



PRICE SUBSIDIES IN THE PHILIPPINES:

Evolution, Impact and Policy Shifts

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WTO Fossil Fuel Subsidy Reform (FFSR) Initiative Meeting

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The Oil Price Stabilization Fund (OPSF)



Established in 1984
under Presidential
Decree 1956, later
amended by
Executive Order 137
in 1987



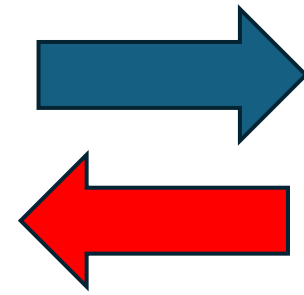
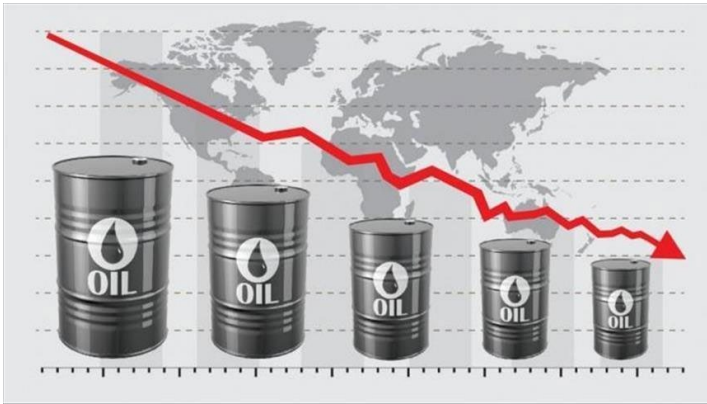
Aims to
**stabilize
domestic
pump prices**
amidst global
volatility



Mechanism:
Reimburse / collect
from oil companies
based on global price
vs. domestic ceiling



