

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

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SENATE
S.B. No. 384

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Introduced by Senator WIN GATCHALIAN

**AN ACT PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK
FOR THE ESTABLISHMENT OF AN ENERGY SUBSIDY PROGRAM**

EXPLANATORY NOTE

The transportation sector accounts for 30.4% of the country's Total Final Energy Consumption, a close second to household sector which accounts for 31%.¹ By fuel demand, the bulk of the transportation sector's energy consumption is divided between diesel at 49.9% share and gasoline with 42.1% share in the consumption.² Given that the sector is a significant consumer of energy, any price or supply volatility in the country's energy supply greatly affects the industry.

This is evident during the first few months of 2022 when Russia invaded Ukraine leading to a spike in international oil prices with Brent crude hitting USD 100 per barrel, the first time since 2014.³ The sudden increase in oil prices in the international market in turn was reflected in domestic oil prices where the country witnessed ten (10) consecutive weeks of price increases in March 2022.⁴ The public transport sector consisting of the driving and the riding public bore the brunt of these increases.

¹ Page 28. Philippine Energy Plan 2020-2040.

² Page 31. Philippine Energy Plan 2020-2040.

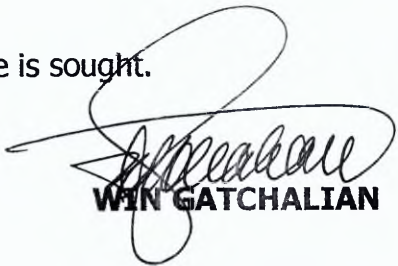
³ Russia's invasion of Ukraine has sent energy prices soaring – here's how high oil could rise. Forbes. 25 February 2022. Available at: <https://www.forbes.com/sites/sergeiklebnikov/2022/02/25/russias-invasion-of-ukraine-has-sent-energy-prices-soaring-heres-how-high-oil-could-rise/?sh=54716ae73f25>. Accessed on 2 June 2022.

⁴ Gas prices to soar by as much as P3, diesel P5 next week amid Ukraine conflict. ABS-CBN News. 5 March 2022. Available at: <https://news.abscon.com/business/03/05/22/gas-price-to-soar-by-as-much-as-p3-diesel-p5-next-week>. Accessed on 2 June 2022.

The government implemented a fuel subsidy program in order to address the sudden increase in prices.¹ However, the roll-out of the program was hampered by various difficulties such as confusion as to the program's effectivity,² lack of a centralized database for qualified drivers,³ delay in distribution of vouchers,⁴ and even the election spending ban.⁵

This proposed legislation thus seeks to institutionalize the fuel subsidy program, which is now renamed as the Energy Subsidy Program, in the event of future spikes in oil prices and address the challenges faced in implementing it. It establishes a clear standard as to when the program should commence, who the qualified beneficiaries are, and how the amount of the subsidy will be determined. The proposed legislation likewise mandates the government to regularly review and publish an annual report on the implementation of the program. Finally, to ensure an efficient and effective implementation of the program, this proposed legislation likewise requires the use of digital payment systems in the distribution of the subsidy, imposes penalties upon erring government officials for failure to ensure the timely release of the subsidy to all qualified beneficiaries, as well as perform their respective mandate under this measure.

For these reasons, the immediate passage of this measure is sought.



WIN GATCHALIAN

¹ Duterte Oks implementation of Pantawid Pasada, fuel discount programs. Philippine Daily Inquirer. 2022. Available at: <https://newsinfo.inquirer.net/1562236/duterte-oks-implementation-of-pantawid-pasada-fuel-discount-programs>. Accessed on 2 June 2022.

² '3-month rule' in place on release of fuel subsidy: Palace. Philippine News Agency. 18 February 2022. Available at: <https://www.pna.gov.ph/articles/1168098>. Accessed on 2 June 2022.

