  
22 pursuant to the PNS, to restore the fitness of LPG cylinders for refilling and distribution;

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

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

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

6 (ss) “*Scrappage*” shall refer to the destruction of defective LPG cylinders declared by a  
7 re-qualifier or the DTI to be unfit for use;

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

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

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

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

## CHAPTER II IMPLEMENTING AGENCIES

19 SEC. 5. *Lead Agency*. – Unless expressly stated in this Act that a particular function  
20 shall be the responsibility of another government agency, the DOE shall be the primary  
21 government agency responsible for the implementation and enforcement of this Act. The  
22 DOE shall supervise and monitor the LPG industry and its participants to ensure compliance  
23 with national product quality, environmental and worker safety, and consumer welfare  
24 standards.

1            *SEC. 6. Additional Powers and Functions of the DOE Secretary.* – In connection with  
2 the enforcement of this Act and in addition to his/her powers and functions under existing  
3 laws, the DOE Secretary shall have the following powers and functions:

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

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

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

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

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

24            (f) Investigate, *motu proprio* or upon report of any person, possible infractions of this  
25 Act by industry participants, and initiate the necessary actions warranted under the

1 circumstances, including the recall, prohibition, forfeiture or seizure of substandard LPG and  
2 LPG cylinders as well as illegally filled LPG cylinders as defined in Chapter VI of this Act,  
3 the filing of charges with the proper court or government agency, and the enforcement of  
4 administrative sanctions as provided under this Act;

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

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

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

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

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

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

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

23 (n) Coordinate with other government agencies, bodies and instrumentalities to  
24 ensure the effective implementation of this Act, which shall include the power to deputize  
25 other agencies to assist the DOE in implementing its mandate under this Act.

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

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

6 **SEC. 7. Powers and Functions of DTI.** – Under this Act, the DTI shall have the  
7 following exclusive powers and functions:

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

10 (b) Inspect and evaluate LPG cylinders, whether manufactured locally or imported,  
11 prior to any sale or distribution to LPG refiners or re-fillers, and certify to their conformity  
12 to PNS and their fitness for public sale and distribution;

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

16 (d) Grant accreditation and certification of conformity to PNS to re-qualifiers,  
17 repairers, scrapping centers, cylinder and seal manufacturers and other independent,  
18 competent, private persons, and entities that provide products and services to ensure  
19 compliance by industry participants with the PNS for LPG cylinders and ancillary  
20 equipment, in accordance with Chapter III of this Act, and to revoke the same; and

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

23 **SEC. 8. Powers and Functions of DILG.** – Under this Act, the DILG shall have the  
24 following powers and functions:

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

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

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

9 **SEC. 9. Powers and Functions of LGUs.** – LGUs, pursuant to their powers provided by  
10 law especially under Republic Act No. 7160, otherwise known as the Local Government  
11 Code, or, upon recommendation of the DOE, and upon due notice and hearing, shall have  
12 the power to suspend or revoke the business permit or license of any LPG industry  
13 participant within their respective areas of jurisdiction for violation of the provisions of this  
14 Act: *Provided*, That upon notice by the DOE of revocation of the Standards Compliance  
15 Certificate of an LPG industry participant issued by the DOE under Chapter III of this Act,  
16 the LGU shall immediately revoke the business permit or license of said LPG industry  
17 participant.

18 In case of conflict between the decision of the DOE and the LGU involving matters,  
19 especially violations, covered by this Act, the decision of the DOE shall prevail.

20 **SEC. 10. Technical Working Group.** – The DOE shall be authorized to convene a  
21 Technical Working Group to assist the DOE in the thorough review and evaluation of the  
22 rules and regulations, policies, safety standards and PNS affecting the LPG industry. The  
23 Technical Working Group shall be composed of not less than ten (10) nor more than fifteen  
24 (15) representatives of the pertinent implementing government agencies and the private  
25 sector particularly industry participants and consumer groups. Private sector representation

1 in the Technical Working Group shall be determined and appointed by the Secretary  
2 through consultation.

### CHAPTER III MONITORING AND ENFORCEMENT MECHANISMS

3       SEC. 11. *Ownership of LPG Cylinders.* – The provisions of the Civil Code to the  
4 contrary notwithstanding, the brand owner whose permanent mark appears on the LPG  
5 cylinder shall be presumed the owner thereof, irrespective of the party in custody or  
6 possession of the cylinder, and regardless of whether or not such cylinder is or continues to  
7 be properly marked, stamped or identified to contain its LPG brand, or whether or not such  
8 cylinder is in compliance with or continues to comply with any other product or quality  
9 standard prescribed under law or by the DTI pursuant to this Act, unless otherwise there is  
10 any unequivocal proof or indication that such cylinder was sold, alienated, or otherwise  
11 disposed of by the refiner or importer to an unrelated third party under a written  
12 instrument.

