

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4689



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

A national fuel reserve will enable the government to protect Filipino consumers from the shocks of price hikes of crude oil in the world market and resulting rate increases of public utilities and fuel at the gasoline stations, as well as supply disruptions results from natural disasters and calamities.

In this bill, the core of the Strategic Fuel Reserves System of the Philippines shall be made up of all government-owned, operated, or controlled stockpiles and facilities, including all fuel stations of all Departments in the Executive Branch, the Armed Forces of the Philippines, the Philippine National Police, other armed and uniformed services, the Philippine Ports Authority, other port authorities, and free ports.

The total government component of the stockpile shall consist of at least fifteen (15) days stockpile of each of these basic fuel products: liquefied petroleum gas, natural gas, diesel, gasoline, kerosene, aviation fuel, and bunker fuel.

The private sector component of the core shall consist of at least fifteen (15) days stockpile of each of these basic fuel products: liquefied petroleum gas, natural gas, diesel, gasoline, kerosene, aviation fuel, and bunker fuel. The private sector component shall also have at least fifteen (15) days stockpile of unprocessed petroleum.

Augmentation reserves shall consist of stockpiles of petroleum and petroleum products imported through government-to-government bilateral and multilateral agreements from petroleum producing countries. These additional stockpiles shall be stored in both government and private sector storage facilities.

The System shall prioritize the distribution and allocation its stockpile of reserves to assure continuity of essential services, including, but not limited to the following:

- a. Hospitals and social service care facilities for seniors, youth, persons with disabilities, and women in distress;
- b. Water distribution;
- c. Sewerage treatment and water filtration;
- d. Power generation;
- e. Airports and seaports;
- f. Schools and other education facilities; and
- g. Newspapers, radio stations, television stations, and other strategic communications facilities

The Board shall determine the purposes and priorities of stockpile fuel distribution directly to Filipino consumers and households by considering factors such as population size, population density, and strategic location in provinces and regions. The Board shall formulate, approve, and implement a Master Plan on Energy Security.

The Master Plan on Energy Security and core components of the System shall be operational within one year from the effectivity of this Act. The whole System shall be fully operational within three (3) years from the effectivity of this Act.

BACKGROUND

The Energy Regulatory Commission has current policies on the maintenance of fuel reserves by private oil companies operating in the Philippines.

The Malampaya Fund, established by virtue of Presidential Decree 910 on March 22, 1976, was created "to finance energy resource development and exploitation programs and projects of the government and for such other

purposes...directed by the President” and has been utilized to cushion the impact fuel price hikes on the Filipino people.

This House Bill seeks to establish a **national strategic fuel reserve**, that has been an option of the Department of Energy to address energy crisis.



MICHAEL L. ROMERO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4689

Introduced by Representative Michael L. Romero

AN ACT
ESTABLISHING THE STRATEGIC FUEL RESERVE SYSTEM OF
THE PHILIPPINES, TO STABILIZE SPIKES IN FUEL PRICES,
DEFINING ITS PURPOSES, PRIORITIES, FEATURES,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES

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

SECTION 1. SHORT TITLE. - This Act shall be known as “**THE PHILIPPINE STRATEGIC FUEL RESERVE and FUEL PRICE STABILIZATION ACT of 2019**”.

SECTION 2. ESTABLISHMENT OF THE STRATEGIC FUEL RESERVES SYSTEM. - The Strategic Fuel Reserves System of the Philippines, hereinafter referred to as the System or Fuel Reserves, is hereby established.

The core of the System shall be made up of all government-owned, operated, or controlled stockpiles and facilities, including all fuel stations of all Departments

in the Executive Branch, the Armed Forces of the Philippines, the Philippine National Police, other armed and uniformed services, the Philippine Ports Authority, other port authorities, and Freeport's. The total government component of the stockpile shall consist of at least fifteen (15) days stockpile of each of these basic fuel products: liquefied petroleum gas, natural gas, diesel, gasoline, kerosene, aviation fuel, and bunker fuel.

