

SEVENTEENTH CONGRESS )  
OF THE REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

HOUSE OF REPRESENTATIVES

House Bill No. **864**

HOUSE OF REPRESENTATIVES	
<b>RECEIVED</b>	
DATE:	04 JUL 2016
TIME:	9:05 am
BY:	
REGISTRATION UNIT BILLS AND INDEX SERVICE	

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Introduced by Representative Victor A. Yap

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#### EXPLANATORY NOTE

In 1998, Congress enacted Republic Act No. 8479, otherwise known as the "Downstream Oil Industry Deregulation Act", to liberalize the downstream oil industry. It was enacted to ensure a truly competitive market under a regime of fair prices, adequate supply of environmentally-clean and high-quality petroleum products. The intention was to allow free market forces to influence the prices of oil petroleum products, thus creating an environment of competition, which was hoped to eventually lead to fair and market-driven oil prices.

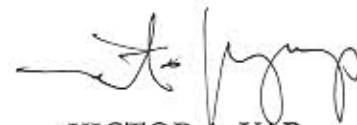
However, today, prices of petroleum products in the country have remained vulnerable to price movements in the world market. It appears that the deregulation policy even strengthened the monopoly of the oil companies as automatic oil price hikes are allowed.

Confronted with sky-rocketing oil prices, concerns have been raised whether local oil industry players were accurately reflecting international price movements. Thus, there is a need to have transparency in the pricing of oil products.

This bill seeks to put in place tighter mechanisms in the law that would ensure that oil companies are prevented from imposing unreasonable amounts of price increase or decrease. To achieve such objective, this measure seeks to require oil companies to submit books of accounts and other financial documents, including verified assumptions and computations used in the determination of price adjustments in the petroleum products. Submission of these documents is mandatory, and on the basis of which the Department of Energy (DOE) shall be directed to evaluate the necessity of price increases or decreases and the reasonability of the amounts of increase or decrease.

Moreover, the bill seeks to strengthen the power of the DOE by granting the Secretary of the Department or his authorized representative visitation and inspection powers to ensure compliance with, or to determine any violation of the provisions of the Act. While deregulation allows industry players to determine their prices, in an industry imbued with much public interest, the public has the right to know whether the prices are fairly determined.

In this respect, the immediate consideration and passage of this bill is earnestly requested.



**VICTOR A. YAP**  
Representative, 2<sup>nd</sup> District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. **864**

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AN ACT

PREVENTING UNREASONABLE INCREASES IN PETROLEUM PRICES, MANDATING THE SUBMISSION AND ALLOWING THE INSPECTION OF BOOKS OF ACCOUNTS OF PETROLEUM COMPANIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8479, OTHERWISE KNOWN AS THE 'DOWNSTREAM OIL INDUSTRY DEREGULATION ACT', AND FOR OTHER PURPOSES

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

1           **SECTION 1.**Section 14 of Republic Act No. 8479, otherwise known as the  
2 'Downstream Oil Industry Deregulation Act' is hereby amended to read as follows:  
3           *Section 14. Monitoring* - (a) The DOE shall monitor and publish daily  
4 international crude oil prices, as well as follow the movements of domestic  
5 oil prices [.] **THROUGHOUT THE WHOLE SUPPLY CHAIN, IT**  
6 **SHALL DETERMINE THE FACTORS, WHICH CAUSE THE**  
7 **INCREASE OR DECREASE IN PRICES OF PETROLEUM**  
8 **PRODUCTS AND DETERMINE THE PROPRIETY AND**  
9 **NECESSITY OF SUCH INCREASE OR DECREASE. SUCH**  
10 **DETERMINATION SHALL BE THE PRIMARY BASIS FOR ANY**  
11 **ACTION AGAINST ANY PERSON OR ENTITY THAT MAY BE**  
12 **FOUND IN VIOLATION OF THIS ACT. FOR THIS PURPOSE,**  
13 **ANY PERSON OR ENTITY ENGAGED IN THE INDUSTRY**  
14 **SHALL SUBMIT A VERIFIED MONTHLY REPORT TO THE**  
15 **DOE OF THEIR PRICES FOR THE PROCESSING, SALE,**  
16 **EXPORT, REFINING, STORAGE, TRANSPORT OR DELIVERY**  
17 **OF PETROLEUM PRODUCTS, DETAILING IN THE SAID**

1 REPORT ALL THE FACTORS, ASSUMPTIONS, AND  
2 FORMULATE USED IN THE COMPUTATION OF THE PRICES.  
3 THE INFORMATION HEREIN OBTAINED SHALL BE MADE  
4 PUBLIC FROM TIME TO TIME. It shall likewise monitor the quality of  
5 petroleum products and stop the operation of businesses involved in the sale  
6 of petroleum products which do not comply with the national standards of  
7 quality that are aligned with the national standards/protocols of quality.

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9 SECTION 2. Sections 15 to 29 of Republic Act No. 8479 are hereby renumbered to  
10 become Sections 17 to 31, respectively.

11 SECTION 3. A new Section 15 of Republic Act No. 8479 is hereby inserted to  
12 read as follows:

13 SECTION 15. *VISITATION AND INSPECTION POWERS* - TO  
14 ENFORCE AND ENSURE COMPLIANCE WITH THE  
15 PROVISIONS OF THIS ACT, OR DETERMINE ANY  
16 VIOLATION THEREOF, THE SECRETARY OF ENERGY OR  
17 HIS DULY AUTHORIZED REPRESENTATIVES, SHALL  
18 REGULARLY CONDUCT UNANNOUNCED INSPECTIONS OF  
19 PREMISES AND EQUIPMENT OWNED, LEASED OR  
20 OPERATED BY PERSONS OR ENTITIES ENGAGED IN THE  
21 INDUSTRY, AND SHALL HAVE THE AUTHORITY TO  
22 INSPECT THE BOOKS OF ACCOUNTS AND RECORDS OF  
23 SUCH PERSON OR ENTITY AND TO INVESTIGATE ANY  
24 FACT, CONDITION OR MATTER WHICH MAY BE NECESSARY  
25 TO DETERMINE VIOLATIONS OR AID THE ENFORCEMENT  
26 OF THIS ACT.

27 SECTION 4. A new Section 16 of Republic Act No. 8479 is hereby inserted to read  
28 as follows:

1           SECTION 16. FOR THE DOE TO EFFECTIVELY CARRY OUT  
2           ITS MANDATE UNDER THIS ACT, CONGRESS SHALL  
3           APPROPRIATE THE NECESSARY AMOUNT IN THE BUDGET  
4           OF THE DEPARTMENT IN THE GENERAL APPROPRIATIONS  
5           ACT FOR THE MONITORING OF PRICES, QUALITY AND  
6           LEVEL OF SUPPLY, AND FOR THE ENFORCEMENT OF THE  
7           SECRETARY'S VISITORIAL AND INSPECTION POWERS.

8           SECTION 5. *Separability Clause.* – If any provision of this Act is declared  
9           invalid or unconstitutional, the remainder of the Act shall remain valid and subsisting.

10          SECTION 6. *Repealing Clause.* – All laws, decrees, executive orders, and  
11          issuances, or portions thereof, which are inconsistent with the provisions of this Act are  
12          hereby repealed, amended, or modified accordingly.

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

          APPROVED.