OPSF Mechanism and Financial Oversight

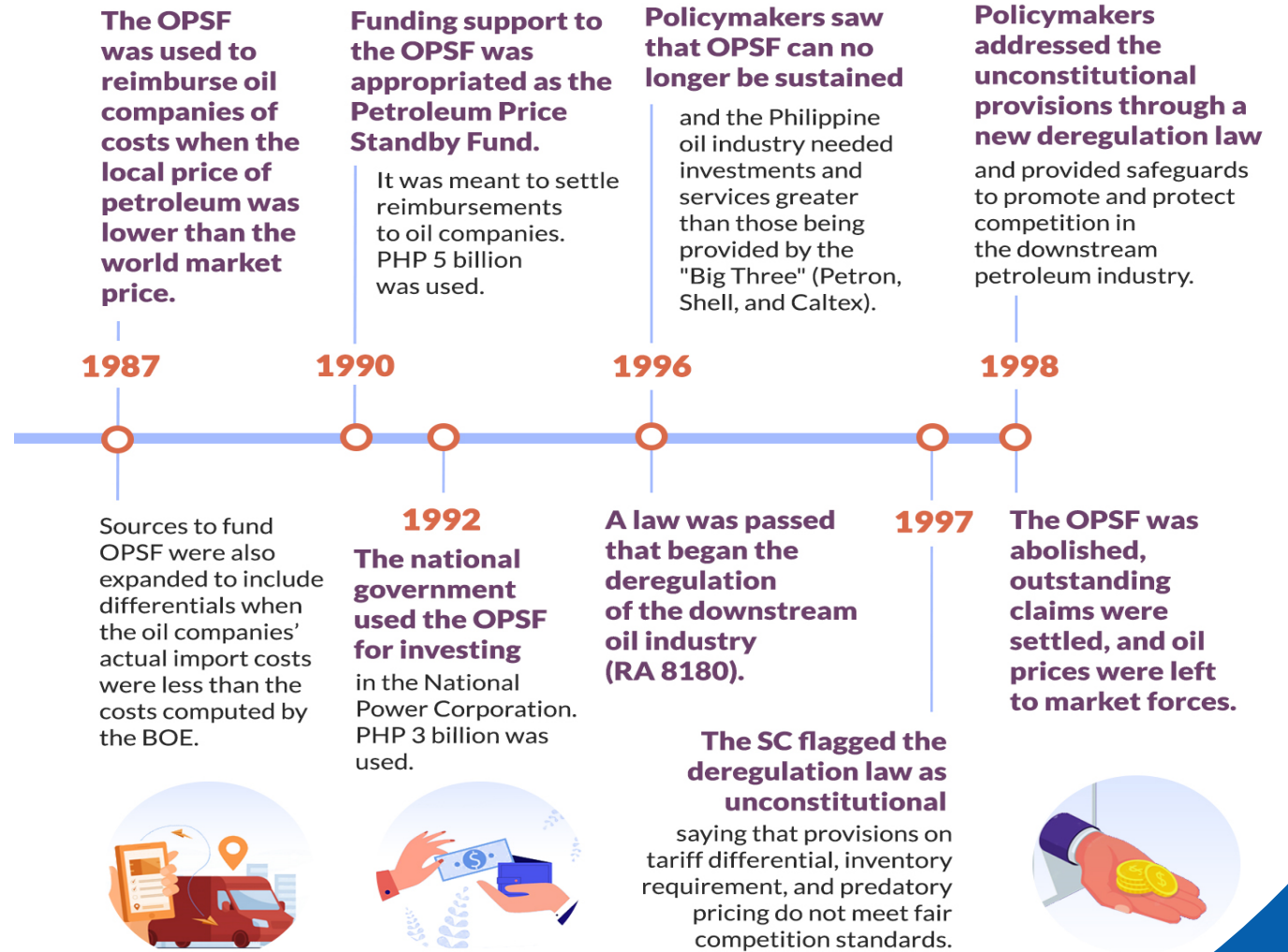


**Fiscal responsibility over
financial affairs, transactions
and operations of OPSF**

Challenges and Demise of OPSF

- Lack of transparency, allegations of misuse
- Unstable during prolonged high prices
- Market distortion: suppressed price signals and investment

HISTORY OF THE OPSF



Pre - ELECTRIC POWER INDUSTRY REFORM ACT (EPIRA)