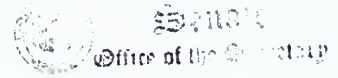
³ Fuel subsidy rollout hindered by absence of driver database. Businessworld. 10 April 2022. Available at: <https://www.bworldonline.com/economy/2022/04/10/441487/fuel-subsidy-rollout-hindered-by-absence-of-driver-database/>. Accessed on 2 June 2022.

⁴ Release of fuel subsidy cards cancelled for the week: LTFRB. ABS-CBN News. 2 August 2018. Available at: <https://news.abs-cbn.com/business/08/02/18/release-of-fuel-subsidy-cards-cancelled-for-the-week-ltfrb>. Accessed on 2 June 2022.

⁵ FUEL SUBSIDY FOR DRIVERS HALTED; 'Pantawid Pasada' covered by poll spending ban. Panay News. 6 April 2022. Available at: <https://www.panaynews.net/fuel-subsidy-for-drivers-halted-pantawid-pasada-covered-by-poll-spending-ban/>. Accessed on 2 June 2022.

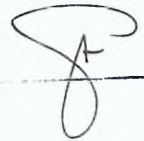
**NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
First Regular Session

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S.B. No. 384

Introduced by SEN. WIN GATCHALIAN

AN ACT
PROVIDING FOR A NATIONAL ENERGY POLICY AND FRAMEWORK FOR
THE ESTABLISHMENT OF AN ENERGY SUBSIDY PROGRAM

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

CHAPTER I
GENERAL PROVISIONS

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SECTION 1. Short Title. – This Act shall be referred to as the “Pantawid Pasada Act.”

SEC. 2. Declaration of Policy. – The State recognizes the fundamental importance of energy as a basic input in economic activities and its key role in driving the country's growth and development. Towards this end, it is hereby declared a policy of the State to provide an effective, targeted, and time-bound mechanism that will address and cushion the adverse effects of sudden and drastic increases in international prices of oil on the domestic public transport sector, and ultimately the commuting public.

1 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following terms shall
2 be defined as stated below:

- 3 a) Energy Subsidy Program (ESP) refers to the national government program that
4 provides subsidy to qualified beneficiaries to mitigate the adverse effects of
5 sudden and drastic increases in international prices of oil on the domestic prices
6 of petroleum products pursuant to the process indicated in this Act;
- 7 b) Franchise operator refers to a holder or grantee of a valid and subsisting
8 Certificate of Public Convenience issued by the Land Transportation Franchising
9 and Regulatory Board, and the relevant local government unit, whichever is
10 applicable;
- 11 c) Subsidy refers to the cash amount provided to qualified beneficiaries under the
12 ESP: Provided, That the method of releasing the subsidy shall be determined
13 by the Technical Working Group pursuant to Section 5 of this Act;
- 14 d) Last-mile delivery service provider refers to an entity which is engaged in the
15 delivery of goods from a logistics hub to an end-user and is duly registered with
16 the Department of Trade and Industry; and
- 17 e) Qualified beneficiary refers to franchise operators and last-mile delivery service
18 providers who are entitled to receive subsidy under the ESP as determined
19 under Section 6 of this Act.

20
21 **SEC. 4. Establishment of the Energy Subsidy Program.** – There is hereby
22 established an Energy Subsidy Program (ESP) which shall provide subsidy to identified
23 qualified beneficiaries over a determined period.

24
25 The ESP shall be implemented by the Department of Energy (DOE), Department of
26 Transportation (DOTr), Department of Finance (DOF), Department of Budget and
27 Management (DBM), Department of Trade and Industry (DTI), Land Transportation
28 Franchising and Regulatory Board (LTFRB), and local government units (LGUs):
29 Provided, That subsidy from the ESP shall be granted to qualified beneficiaries when
30 the average price of Dubai crude oil, based on the Mean of Platts Singapore (MOPS),
31 for three (3) consecutive months is equal to or greater than eighty dollars (USD 80)
32 per barrel.

