

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

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Office of the Secretary

25 JUL 15 P2:00

**SENATE**

RECEIVED BY



**S.B. No. 639**

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**Introduced by Senator WIN GATCHALIAN**

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

EXPLANATORY NOTE

As of 2023, the transportation sector accounts for 34.84% of the country's Total Final Energy Consumption, followed only by the household sector which accounts for 28.54%.<sup>1</sup> By fuel demand, the bulk of the transportation sector's energy consumption is divided between diesel at 49.72% share and gasoline with 43.47% share in the consumption.<sup>2</sup> 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.<sup>3</sup> The sudden increase in oil prices in the international market in turn was reflected in domestic oil prices where the country witnessed ten (10)

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<sup>1</sup> DOE 2023 Key Energy Statistics. Available at [https://legacy.doe.gov.ph/sites/default/files/pdf/energy\\_statistics/2023%20Key%20Energy%20Statistics.pdf](https://legacy.doe.gov.ph/sites/default/files/pdf/energy_statistics/2023%20Key%20Energy%20Statistics.pdf). Accessed on 8 July 2025.

<sup>2</sup> *Id.*

<sup>3</sup> 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 8 July 2025.

consecutive weeks of price increases in March 2022.<sup>4</sup> The public transport sector consisting of the driving and the riding public bore the brunt of these increases.

The government implemented a fuel subsidy program in order to address the sudden increase in prices.<sup>5</sup> However, the roll-out of the program was hampered by various difficulties such as confusion as to the program's effectivity,<sup>6</sup> lack of a centralized database for qualified drivers,<sup>7</sup> delay in distribution of vouchers,<sup>8</sup> and even the election spending ban.<sup>9</sup>

The current international climate poses another potential threat to the transport industry. In particular, the geopolitical tensions surrounding the Israel-Iran conflict have already driven up global oil prices, with Brent, WTI, and Dubai crude surging over USD 6 per barrel after recent escalations.<sup>10</sup>

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.

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<sup>4</sup> 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.abs-cbn.com/business/03/05/22/gas-prices-to-soar-by-as-much-as-p3-diesel-p5-next-week>. Accessed on 8 July 2025.

<sup>5</sup> Duterte Oks implementation of Pantawid Pasada, fuel discount programs. Philippine Daily Inquirer. 2 March 2022. Available at: <https://newsinfo.inquirer.net/1562236/duterte-oks-implementation-of-pantawid-pasada-fuel-discount-programs>. Accessed on 2 June 2022.

<sup>6</sup> '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.

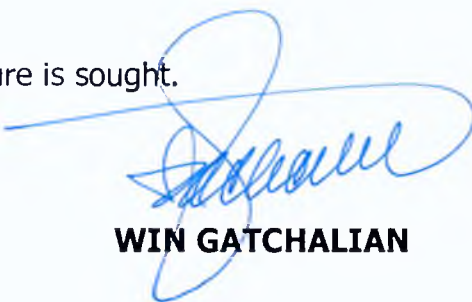
<sup>7</sup> Fuel subsidy rollout hindered by absence of driver database. Businessworld. 10 April 2022. Available at: <https://www.bworldonline.com/economy/2022/04/10/441487/fuel-subsidy-rollout-hindered-by-absence-of-driver-database/>. Accessed on 2 June 2022.

<sup>8</sup> 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.

<sup>9</sup> 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.

<sup>10</sup> Oilprice.com. Accessed on 8 July 2025.

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



**WIN GATCHALIAN**

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**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**

**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.

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

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

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

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

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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.

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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.

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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,*