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Gatchalian mulls review of Oil Deregulation Law

By DANESSA RIVERA

Sen. Sherwin Gatchalian is contemplating a review of the Oil Deregulation Law to impose stricter monitoring of oil inventories and price hikes and harsher penalties for non-compliant oil companies and negligent government agencies that should monitor price movements.

The lawmaker, who chairs the Senate committee on energy, is studying measures to institutionalize effective mechanisms to monitor the levels of supply of petroleum products. This will also include the imposition of stricter penalties for late and incorrect inventory submissions of oil companies, as well as for the negligence on the part of government agencies to monitor price movements.

"We want to review the Oil Deregulation Law to make sure that it's more proactive," he said. "You cannot put penalties without amending the law. You can do it administrative, show cause orders but to make it a much more effective mechanism, you have to put penalties."

Gatchalian said he sees the need to penalize oil companies that fail to submit their inventories on time or give incomplete or inaccurate information about their stock levels while the Department of Energy (DOE) should ensure their compliance.

"What we want to make sure is no one will abuse the public. We deregulated the industry, we gave you the power to compete with one another based on price and service but don't abuse (the public) when there's aberration in the prices," he said.

Republic Act 8479 or the Downstream Oil Industry Deregulation Act of 1998 requires the DOE to promote fair trade practices in the liquid fuel retailing business, including quality and quantity of petroleum products, and ensuring safety from fire, danger, health and environmental risks, among others.

Under Section 14 of the law, the DOE is mandated to maintain a periodic schedule of present and future total inventory of petroleum products in the country. It also requires oil companies to submit a monthly report that details their sales and consumption levels, actual and projected importations, and inventory of oil products.

The proposal to revise the law came after what happened during the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN), which saw some gasoline stations raising pump prices with their old stocks as an effect of the additional excise tax on

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petroleum.

Based on projections, the DOE expects the increase in fuel prices at least 15 days after the start of the year.

In a hearing of the Senate energy committee last week, the agency admitted that some oil companies have yet to fully comply in submitting detailed reports on the exhaustion level of their old stocks both at the depot and station levels. The agency is still validating the accuracy of information they received.

Gatchalian urged the DOE to speed up validation and analysis of the information it received and start investigating whether companies and stations took advantage of the situation through undue profiteering.

"So even if oil companies and gas stations already raise prices using their new supply in accordance to TRAIN, they would still have to be audited by the DOE and determine whether they unduly increased their prices without any clear basis, in which case they will have to face the appropriate penalties and fines," he said.

The DOE is expecting about 90 percent of these companies to start adopting the increase based on TRAIN by the end of January. With the additional excise tax, unleaded gasoline would increase by about P2.97 per liter while the price of diesel will surge by P2.80 per liter.