13       The brand owner shall, through its authorized dealer or outlet, refund the amount  
14 indicated in the deposit slip or receipt when the consumer returns the cylinder.

15       The brand owner shall have the obligation to ensure that its cylinders comply with all  
16 required quality and safety standards and specifications before they are released for  
17 distribution: *Provided*, That receipt by the DOE of a verified notice or report from the brand  
18 owner regarding any lost, stolen or missing LPG cylinders shall *prima facie* relieve the  
19 cylinder owner of the obligation to ensure the quality and safety of such LPG cylinders.  
20 Such report may be rebutted by contrary evidence.

21       SEC. 12. *Undertaking to Comply with Requirements.* – Any person or entity who  
22 intends to engage in any business or activity which shall render it an industry participant as  
23 defined in this Act, shall undertake to comply with the requirements of this Act, its  
24 implementing rules and regulations, and such other issuances of the DOE, under a verified



1 instrument to be executed in such form as required by the DOE. Due filing of the verified  
2 undertaking shall be a condition precedent for the issuance of the Standards Compliance  
3 Certificate required under this Act: *Provided*, That submission of such undertaking does not  
4 exempt such person or entity from securing any other certification of quality, health, safety,  
5 security, or environmental clearance from the proper governmental agencies or  
6 instrumentalities as may be provided by other laws.

7 Any person or entity intending to import or export LPG or LPG cylinders shall, in  
8 addition to the requirement for a verified undertaking, furnish a report to the DOE prior to  
9 every importation or exportation: *Provided*, That all LPG and LPG cylinder importations  
10 shall be in accordance with the law, including international agreements to which the  
11 Philippines is a signatory.

12 **SEC. 13. *Reports and Disclosures to DOE.*** -- The DOE , as the case may be, shall have  
13 the power and authority to require industry participants to submit written, electronic or  
14 other form of reports or disclosures, as the DOE may deem reasonable and necessary to  
15 perform their functions under this Act. Any industry participant who fails to submit any  
16 such report or disclosure within the period and in the manner prescribed by the DOE shall  
17 be penalized under Section 35 of this Act.

18 **SEC. 14. *Central Database of Industry Participants.*** -- The central database of LPG  
19 industry participants shall include their corporate or business name or trade name; 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 haulers, dealers, retail outlets and cylinder seal manufacturers; violations committed or  
23 incidents relating to such violations, if any; agreements with other industry participants,  
24 such as for cross-filling and similar arrangements; list of lost, stolen or missing LPG cylinders;  
25 and such other relevant information as may be determined by the DOE.

1           The central database shall be created by the DOE within one (1) year from the  
2   effectivity of this Act. This central database shall be updated on a monthly basis and shall be  
3   made available to the public and through the Internet subject to reasonable fees and charges  
4   and during office hours.

5           **SEC. 15. *Standards Compliance Certificate.* --**

6           (a) Requirement Prior to Engaging in Business. -- Any person or entity intending  
7   to engage in business involving LPG, LPG cylinders or ancillary equipment or in any activity  
8   that shall render it an industry participant as defined in this Act shall secure its Standards  
9   Compliance Certificate from the DOE prior to commencement of commercial operations and  
10  annually thereafter. For those subject to Section 7 (b), (c), and (d) which requires a  
11  accreditation or certificate of conformity to PNS issued by the DTI, submission of the such  
12  accreditation or certificate of conformity shall be a requirement prior to the issuance of a  
13  Standards Compliance Certificate by the DOE.

14           For purposes of this Act, the Standards Compliance Certificate shall certify that such  
15  person or entity has complied with the safety rules and regulations prescribed by the DOE  
16  and other pertinent government agencies; *Provided*, that such other endorsements by other  
17  government agencies applicable to the particular classification of the industry participant as  
18  defined and stated in this Act shall have been fully complied with: *Provided further*, That, a  
19  brand owner shall be responsible for the following:

20           1) proper manufacture, maintenance, and re-qualification of all its cylinders prior to  
21  the release thereof to the public, in accordance with this Act;

22           2) proper filling of cylinders;

23           3) assurance that LPG is readily available at his refilling plant/s for refilling into his  
24  own cylinders; and

25           4) refilling of his own cylinders, unless authorized by another brand owner.

1 No industry participant shall engage in business without first having duly secured a  
2 Standards Compliance Certificate. Any industry participant that subsequently engages in an  
3 activity or business involving LPG or LPG cylinders outside of the scope of its Standards  
4 Compliance Certificate shall duly notify the DOE and secure the proper Standards  
5 Compliance Certificate from the DOE for the said new activity or business, where deemed  
6 necessary by the DOE.

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

11 (b) Persons or Entities Already Engaged in LPG Business. – Subject to the  
12 provisions of Section 31 of this Act, any industry participant already legally engaged in  
13 business upon effectivity of this Act shall obtain a Standards Compliance Certificate prior to  
14 the renewal of its business license and annually thereafter, in accordance with the rules,  
15 regulations, and guidelines issued by the DOE.

