

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. _____

Introduced by Representative Arnel U. Ty

A RESOLUTION DIRECTING THE COMMITTEE ON ENERGY TO INQUIRE, DETERMINE AND INVESTIGATE, IN AID OF LEGISLATION, THE ACTUAL OR REAL CAUSE OF SHELL PHILLIPINES' SHUTDOWN OF ITS 42 MILLION KILOGRAMS LIQUEFIED PETROLEUM GAS (LPG) STORAGE FACILITY OR TERMINAL AT TABANGAO, BATANGAS AMIDST SHORTAGE OF SUPPLY AND PRICE INCREASE OF LPG IN THE MARKET.

WHEREAS, Liquefied Petroleum Gas (LPG) is now widely used as a fuel for cooking food and for motor vehicles making LPG an alternative to other gasoline whose prices are relatively higher;

WHEREAS, LPG is even being considered in the House of Representatives to be classified as basic commodity to subject the same to price control during emergency situations in order to provide price stability to help households, car owners and taxi drivers who have become dependent on LPG in their day-to-day living;

WHEREAS, during our price watch this December 2013, LPG price has increased dramatically by P13.00 to P14.30 per kilogram or a total of P143.00 to P157.30 per 11 kilogram of LPG cylinder which has become burdensome to LPG consumers particularly household consumers;

WHEREAS, this price increase has spillover effect on the prices of food and other basic commodities which adds up on the scheduled price increases of electricity this month of December 2013, and in February 2014 and March 2014 making our economic system very oppressive to ordinary wage earners and household consumers;

WHEREAS, during the briefing conducted by the Department of Energy on the state of Downstream Oil Industry in the Philippines, the Committee on Energy, under the Chairmanship of Congressman Reynaldo Umali, was informed of the maintenance shutdown of Shell Philippines of its 42 million LPG storage facility;

WHEREAS, the timing of the said maintenance shutdown is highly suspicious as it contradicts wise business practice because in the month of December, LPG price regularly goes up due to increase in the international contract price and this

has been aggravated with the shutdown of the said LPG storage facility as it creates a shortage or tightness of supply of LPG in the market;

WHEREAS, there are information that there is collusion in the untimely maintenance shutdown to lessen players in the industry, a form of concerted action or a variant of cartelization, to force the market price of LPG to go even higher;

WHEREAS, there are also information that the shutdown or de commissioning of the LPG storage facility of Shell Philippines in Tabangao, Batangas, is the result of the negotiation breakdown or impasse for unknown reason in the acquisition of Isla Gas, the new owner of Solane (formerly Shellane);

WHEREAS, under the Downstream Oil Industry Deregulation Act of 1998 (RA8479), the policy of the State is to liberalize and deregulate the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally-clean and high quality petroleum products which includes LPG;

WHEREAS, under the Downstream Oil Industry Deregulation Act of 1998 (RA8479), acts cartelization, combination in restraint of trade and/or unfair competition are penalized for public interest;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, that the Committee on Energy be directed to inquire, determine and investigate, in aid of legislation, the actual or real cause of the shutdown of the 42 million kilograms of LPG storage facility of Shell Philippines in Tabangao, Batangas, amidst shortage of supply and price increase of LPG for the protection of consumers and for their welfare.

Adopted.

ARNEL U. TY
Representative
LPG/MA Party List