PRE-EPIRA

Vertically Integrated

Single wholesale provider

Regulated distribution and supply by DUs

Bundled costs

Regulated Tariffs

NATIONAL POWER CORPORATION

POWER PLANTS & IPPs



TRANSMISSION



DISTRIBUTION



END USERS



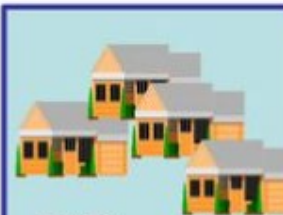
OTHER IPPs



SYSTEMS OPERATIONS

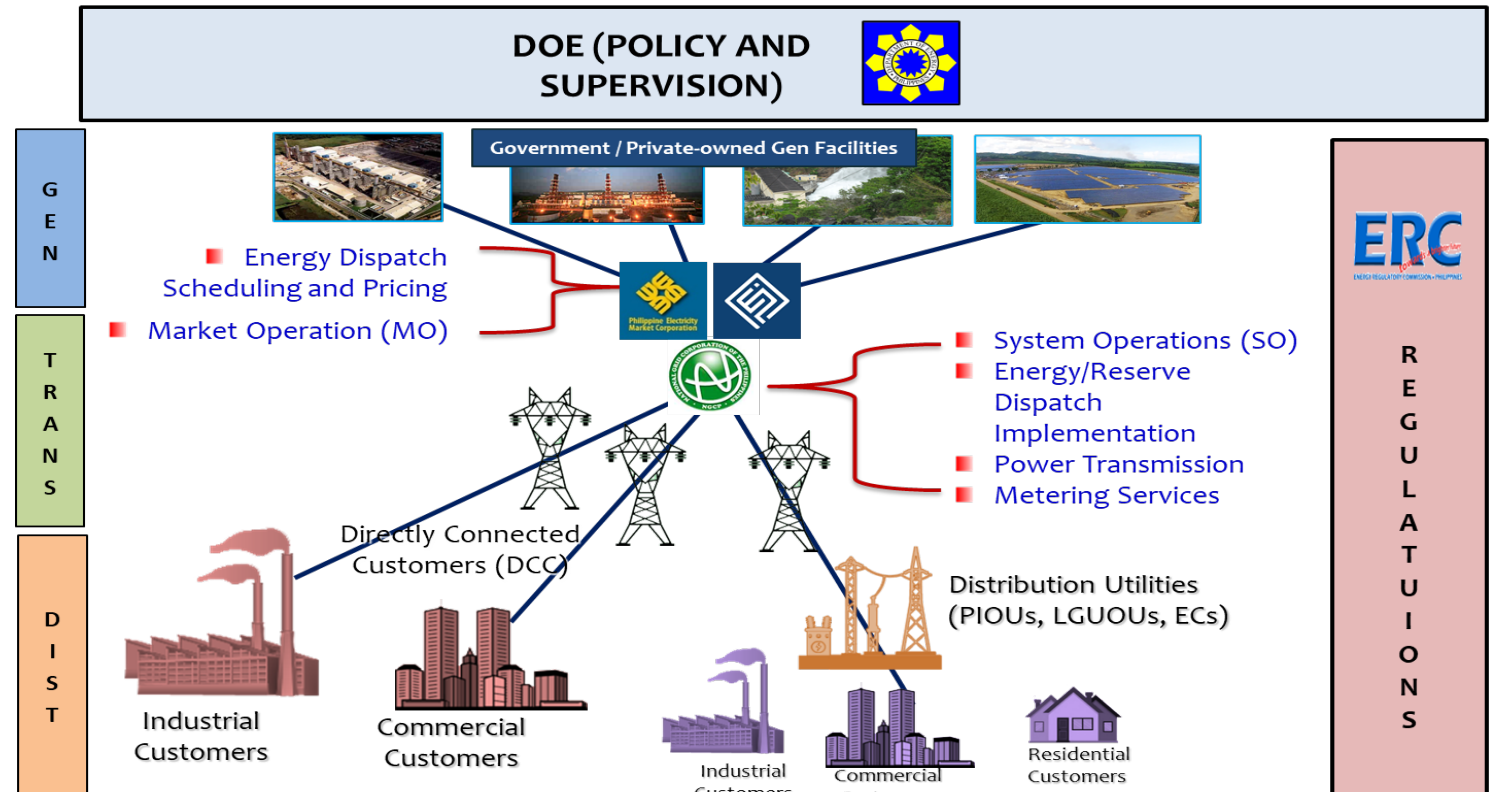
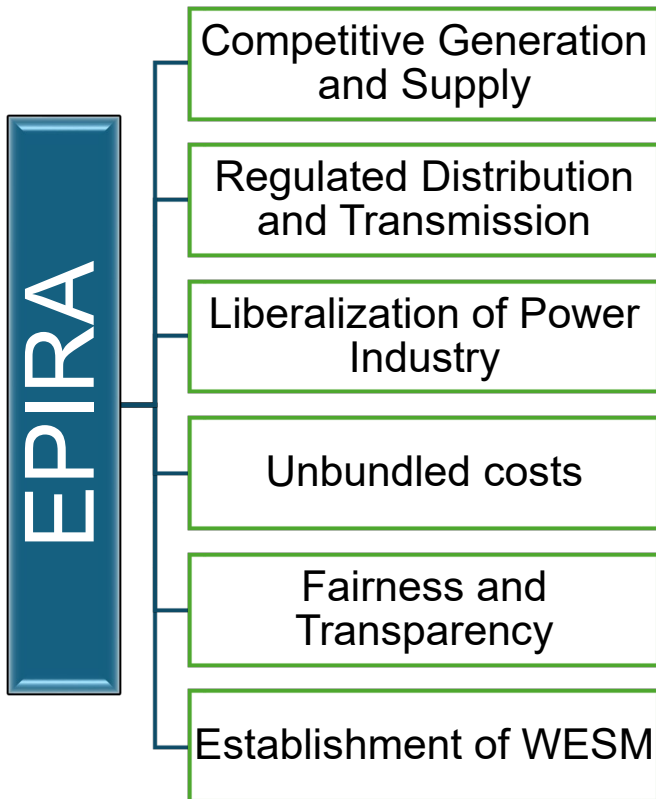