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

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

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

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

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

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

8           5) Compliance with the provisions of Republic Act No. 9514, otherwise known as  
9 the Revised Fire Code of the Philippines of 2008 , and/or pamphlet 58 of the National Fire  
10 Protection Association (NFPA 58), otherwise known as the "Liquefied Petroleum Gas Code";

11 and

12           6) Accreditation or certificate of conformity to PNS issued by DTI as provided under  
13 Section 7 (b), (c) and (d) of this Act.

14           7) Such other documents or requirements as the DOE may prescribe as necessary for  
15 the effective implementation of this Act.

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

20           **SEC. 16. Certificate of Accreditation for Manufacturers, Re-qualifiers, Repairers of**  
21 **LPG Cylinders and Cylinder Seal Manufacturers** – Prior to the commencement of its  
22 operations and annually thereafter, any person who intends to engage in the business of  
23 manufacturing, re-qualifying, or repairing LPG cylinders, shall obtain a Certificate of  
24 Accreditation from the DTI prior to the commencement of its operations and annually  
25 thereafter.

1 Any person already engaged in the business of re-qualification, repair, scrapping or  
2 cylinder and seal manufacturing upon the effectivity of this Act shall apply for a Certificate  
3 of Accreditation from the DTI prior to the renewal of its business permit.

4 **SEC. 17. *Monitoring and Standards Compliance Inspection.*** –

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

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

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

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

22 (e) Power to Deputize. – The DOE may deputize such government agencies it deems  
23 necessary to assist its functions as provided in this Section.

24 **SEC. 18. *Requirement for Business Permit.*** – The Standards Compliance Certificate  
25 provided under Section 15 of this Act shall be a mandatory requirement for the grant or

1 renewal of any local government license or permit to engage in business involving LPG, LPG  
2 cylinders, or ancillary equipment, regardless of whether such products or activities constitute  
3 the entire or a portion of the business for which a business license is sought by the applicant.

4 **SEC. 19. Issuance of Receipts. -**

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

- 8 1) registered name of the seller;
- 9 2) address of the seller;
- 10 3) date of the transaction;
- 11 4) quantity or volume of the product;
- 12 5) plate number of transporting trucks or registered name of transporting barge;
- 13 6) serial/tracking no. of brand owner
- 14 7) total price of the transaction; and
- 15 8) such other information as may be prescribed by the DOE with the concurrence of  
16 affected industry players .

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

- 21 1) registered name of the seller;
- 22 2) address of the seller;
- 23 3) date of the transaction;
- 24 4) brand of LPG;
- 25 5) serial/tracking no. of brand owner

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

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

8           **SEC. 20. Declaration of LPG Cylinder as Injurious, Unsafe or Dangerous.** – When the  
9 DOE finds, *motu proprio* or upon petition of any person, that an LPG cylinder is defective and  
10 hence, possibly injurious, unsafe or dangerous, it shall, after due notice and hearing, issue the  
11 appropriate order for its immediate confiscation, recall, seizure, impoundment or prohibition  
12 from public sale or distribution: *Provided*, That, in the sound discretion of the DOE it may  
13 declare an LPG cylinder to be imminently injurious, unsafe or dangerous, and order its  
14 immediate recall, seizure and impoundment, in which case the cylinder owner shall be  
15 afforded a hearing, within forty-eight (48) hours from issuance of such order, for the purpose  
16 of determining the propriety of the recall and seizure of the cylinders: *Provided, further*,  
17 That such a declaration shall be limited to instances when the cylinder is already filled and  
18 already sealed inside a refilling plant; dealer's showroom; retail outlets; and/or cylinder  
19 transporter.

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

1           SEC. 21. *Procedure for Petition for Declaration of LPG Cylinder as Injurious, Unsafe*  
2 *or Dangerous.* – Any interested person may, upon payment of the appropriate filing fee  
3 prescribed by the DOE, petition the DOE for an order declaring an LPG cylinder injurious,  
4 dangerous or unsafe. In case the DOE, acting on such petition or on its own initiative and  
5 upon due notice and hearing, determines an LPG cylinder to be injurious, dangerous or  
6 unsafe, it shall so notify the cylinder owner of such finding and order the recall, prohibition  
7 or seizure of the LPG cylinder.

8           SEC. 22. *Recall, Seizure, Impoundment and Prohibition of Defective LPG Cylinders.* –  
9 The order for recall, seizure, impoundment or prohibition issued by the DOE shall contain a  
10 prohibition against the refilling, sale or distribution of the recalled or banned cylinder.

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

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

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

23           SEC. 23. *Disposition of Recalled, Banned or Seized Cylinders.* – The DOE shall  
24 formulate rules for the disposition of recalled, banned or seized cylinders: *Provided*, That it  
25 shall initially adopt and enforce the rules for disposition of recalled, banned or seized



1 cylinders established by the DTI; *Provided further*, That it may amend the same when it  
2 deems necessary.

