

## PRESIDENTIAL DECREE NO. 1206

### CREATING THE DEPARTMENT OF ENERGY

WHEREAS, the world-wide energy situation indicates that an adequate supply of energy resources for the country's needs has become of long-term and vital national concern considering that the adequacy of energy resources is indispensable to accelerated economic growth;

WHEREAS, the Philippines has embarked on a multi-dimensional response to the energy crisis, designed to achieve the national objective of self-reliance and independence on the sourcing of energy through intensive exploration and development of indigenous energy resources, and through the judicious conservation and efficient utilization of energy;

WHEREAS, there is critical need to further rationalize the country's total energy resource development program in order to accelerate its self-reliance and conservation program relative to energy resources on an integrated and comprehensive basis; and

WHEREAS, meeting the country's energy requirements has become an integral and regular function of the government, vast enough such that no less than an agency with departmental status is required which shall serve as the government's primary instrumentality in the formulation and implementation of its energy resource development program on a unified and coordinated approach.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the following to be part of the law of the land:

Section 1. ***Declaration of Policy*** — It is declared policy of the state to ensure a continuous and adequate supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements, through intensive exploration and development of indigenous energy resources, and through the judicious conservation and efficient utilization of energy consistent with the country's accelerated economic growth and taking into consideration the significant and continuing participation of the private sector in the various areas of energy resource development.

Section 2. ***Creation of a Department of Energy*** — Pursuant to the above-mentioned policy, there is hereby created a Department of Energy, hereinafter referred to as the Department which shall, among others formulate and implement the government policies, plans and programs on energy resources development.

Section 3. ***Authority and Responsibility***— The authority and responsibility for the exercise of the powers and the discharge of the functions of the Department shall be vested in a Secretary of Energy, hereinafter referred to as the Secretary. The Secretary shall be assisted by one Undersecretary.

Section 4. ***Powers and Functions***— The Department shall have the following powers and functions:

a. Formulate policies, consistent with Section 1 above and pertinent national guidelines, and coordinate all activities of the government relative to the exploration, exploitation, development, extraction, importation, transport marketing, distribution, and storage of energy resources from fossil fuels such as petroleum, coal, natural gas and gas liquids; nuclear fuel, resources; geothermal resources and non-conventional existing and potential forms of energy resources;

b. Establish and administer a comprehensive and integrated programs for the exploration, exploitation, development, extraction, importation, exportation, transport, marketing, distribution, and storage of fossil, nuclear, geothermal and non-conventional forms of energy resources;

c. Encourage, guide and where necessary, regulate such business activity relative to the exploration, exploitation development, extraction, importation, exploration, transport, marketing, distribution and storage of fossil, nuclear, geothermal, and non-conventional forms of energy resources and prescribe and collect fees in the exercise of such power;

d. Assess, review and provide direction to, in coordination with concerned government agencies, energy research and development programs including identification of sources of energy and determination of their commercial feasibility for development;

e. Exercise the powers and functions of the abolished Energy Development Board and Power Development Council under Section 11 (a) and (b) of this Decree;

f. Formulate such rules and regulations as may be necessary to implement the objectives and provisions of this Decree; and

g. Exercise all powers necessary or incidental to attain the objectives of this Decree.

Section. 5. ***Department Proper***— The Department shall have an Administrative Service, a Financial and Management Service, and a Planning Service.

The Administrative Service shall be responsible for providing the Department with services relating to personnel, legal assistance, information, records, supplies, equipment, collection and disbursements, security and custodial work.

The Financial and Management Service shall be responsible for providing the Department with staff advice and assistance on budgetary, financial, and management improvement matters.

The Planning Service shall be responsible for providing the Department with services relating to planning programming, and project development, including the formulation of short and long term energy including power development policies and programs and their priorities as may be warranted by domestic or international developments. It shall also review and evaluate energy development programs, including those which concern the development and utilization of non-conventional forms of energy resources.

Section 6. ***Bureau of Energy Development***— There is created in the Department a Bureau of Energy Development, hereinafter referred to in this Section as the Bureau, which shall have the following powers and functions, among others:

a. Administer a national program for the encouragement, guidance, and whenever necessary regulation of such business activity relative to the exploration, exploitation, development, and extraction of fossil fuels such as petroleum, coal, natural gas and gas liquids; nuclear fuel resources; geothermal energy resources; and non-conventional forms of energy resources;

b. Undertake by itself or cause the undertaking by other institutions, government or private, of intensive research and development to achieve the country's self-reliance and conservation program relative to energy resources;

c. Exercise such powers and functions of the Energy Development Board as shall hereafter be transferred to it; and

d. Promulgate such rules and regulations as may be necessary, subject to the approval of the Secretary, for the efficient, effective and economical exercise of its power and functions.

The decisions, orders, resolutions or actions of the Bureau may be appealed to the Secretary whose decisions are final and executory unless appealed to the President.