1
2 **SEC. 5. ESP Technical Working Group.** – A Technical Working Group (TWG) shall
3 be established to coordinate the implementation of the ESP and identify as well as
4 resolve issues relevant to its implementation. The Secretary of the DOE shall serve as
5 the Chairperson of the TWG and the Secretary of the DOTr shall serve as the
6 ViceChairperson of the TWG with the following as members:

- 7 (a) DOF Secretary,
- 8 (b) DBM Secretary,
- 9 (c) DTI Secretary, and
- 10 (d) (d) LTFRB Chairperson.

11 The heads of agencies may nominate their permanent representatives to the TWG.

12
13 The TWG shall also be tasked to perform the following functions:

- 14 (a) Provide an avenue for the smooth coordination of all agencies involved in the
15 implementation of the ESP;
- 16 (b) Determine the amount of subsidy and the length of time that the subsidy shall
17 be provided to qualified beneficiaries;
- 18 (c) Ensure the timely release of the subsidy to all qualified beneficiaries;
- 19 (d) Review and adjust regularly the threshold provided under Section 4 of this
20 Act; and
- 21 (e) Prepare and make available to the public an annual report on the ESP.

22
23 **SEC. 6. Role of Government Agencies.** – The DOE, together with the DOTr, shall
24 serve as the lead agencies in the implementation of this Act. The DOE and the DOTr,
25 along with the following government agencies, shall perform the following functions:

- 26 (a) Department of Energy:
 - 27 1. Convene the TWG upon the effectivity of this Act,
 - 28 2. Serve as Secretariat for the TWG,
 - 29 3. Certify to the TWG that the threshold under Section 4 of this Act has been
30 met,

- 1 4. Provide relevant information to the TWG on the oil industry such as oil
2 price movements in the international and domestic markets, and domestic
3 retail fuel outlets, and
- 4 5. Coordinate with relevant stakeholders in the downstream oil industry
5 relative to the implementation of the ESP;

6 (b) Department of Transportation:

- 7 1. Determine a speedy and simplified procedure for the distribution of the
8 subsidy, upon consultation with the LTFRB, and DTI, within thirty (30)
9 days from the effectivity of this Act's implementing rules and regulations:
10 Provided, That the procedure for the distribution of the subsidy shall
11 employ digital payment systems in order to facilitate an expeditious
12 distribution,
- 13 2. Regularly review the procedure for the distribution of the subsidy, and
14 revise the procedure, if necessary, to improve its speed and simplicity,
- 15 3. Determine the amount of subsidy to be granted to each qualified
16 beneficiary within five (5) days from the certification of the DOE that the
17 threshold in Section 4 of this Act has been met: Provided, That in
18 determining the amount of subsidy to be granted to each qualified
19 beneficiary, the DOTr shall ensure that amount shall be sufficient to
20 alleviate the effects of drastic increase in international oil prices taking into
21 consideration the available funds for the ETP for a specific year, and
- 22 4. Enter into Memoranda of Agreement and similar arrangements with
23 various government agencies and institutions tasked with the
24 identification of and distribution of the subsidy to qualified beneficiaries;

25 (c) Land Transportation Franchising and Regulatory Board:

- 26 1. Determine annually the list of all qualified beneficiaries based on the
27 verified lists of franchise operators registered with the LTFRB, last-mile
28 delivery service providers registered with the DTI, and franchise operators
29 registered with LGUs on or before the 15th of March of every year,
- 30 2. Distribute to all qualified beneficiaries the subsidy following the speedy
31 and simplified procedure determined by the DOTr within thirty (30) days
32 from the issuance of DOE's certification under Section 4 of this Act,

1 3. Coordinate with the DTI and the LGUs, if applicable, for any concerns and
2 inquiries relating to the distribution of the subsidy and the list of qualified
3 beneficiaries registered with the DTI and the LGUs, and

4 4. Provide relevant data and information to the TWG;

5 (d) Department of Trade and Industry:

6 1. Determine and verify annually the list of last-mile delivery service
7 providers registered with the DTI and submit it to the LTFRB on or before
8 the 30th of January of every year;

9 2. Coordinate with the LTFRB and the qualified beneficiaries registered with
10 the DTI for any concerns and inquiries relating to the distribution of the
11 subsidy, and

12 3. Provide relevant data and information to the TWG;

13 (e) Local Government Units:

14 1. Determine and submit annually the verified list of franchise operators
15 registered in their respective localities to the LTFRB on or before the 30th
16 of January of every year,

17 2. Coordinate with the LTFRB and the qualified beneficiaries registered with
18 the LGU for any concerns and inquiries relating to the distribution of the
19 subsidy, and

20 3. Provide relevant data and information to the LTFRB.