3 **SEC. 24. *Weighing Devices.*** --

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

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

16 **SEC. 25. *Cylinder Sealing.*** -- All LPG cylinders shall be provided with seals after filling,  
17 which conform to the specifications of the DOE: *Provided*, That the DOE, after consultation  
18 with the concerned brand owners, shall establish such specifications: *Provided, further*, That  
19 the cylinder owner and its authorized refiller shall be jointly responsible for ensuring that  
20 LPG cylinders are properly sealed before the cylinders leave the filling or refilling plants:  
21 *Provided, finally*, That LPG cylinders with tampered or broken seals shall not be sold or  
22 distributed.

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

1            *SEC. 26. Labeling Requirements for LPG Cylinders.* – LPG cylinders shall comply with  
2 labeling requirements of the PNS, with the labeling requirement provided under this Section  
3 and as may be further prescribed by the DTI.

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

6            1) The manufacturer's registered trade name or brand name, trademark and business  
7 name;

8            2) For imported cylinders, the name and address of the importer in the Philippines;

9            3) Philippine Standard or Import Commodity Clearance certification marks, as  
10 applicable;

11           4) Specific standard used;

12           5) Date of testing or re-qualification;

13           6) Thickness of plate;

14           7) Cylinder water capacity;

15           8) Tare weight;

16           9) Design and test pressure; and

17           10) Serial number.

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

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

22           1) The registered brand name, trade name or trademark of the LPG product;

23           2) A color which distinguishes the brand owner of the LPG it contains;

24           3) Tare weight; and

25           4) Net weight.

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

4           **SEC. 27. *Delivery Vehicles, Drivers and Attendants.*** – All trucks and other vehicles  
5 used for transporting and delivering LPG cylinders shall be open and the same shall be  
6 registered with the DOE, in accordance with the guidelines to be promulgated by the DOE,  
7 in consultation with the industry participants and other concerned agencies.

8           All haulers shall display on their delivery trucks or vehicles a prominent DOE  
9 signage. Failure to register the delivery vehicle shall give rise to a presumption that the  
10 vehicle is not duly authorized to transport LPG.

11           Vehicles not registered and without the appropriate DOE signage shall be seized or  
12 impounded by the DOE.

13           Guidelines for the accreditation of drivers and attendants for LPG delivery vehicles  
14 shall be prescribed by the DOE upon prior consultation with the industry participants and  
15 other concerned government agencies.

16           **SEC. 28. *Direct Sales by Haulers.*** – Subject to guidelines and requirements as may be  
17 promulgated by the DOE, haulers who engage in direct selling of LPG to consumers shall be  
18 treated as dealers for purposes of this Act and shall observe the standards and requirements  
19 for dealers under this Act.

20           **SEC. 29. *LPG Cylinder Exchange, Swapping and Rehabilitation.*** – The DOE, in  
21 consultation with the DTI, LPG industry participants, concerned government agencies and  
22 other stakeholders, shall formulate a program and issue the appropriate rules necessary to  
23 govern the practice of exchanging, swapping and rehabilitation of cylinders in the trade of  
24 LPG, including appropriate sanctions for violation thereof.

25           This Section shall be subject to the following:

1           1. Cylinder Exchange, Swapping and Rehabilitation shall be governed by the  
2 following principles and standards:

3           (a) Ensuring the safety of the cylinder for the benefit of the consumer shall be the  
4 priority concern; *Provided*, that any procedure in the cylinder exchange, swapping and  
5 rehabilitation system, which may increase significantly the retail costs of a LPG cylinder,  
6 shall be subject to consultations with consumer groups and industry participants by the DOE.

7           (b) No procedure in the cylinder exchange, swapping and rehabilitation system shall  
8 be permitted if it results to unfair trade practices that unduly benefits one industry  
9 participant over another.

10          (c) The cylinder exchange, swapping and rehabilitation system shall take into  
11 consideration the following factors:

12           i. The prevailing economic conditions of the LPG industry, including but not  
13 limited to, the supply of LPG including the levels of import and domestic production  
14 of LPG adjusted for applicable foreign exchange rates, the demand for LPG including  
15 the levels of household and bulk use, as well as the prevailing prices of LPG, among  
16 others;

17           ii. The number of LPG cylinders and ancillary equipment, classified into its  
18 usability and cost effectiveness;

19           iii. The developments in LPG safety technology and the energy sector in  
20 general;

21           iv. The statistics and other information on the level of injuries from LPG  
22 related incidents as well as safety compliance by each and all industry participants;

23           v. Such other factors that may affect the viability of the LPG industry  
24 particularly on its safety and affordability.

1           2. The DOE shall conduct a study that will examine the viability and practicality of  
2 the establishment of the practice of cylinder exchange, swapping and rehabilitation between  
3 LPG industry participants. The DOE shall issue a decision based on this study which shall  
4 implement the mandate stated in this Section. This study shall be completed within one  
5 hundred and eighty (180) days from the effectivity of this Act.

