

Project Title : **ESTABLISHMENT OF PNOC'S STRATEGIC PETROLEUM RESERVE (SPR)**

Project Location :

Nature of Project : Oil Importation, Stockpiling and Distribution

Implementing Agency : PNOC

Project Description:

Strategic Petroleum Reserves (SPR) are large stockpiles of crude oil and/or petroleum products, stored in facilities located around the country (and possibly overseas). The buildup and drawdown of inventory, from the specification and volume of products to be stored and required conditions for drawdown) are dependent on the series of legislations, mechanisms, and guidelines that have to be researched and formulated by the implementing agency and approved by concerned agencies.

In order to undertake a program that will mitigate the vulnerability of the country from the threat of oil supply and price disruptions, the Department of Energy – the lead agency for energy and the agency which to PNOC is attached, has mandated the company through DOE Memorandum Order No. MO2019-11-0001 to conduct a feasibility study and accordingly, formulate an implementation plan for the establishment and operation of the National Strategic Petroleum Reserve. This endeavor is aligned to PNOC's mandate and reason for its creation as a government corporation: to ensure an adequate and stable supply of oil and petroleum products for the country's domestic needs.

On 16 September 2021, DOE Department Circular No. DC2021-09-0028, establishing the Philippine Strategic Petroleum Reserve Program was approved and signed by then-DOE Secretary Alfonso G. Cusi. This was published and made effective in October 2021.

The establishment of an SPR program is aimed at ensuring the long-term stability and security of oil supply in the country even in times of geopolitical events, calamities or emergencies which induce global oil supply disruptions. Such effects were demonstrated in the September 2019 drone attacks in Saudi Aramco's oil facilities which is resulted to about 5% of global oil production cut thereby causing oil prices to go up.

The envisioned SPR shall be a combination of the following:

- a) Crude oil and petroleum products importation, storage, and distribution facilities established within and outside the country (domestic and overseas SPRs);
- b) Partnerships with government agencies and private entities; and
- c) Interconnected Pieces of legislation, mechanisms, and guidelines that would guide the project from development to operation.

The National SPR Program is considered to be an extensive undertaking which aims to provide an oil stockpile, either crude oil, finished petroleum products, or both, equivalent to 90 days of the country's domestic oil requirements. Such magnitude and considerable funding required for an all-encompassing SPR will necessitate the implementation of the program in phases, depending on the resources available.

Status as of 31 December 2022:

During the regular meeting of the PNOC Board of Directors on 21 October 2022 the PNOC Management reported and the PNOC Board of Directors took note of the directive of the DOE to suspend all activities relevant to the development and pursuance of the Strategic Petroleum Reserve (SPR) and Targeted Fuel Relief Program initiatives. Oil is a sunset industry and considering this, the SPR and TFRP shall be subjected to policy and financial viability review.