- 18 PRIVATE UTILITIES
- 2 LOCAL GOVERNMENT UNITS
- 120 ELECTRIC COOPERATIVES



END USERS

EPIRA of 2001



PRICE SUBSIDIES IN THE PHILIPPINES



ELECTRICITY

- Lifeline Rate Program
- Universal Charge for Missionary Electrification (UCME)



FUEL

- Pantawid Pasada Program
- Fuel Discount for Farmers and Fisherfolk Program
- Promotional Discount Programs of Oil Companies

LIFELINE RATE PROGRAM

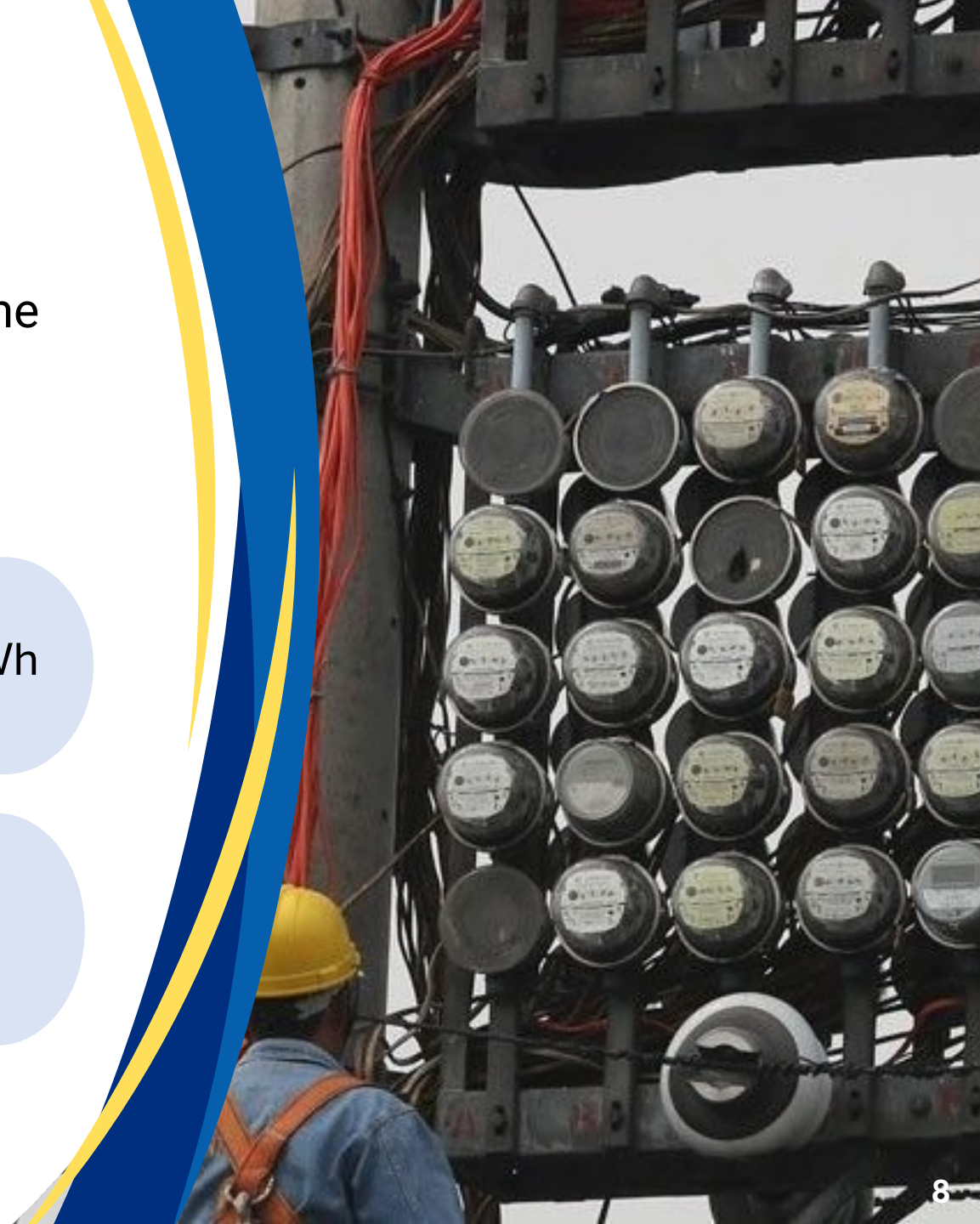
Provides subsidized rate to qualified low-income electricity utility customers



Households listed under the Pantawid Pamilyang Pilipino Program (4Ps) with 100 kWh or less electricity consumption per month



Households with at least 5 members with combined monthly income of PhP 12,030 or less and 100 kWh or less electricity consumption per month



UNIVERSAL CHARGE FOR MISSIONARY ELECTRIFICATION (UCME)

- Fund collected from all electricity consumers, including those in the main grids, to subsidize the cost of providing electricity to off-grid areas
- Helps offset the higher generation costs in remote locations where electricity infrastructure is limited.



PUBLIC TRANSPORT ASSISTANCE PROGRAM

(Pantawid Pasada Program)

- Launched in 2011 to mitigate the impact of rising fuel costs on public transport drivers and transport workers
- Subsidies distributed through LBP cash cards or e-wallets



PANTAWID PASADA PROGRAM

Fuel Subsidy (2025)



DOE to issue a certification if Dubai crude reach an average of \$80/barrel.

"7. Fuel Subsidy to Transport Sector Affected by Rising Fuel Prices. The amount of Two Billion Five Hundred Million Pesos (P2,500,000,000) appropriated herein shall be used to provide financial assistance/fuel vouchers to qualified public utility vehicle (PUV), taxi, tricycle, and full-time ride hailing and delivery services drivers nationwide: Provided, That the identification and validation of beneficiaries shall be facilitated by the following: (i) Land Transportation Franchising and Regulatory Board for PUVs, taxis, and full-time ride hailing services; (ii) DILG for tricycles; and (iii).DICT/DTI for delivery services drivers: XXX

The grant of the subsidy to the intended beneficiaries shall be subject to the issuance by the DOE of a certification that the actual average price, for one (1) calendar month, of Dubai Crude Oil based on Mean of Platts Singapore per barrel has reached eighty dollars (USD 80)."



FUEL SUBSIDY FOR FARMERS AND FISHERFOLK PROGRAM

Government initiative aimed at alleviating the financial burden on agricultural and fishery workers due to rising fuel prices

Benefits

Qualified beneficiary receives a one-time fuel subsidy of PhP 3,000

Beneficiary

Farmers and fisherfolk owning or renting agricultural or fishery machinery

Distribution

Fuel discount cards issued by the Development Bank of the Philippines through DA Regional Field Offices



THANK YOU

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Our Location

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