6           3. All LPG industry participants shall cooperate with the DOE in the implementation  
7 of cylinder exchange, swapping and rehabilitation programs to ensure that only duly  
8 qualified cylinders are put in circulation.

#### CHAPTER IV QUALITY STANDARDS

9           SEC. 30. *Promulgation of Quality Standards.* – In order to reduce safety risks and  
10 operational hazards, and promote the use of environmentally safe and worker-benign  
11 technologies and processes, industry participants are hereby required to comply with the  
12 quality standards established by the DOE for the LPG industry consistent with the PNS  
13 formulated by the DTI. The quality standards shall provide for, but not be limited to, the  
14 following:

- 15           (a) Primary Storage Facilities;
- 16           (b) Cylinder-Filling Plants and Facilities;
- 17           (c) Bulk-Loading, Unloading and Transportation of LPG;
- 18           (d) Dealers and Retail Outlets;
- 19           (e) Service Stations.

20           The DOE shall formulate the specific guidelines for mandatory compliance with the  
21 established quality standards and enforce the appropriate sanctions for violations thereof:  
22 *Provided*, That the DOE shall consult the LPG industry participants in the formulation of  
23 said standards; *Provided further*, That nothing in this Chapter will allow licensees for

1 refilling plants, dealers, and retailers to sell ancillary equipment not recommended by the  
2 cylinder brand owner: *Provided, finally*, That the DOE, in formulating the quality standards  
3 in this Act, when applicable, shall adopt the Philippine LPG Association safety code and the  
4 applicable international safety standards for the LPG industry, including, but not limited to,  
5 the National Fire Protection Association (NFPA) 58, otherwise known as the liquefied  
6 petroleum gas code for LPG.

## CHAPTER V PROHIBITED ACTS

7       SEC. 31. *Engaging in Business Without Standards Compliance Certificate.* – Any  
8 industry participant who engages in business without securing a Standards Compliance  
9 Certificate from the DOE as required under Chapter III of this Act shall be penalized with a  
10 fine of Five Thousand Pesos (Php5,000.00) for an individual and Ten Thousand Pesos  
11 (Php10,000.00) for a corporation, for each day of operation without a Standards Compliance  
12 Certificate: *Provided*, That the maximum fine to be imposed shall be Five Million Pesos  
13 (Php5,000,000.00) for an individual and Ten Million Pesos (Php10,000,000.00) for a  
14 corporation.

15       SEC. 32. *Engaging in Business Without Accreditation.* – Any person who engages in  
16 the business of manufacturing cylinder seals or of re-qualifying, repairing or scrapping LPG  
17 cylinders without first securing a certificate of accreditation from the DTI as provided under  
18 this Act, shall be penalized with a fine of Three Thousand Pesos (Php3,000.00) for an  
19 individual and Five Thousand Pesos (Php5,000.00) for a corporation, for each day of  
20 operation without a certificate of accreditation: *Provided*, That the maximum fine to be  
21 imposed shall be Five Million Pesos (Php5,000,000.00) for an individual and Ten Million  
22 Pesos (Php10,000,000.00) for a corporation.

23       SEC. 33. *Obstruction of Inspection.* – Any industry participant who refuses, prevents  
24 or obstructs the inspection of its premises and records as provided under Chapter III of this

1 Act shall be penalized with a fine of Three Hundred Thousand Pesos (Php300,000.00) for an  
2 individual and Five Hundred Thousand Pesos (Php500,000.00) for a corporation, for each  
3 instance of violation.

4 **SEC. 34. *Failure to Post Standards Compliance Certificate.*** – An industry participant  
5 who fails or refuses to post its Standards Compliance Certificate as required under Chapter  
6 III of this Act and as required by the DOE, shall be penalized with a fine not exceeding Five  
7 Thousand Pesos (Php5,000.00) for each instance of violation.

8 **SEC. 35. *Failure to Submit Reportorial Requirements.*** – An industry participant who  
9 fails to submit periodic reports as may be required by the DOE, within a reasonable period  
10 and in the manner prescribed by the DOE, shall be penalized with a fine not exceeding Five  
11 Thousand Pesos (Php5,000.00) for each instance of violation.

12 **SEC. 36. *Illegal Storage.*** – A refiner, importer, refiller, hauler, dealer, retail outlet or  
13 bulk consumer who stores LPG in bulk without obtaining the Standards Compliance  
14 Certificate required under Chapter III of this Act shall, upon conviction, be penalized with a  
15 fine of not less than Twenty Thousand Pesos (Php20,000.00) but not more than One  
16 Hundred Thousand Pesos (Php100,000.00), or imprisonment of at least six (6) months but  
17 not more than two (2) years, or both, at the discretion of the court: *Provided*, That the  
18 second and subsequent violations shall be penalized with both fine and imprisonment as  
19 provided herein.