The private sector component of the core shall consist of at least fifteen (15) days stockpile of each of these basic fuel products: liquefied petroleum gas, natural gas, diesel, gasoline, kerosene, aviation fuel, and bunker fuel. The private sector component shall also have at least fifteen (15) days stockpile of unprocessed petroleum.

Augmentation reserves shall consist of stockpiles of petroleum and petroleum products imported through government-to-government bilateral and multilateral agreements from petroleum producing countries. These additional stockpiles shall be stored in both government and private sector storage facilities.

SECTION 3. PURPOSES AND PRIORITIES. - The System shall protect Filipino households, consumers, marginalized sectors, and islands from acute, chronic, and major disruptions in the delivery of basic services and from impact of high inflation resulting from oil supply disruptions and wild price fluctuations.

SECTION 4. MANAGEMENT OF THE SYSTEM. - The System shall have a Board of Trustees as its multi-sectoral and collegial governing body with corporate and quasi-judicial powers. For administrative and budgeting purposes, it shall be an attached agency of the Department of Energy. The Board of Trustees shall consist of the following:

Chairman	: Secretary of Energy
First Vice Chairman	: Secretary of Social Welfare and Development
Second Vice Chairman	: Secretary of the Interior and Local Government
Corporate Secretary	: Executive Director of the Energy Regulatory

Commission Members:

Executive Director of the Office of Civil Defense;
Representative, Department of Trade and Industry;
Representative, Department of Transportation;
Representative, Department of Finance;
Representative, Bureau of Customs;
Representative, Armed Forces of the Philippines;
Representative, Philippine National Police;
Representative, Philippine Ports Authority;
Representative, Civil Aviation Authority of the Philippines;
Representative, Department of Health;
Representative, Department of Agriculture;
Representative, Philippine Chamber of Commerce and Industry;
Representative, Presidential Management Staff; and
Representative, Philippine International Trading Corporation.

The Board shall meet regularly once a month and may convene special and emergency meetings as frequently as may be deemed necessary by the Secretary of Energy or whenever ordered to convene by the President of the Philippines.

SECTION 5. PURPOSES AND PRIORITIES OF THE SYSTEM. - The System shall prioritize the distribution and allocation its stockpile of reserves to assure continuity of essential services, including, but not limited to the following:

- (a) Hospitals and social service care facilities for seniors, youth, persons with disabilities, and women in distress;
- (b) Water distribution;
- (c) Sewerage treatment and water filtration;
- (d) Power generation;
- (e) Airports and seaports;

- (f) Schools and other education facilities;
- (g) Newspapers, radio stations, television stations, and other strategic communications facilities

The Board shall determine the purposes and priorities of stockpile fuel distribution directly to Filipino consumers and households by considering factors such as population size, population density, and strategic location in provinces and regions. The Board shall formulate, approve, and implement a Master Plan on Energy Security.

SECTION 6. PHASED IMPLEMENTATION. - The Master Plan on Energy Security and core components of the System shall be operational within one year from the effectivity of this Act. The whole System shall be fully operational within three (3) years from the effectivity of this Act.

SECTION 7. IMPLEMENTING GUIDELINES. - The Board shall approve and issue the implementing rules and regulations of this Act not later than ninety (90) days from the effectivity of this Act.

SECTION 8. APPROPRIATIONS. - Initial funding for this Act shall be sourced from the Malampaya Fund. The Board, in consultation with the Department of Budget and Management and the Department of Finance, shall determine the amounts of initial Malampaya Fund sourcing and continuing funding through the annual general appropriations and the Malampaya Fund.

SECTION 9. SEPARABILITY. - If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall continue to be in full force and effect.

SECTION 10. REPEALING CLAUSE. - All laws, executive orders, and administrative orders or parts thereof inconsistent with any provision of this Act are hereby repealed or amended accordingly.

SECTION 11. EFFECTIVITY CLAUSE. - This Act shall take effect fifteen (15) days after its publication in the online version of the *Official Gazette* or in two (2) newspapers of general circulation or with established internet website presence.

Approved.