21
22 **SEC. 7. Non-Diminution of Benefits.** – Nothing in this Act shall be construed to
23 reduce existing benefits to qualified beneficiaries granted under existing laws, and
24 rules and regulations, or any contract, or agreement.

25
26 **SEC. 8. Prohibited Acts.** – Without prejudice to civil and criminal liability, the
27 following acts shall be prohibited:

28 (a) For the heads of agencies of the members of the TWG, or their permanent
29 representatives:

30 1. Failure to annually prepare the list of qualified beneficiaries pursuant to
31 the time frame provided under Section 6 of this Act, if applicable,

- 1 2. Failure to ensure the timely release of the subsidy to all qualified
- 2 beneficiaries pursuant to the time frame provided under Section 6 of this
- 3 Act, if applicable,
- 4 3. Failure to review and adjust regularly the threshold provided under Section
- 5 4 of this Act, if applicable,
- 6 4. Failure to prepare and make available to the public an annual report on
- 7 the ESP.

8 (b) For any government official: failure to perform their respective functions

9 under Section 6 of this Act.

10

11 **SEC. 9. Penalties.** – Without prejudice to civil and criminal liability, a fine not

12 exceeding the equivalent of six (6) months of salary or suspension not exceeding one

13 (1) year, or removal from office, depending on the gravity of the offense, shall be

14 imposed as an administrative penalty on the relevant government official for the

15 commission of the prohibited acts above.

16

17 **SEC. 10. Public Access to Information.** – The TWG, and other relevant

18 government agencies shall allow public access, through a dedicated website, to all

19 data and information necessary in the implementation of this Act: *Provided*, That such

20 access is compliant with Section 11 of this Act.

21

22 **SEC. 11. Confidentiality.** – The TWG and other relevant government agencies shall

23 not disclose any proprietary and confidential information to the public unless prior

24 consent of the source or owner of such information has been obtained by the

25 requesting party.

26

27 **SEC. 12. Appropriations.** – The initial funding requirements of the ESP shall be

28 THREE BILLION TWO HUNDRED MILLION PESOS (Php 3,200,000.00) which shall be

29 included in the Department of Transportation’s annual appropriation indicated as a

30 separate line-item. Thereafter, the subsequent funding requirements of the ESP shall

31 be determined by the TWG: *Provided*, That the funding requirement for the

1 establishment and operation of the TWG and the TWG Secretariat shall be included in
2 the Department of Energy's annual appropriation.

3
4 **SEC. 11. Congressional Oversight.** – The Joint Congressional Energy Commission
5 (JCEC) shall exercise oversight powers over the implementation of this Act. The DOE,
6 in coordination with relevant government agencies, shall submit an annual report to
7 the JCEC not later than the fifteenth day of September, which shall include the latest
8 relevant data, implementation review and reports, and policy and regulatory
9 issuances.

10
11 **SEC. 12. Implementing Rules and Regulations.** – The DOE and DOTr, in
12 coordination with relevant government agencies, shall issue the implementing rules
13 and regulations (IRR) of this Act within six (6) months from its promulgation: *Provided,*
14 That, the IRR shall likewise include the internal rules of procedure of the TWG under
15 Section 5 of this Act.

16
17 **SEC. 13. Separability Clause.** – Any provision of this Act, which may be declared
18 unconstitutional or invalid shall not have the effect of nullifying other portions or
19 provisions hereof.

20
21 **SEC. 14. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
22 publication in the Official Gazette or one (1) newspaper of general circulation.

Approved,