20 **SEC. 37. *Failure to Comply with Product Standards.*** – An industry participant who, by  
21 act or omission, fails to comply with plant or product standards set by the DOE with respect  
22 to their specific activity shall, upon conviction, be penalized as follows:

23 (a) Non-compliance with DOE mandatory requirements on safety designs for  
24 refilling plants, equipment, depots, pipeline systems and similar facilities shall be penalized  
25 with a fine of not less than Fifty Thousand Pesos (Php50,000.00) but not more than One

1 Million Pesos (Php1,000,000.00) or imprisonment of at least six (6) months but not more  
2 than two (2) years, or both at the discretion of the court: *Provided*, That nothing in this  
3 paragraph shall preclude the court from ordering the closure of the facility until such time  
4 that the mandatory requirements have been met.

5 (b) Failure to secure the required PNS Certificate for LPG cylinders shall be penalized  
6 with a fine of Five Thousand Pesos (Php5,000.00) for an individual or Ten Thousand Pesos  
7 (Php10,000.00) for a corporation, for each non-compliant cylinder used and distributed to  
8 consumers, or imprisonment of at least six (6) months but not more than two (2) years, or  
9 both at the discretion of the court: *Provided*, That the maximum fine to be imposed shall be  
10 Five Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos  
11 (Php1,000,000.00) for a corporation: *Provided, further*, That the second and subsequent  
12 violations shall be penalized with both fine and imprisonment as provided herein: *Provided*,  
13 *finally*, That this section shall not apply unless the cylinder is in the possession of an illegal  
14 refiller or trader.

15 **SEC. 38. Adulteration.** – A refiner, importer, refiller, piped gas provider, dealer or  
16 retail outlet who mixes LPG with another finished or unfinished petroleum product or stock  
17 or with any non-petroleum substance or material that will result in product quality change  
18 or in the failure of the LPG to meet the required product specifications of the DOE, shall,  
19 upon conviction, be penalized with a fine of Ten Thousand Pesos (Php10,000.00) for an  
20 individual and Twenty Thousand Pesos (Php20,000.00) for a corporation, for each cylinder  
21 containing adulterated LPG, or imprisonment of at least six (6) months but not more than  
22 two (2) years, or both, at the discretion of the court: *Provided*, That the second and  
23 subsequent violations shall be penalized with both fine and imprisonment: *Provided further*,  
24 That the maximum fine to be imposed shall be Five Hundred Thousand Pesos



1 (Php500,000.00) for an individual and One Million Pesos (Php1,000,000.00) for a  
2 corporation.

3       **SEC. 39. Underfilling.** – When the net quantity of LPG contained in cylinders sold,  
4 transferred, delivered or filled by refillers is less than the cylinder content required by the  
5 government at the filling plant, the refiller shall, upon conviction, be penalized with a fine of  
6 Five Thousand Pesos (Php5,000.00) for an individual and Ten Thousand Pesos  
7 (Php10,000.00) for a corporation for each underfilled cylinder or with imprisonment of at  
8 least six (6) months but not more than two (2) years, or both, at the discretion of the court:  
9 *Provided*, That second and subsequent violations shall be penalized with both fine and  
10 imprisonment: *Provided*, further, That the maximum fine to be imposed shall be Five  
11 Hundred Thousand Pesos (Php500,000.00) for an individual and One Million Pesos  
12 (Php1,000,000.00) for a corporation. When the net quantity of LPG for sale in cylinders  
13 sold, transferred, delivered or filled by dealers or retail outlets is less than three tenths of one  
14 kilogram (0.30 Kg) or the government-required cylinder content quantity, the dealer or retail  
15 outlet shall be penalized with the same fines mentioned earlier in this paragraph.

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

20       **SEC. 40. Illegal Refilling.** – The following shall constitute illegal refilling of LPG  
21 cylinders under this Act:

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

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

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

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

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

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

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

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

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

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

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

22 An industry participant found guilty of illegal refilling under this Section shall, upon  
23 conviction, be penalized with a fine of Ten Thousand Pesos (Php10,000.00) for an individual  
24 and Twenty Thousand Pesos (Php20,000.00) for a corporation, for each illegally-filled  
25 cylinder, or imprisonment of at least six (6) months but not more than two (2) years, or both,

1 at the discretion of the court: *Provided*, That second and subsequent violations shall be  
2 penalized with both fine and imprisonment: *Provided, further*, That the maximum fine to be  
3 imposed shall be Five Million Pesos (Php5,000,000.00) for an individual and Ten Million  
4 Pesos (Php10,000,000.00) for a corporation.

5       **SEC. 41. *Unauthorized Trading of LPG Cylinders.*** – Any industry participant who,  
6 without the consent of the cylinder owner, stores empty LPG cylinders in quantities in  
7 excess of those allowed by the DOE, through cylinder swapping and other similar industry  
8 practices, and exchanges, barter, sells, distributes or otherwise transfers ownership and/or  
9 possession thereof to a person or entity other than the cylinder owner and without the  
10 authority of the cylinder owner shall, upon conviction, be penalized with a fine of Three  
11 Thousand Pesos (Php3,000.00) for an individual and Six Thousand Pesos (Php6,000.00) for  
12 each illegally-stored or sold empty cylinder, or imprisonment of at least six (6) months but  
13 not more than two (2) years, or both, at the discretion of the court: *Provided*, That second  
14 and subsequent violations shall be penalized with both fine and imprisonment. *Provided,*  
15 *further*, That the maximum fine to be imposed shall be Three Hundred Thousand Pesos  
16 (Php300,000.00) for an individual and Six Hundred Thousand Pesos (Php600,000.00) for a  
17 corporation.

18       **SEC. 42. *Tampering of LPG Cylinders and Similar Acts.*** – Any person who tampers,  
19 alters, or modifies LPG cylinders through any means such as, but not limited to, changing the  
20 cylinder valve, repainting, and re-labeling, by any person other than the cylinder owner  
21 shall, upon conviction, be penalized with a fine of Five Thousand Pesos (Php5,000.00) for an  
22 individual and Ten Thousand Pesos (Php10,000.00) for a corporation, for each tampered or  
23 altered LPG cylinder, or imprisonment of at least six (6) months but not more than two (2)  
24 years, or both, at the discretion of the court: *Provided*, That second and subsequent  
25 violations shall be penalized with both fine and imprisonment: *Provided, further*, That the

1 maximum fine to be imposed shall be Five Million Pesos (Php5,000,000.00) for an individual  
2 and Ten Million Pesos (Php10,000,000.00) for a corporation.

3       **SEC. 43. *Illegal Possession of LPG Cylinder Seal.*** – Any person found in possession of  
4 LPG cylinder seals, including the seals already used in the cylinders without authority from  
5 the cylinder owner or its authorized refiller shall, upon conviction, be penalized with a fine  
6 of Five Thousand Pesos (Php5,000.00) for an individual and Ten Thousand Pesos  
7 (Php10,000.00) for a corporation, for each LPG seal found in its or his possession, or  
8 imprisonment of at least six (6) months but not more than two (2) years, or both, at the  
9 discretion of the court: *Provided*, That second and subsequent violations shall be penalized  
10 with both fine and imprisonment: *Provided, further*, That the maximum fine to be imposed  
11 shall be Five Million Pesos (Php5,000,000.00) for an individual and Ten Million Pesos  
12 (Php10,000,000.00) for a corporation.

13       **SEC. 44. *Failure to Comply with Weighing Device Requirements.*** – A refiner,  
14 importer, refiller, dealer or retail outlet who fails to comply with the requirements  
15 pertaining to weighing devices under Chapter III, shall be penalized with a fine of Ten  
16 Thousand Pesos (Php10,000.00) for an individual or Twenty Thousand Pesos (Php20,000.00)  
17 for a corporation.

18       **SEC. 45. *Overloading.*** – A hauler who loads and transports, or permits the loading and  
19 transportation of LPG cylinders in quantities greater than the rated capacity of the vehicle or  
20 in such a manner that endangers the life and safety of its passengers or the public, shall be  
21 penalized with a fine of Twenty Thousand Pesos (Php20,000.00) for an individual and Forty  
22 Thousand Pesos (Php40,000.00) for a corporation: *Provided*, That the penalties provided  
23 herein shall be without prejudice to its liability under other laws for any damage or injury to  
24 person or property.

1            **SEC. 46. *Importation of Used or Second-Hand LPG Cylinders.*** – Any person who  
2 imports used or second-hand LPG cylinders or containers shall, upon conviction, be  
3 penalized with a fine of at least One Hundred Thousand Pesos (PhP100,000.00) or Three  
4 Thousand Pesos (PhP3,000.00) per cylinder or container, whichever is higher, and  
5 imprisonment of at least six (6) years and one (1) day to twelve (12) years.

6            **SEC. 47. *Sale or Distribution to Non-complying Persons or Entities.*** – A cylinder  
7 manufacturer, refiner, importer, refiller, dealer or retail outlet who knowingly sells or  
8 distributes LPG or LPG cylinders or LPG Seals to persons or entities committing any of the  
9 prohibited acts provided in this Act and in such other issuances or orders to be issued by the  
10 DOE, shall upon conviction, be penalized for each sale or distribution with a fine of not less  
11 than One Hundred Thousand Pesos (Php100,000.00) but not more than Five Hundred  
12 Thousand Pesos (Php500,000.00) or imprisonment of at least six (6) months but not more  
13 than two (2) years, or both at the discretion of the court.

14            **SEC. 48. *Pilferage of LPG.*** – Any person who pilfers LPG, upon conviction, shall be  
15 penalized with a fine of One Million Pesos (Php1,000,000.00) for an individual and Two  
16 Million Pesos (Php2,000,000.00) for a corporation or imprisonment of at least six (6) months  
17 but not more than two (2) years, or both, at the discretion of the court: *Provided, That*  
18 *second and subsequent violations shall be penalized with both fine and imprisonment:*  
19 *Provided, further, That the maximum fine to be imposed shall be Five Million Pesos*  
20 *(Php5,000,000.00) for an individual and Ten Million Pesos (Php10,000,000.00) for a*  
21 *corporation.*

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

1           SEC. 50. *Imposition of Administrative Penalty.* – The DOE may, in addition to or in  
2 lieu of the institution of a criminal action in a court of law, impose an administrative penalty  
3 within the range of Twenty Thousand Pesos (P20,000.00) up to Five Hundred Thousand  
4 Pesos (P500,000.00) for each offense in this Chapter and such other violations of this Act.

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

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

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

15          SEC. 54. *Prosecution Under Separate Laws.* – Prosecution under this Act shall be  
16 without prejudice to any liability for violation of any provision of the Revised Penal Code,  
17 Republic Act No. 9514, otherwise known as the “Revised Fire Code of the Philippines of  
18 2008,” Republic Act No. 8293, otherwise known as the “Intellectual Property Code of the  
19 Philippines,” and other applicable laws. The fines provided in this Chapter shall be without  
20 prejudice to any other legal claims or damages which any injured party suffers as a result of  
21 any of the enumerated prohibited acts under this Chapter.

## CHAPTER VI EDUCATION AND RESEARCH

22          SEC. 55. *Usage Requirements for Customers and End-users.* – The DOE and the DTI  
23 shall jointly undertake educational and information dissemination activities to enhance  
24 customer awareness among LPG consumers and end-users. In addition to such educational

1 programs, the DOE and/or the DTI, after consultation with the LPG industry participants,  
2 may prescribe rules and regulations in relation to the following:

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

8 **SEC. 56. *Public Information Campaign.*** – The DOE, in coordination with the  
9 Philippine Information Agency, the DILG and such other appropriate government agencies,  
10 shall jointly develop and implement an effective strategy for the dissemination of  
11 information to the public about LPG, cylinder quality and safety.

12 **SEC. 57. *Development Research.*** – The DOE, in coordination with the DOST and the  
13 DTI, shall conduct study and research for the purpose of developing more efficient methods  
14 of providing safe, clean and hazard-free LPG to consumers.

## CHAPTER VII FINAL PROVISIONS

15 **SEC. 58. *Implementing Rules and Regulations.*** – Unless otherwise provided in this  
16 Act, the DOE, in consultation with the DTI, other appropriate agencies, the LPG industry  
17 participants, and consumer groups, shall be the lead agency with the responsibility to  
18 formulate and issue the necessary implementing rules and regulations within one hundred  
19 eighty (180) days from the effectivity of this Act.

20 **SEC. 59. *Transition Phase.*** – In order to provide a smooth implementation of the  
21 monitoring and supervisory mechanisms provided herein, the industry participants shall be  
22 given a grace period of one hundred eighty (180) days from the effectivity of this Act, within  
23 which to comply with the provisions hereof: *Provided*, That during the transition period, the  
24 industry participants shall continue to be bound and made liable under the provisions of

1 existing laws, rules and regulations not otherwise repealed by this Act. Industry participants  
2 already legally engaged in business upon the effectivity of this Act and who are required to  
3 secure a Standards Compliance Certificate prior to the renewal of their business licenses as  
4 provided in Section 15 of this Act, shall not be required to obtain a Standards Compliance  
5 Certificate for the duration of the grace period.

6       **SEC. 60. *Legal Assistance to Public Officials.*** – Public officials or other authorized  
7 persons acting under the direction of the Secretaries of the DOE, the DTI, the DILG and  
8 other concerned government agencies shall be provided with free legal assistance, liability  
9 insurance and other forms of protection and indemnification for all costs and expenses  
10 reasonably incurred by such persons, in connection with any civil or criminal action, suit or  
11 proceeding to which they may be or have been made a party by reason of the performance of  
12 their functions or duties, unless they are finally adjudged in such action or proceeding to be  
13 liable for gross negligence or misconduct or grave abuse of discretion.

14       **SEC. 61. *Separability Clause.*** – If, for any reason, any chapter, section or provision of  
15 this Act shall be declared unconstitutional, illegal or invalid, such parts not affected thereby  
16 shall remain in full force and effect.

17       **SEC. 62. *Repealing Clause.*** – All laws, decrees, executive orders, proclamations and  
18 administrative regulations, or parts thereof inconsistent herewith are hereby repealed or  
19 modified accordingly.

20       **SEC. 63. *Effectivity Clause.*** – This Act shall take effect after fifteen (15) days after its  
21 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,