Section 7. ***Bureau of Energy Utilization***— There is created in the Department of Bureau of Energy Utilization, herein after referred to in this Section as the Bureau, which shall have the following powers and functions, among others:

a. Administer a national program for the encouragement, guidance and, where necessary, regulation of such business activities as importing, exporting, storing, shipping, transporting, refining, processing, marketing, and distributing of energy resources. Energy resources mean any substance or phenomena which by itself or in combination with others, or after processing or refining or the application to it of technology, emanates, generates or causes the emanation or generation of energy, such as but not limited to petroleum or petroleum products, coal, marsh gas, methane gas, geothermal and hydroelectric sources of energy, uranium and other similar radioactive minerals, solar energy, tidal power, as well as non-conventional existing and potential sources.

b. Exercise such powers and functions of the abolished Oil Industry Commission under Republic Act No. 6173, as amended, which are hereafter transferred to it under Section 12 of this Decree.

c. Promulgate, subject to the approval of the Secretary, such rules and regulations as may be necessary for the efficient, effective and economical exercise of its powers and discharge of its functions.

The decisions, orders, resolutions or actions of the Bureau may be appealed to the Secretary whose decisions are final and executory unless appealed to the President.

Section 8. ***Transferred Agency***— The Philippine Atomic Energy Commission is transferred from the supervision and control of the Office of the President and placed under the supervision and control of the Department.

Section 9. ***Board of Energy***— There is hereby created a Board of Energy, hereafter referred to in this Section as the Board, which shall be under the supervision and control

of the Office of the President, and shall be composed of a Chairman and two (2) members to be appointed by the President. It shall be assisted by such technical and supportive staffs as it may appoint for the effective, efficient and economical discharge of its powers and functions.

The Chairman and members of the Board shall be natural born citizen and residents of the Philippines, of good moral character and at least thirty-five (35) years old. The Chairman shall be a lawyer with substantial experience in the practice of law. The members shall be of recognized competence in the field of economics, finance, banking commerce, industry, agriculture, engineering, management, law or labor.

No person who has worked within three (3) years immediately prior to his appointment or is working in any private firm engaged in the petroleum or electric industry or any other entity whose main business is directly related to or connected with any firm shall be appointed to the Board

The term of office of the Chairman and members shall be four (4) years, but the first Chairman appointed shall hold office for four (4) years and of the first two (2) members, one (1) shall hold office for a term of three (3) years, and the other for a term of two (2) years. Unless the President decides otherwise, no person shall be appointed to serve more than two (2) successive terms in the Board.

The Chairman of the Board shall receive a compensation of fifty-four thousand pesos annually, while the members shall each receive an annual compensation of forty-eight thousand pesos, together with such allowances as are presently enjoyed by the Chairman and members of the abolished Oil Industry Commission.

The Board shall, after due notice and hearing, exercise the following powers and functions, among others:

a. Regulate and fix the prices of petroleum products, and exercise such other powers and functions of the abolished Old Industry Commission under Republic Act No. 6173, as amended, which are hereafter transferred to it under Section 12 of this Decree;

b. Regulate and fix the rate schedule or prices of piped gas to be charged by duly franchised gas companies which distribute gas by means of underground pipe system;

c. Regulate and fix the power rates to be charged by electric companies except (1) electric cooperatives which shall continue to be governed by Presidential Decree No. 269, as amended, and (2) the National Power Corporation which shall continue to be governed by Republic Act No. 6395, as amended;

d. Perform such other powers and functions as may be necessary, including the licensing of refineries and regulation of their capacities; reviewing the importation costs of crude oil and providing appropriate remedies for unreasonable or out of line prices and shipping costs thereof; and taking adequate measures to insure that extraordinary gains arising from an increase in the prices of petroleum products redound to the public interest, including payment by persons or entities engaged in the petroleum business to the Special Fund created under Section 8(j) of Republic Act No. 6173, as amended: Provided, That the purposes of such Special Fund are hereby broaden to include its utilization for all energy projects; and

e. Issue Certificates of Public Convenience for the operation of electric power utilities and services except electric cooperatives which shall continue to be governed by Presidential Decree No. 269, as amended, including the establishment and regulation of areas of operation of particular operators of public power utilities and services, the fixing of standards and specifications in all cases related to the issued Certificates of Public Convenience, and the promulgation of rules requiring the operators concerned to install such devices and adopt such procedures as would promote or insure the highest degree of safety and convenience to persons and property.

The provisions of Sections 11 and 12, Republic Act No. 6173, as amended by Presidential Decree No. 1128, shall govern proceedings before the Board, the mode of review of its decisions or orders, including its authority to grant provisional relief.

Section 10. Attached Agencies— The following government corporations are attached to the Department for purposes of policy coordination and integration with sectoral programs; Philippine National Oil Company, National Power Corporation and National Electrification Administration. Such attachment shall be in accordance with the applicable provisions of Article III, Chapter IV, Part II and of Article III, Chapter I, Part XI of the Integrated Reorganization Plan

The ownership by the National Development Company of shares in the Manila Gas Corporation is hereby transferred to the Philippine National Oil Company, subject to the payment to national Development Company of the corresponding book value of its shareholdings in the said corporation as of date of transfer to the Philippine National Oil Company.

Unless the President directs otherwise the Secretary of the Department shall be ex-officio Chairman of the governing boards of the Philippine National Oil Company, National Power Corporation, and National Electrification Administration. The Secretary of Public Works, Transportation and Communications shall be the ex-officio member of the governing boards of the National Electrification Administration and National Power Corporation in lieu of one appointive position in the membership of said governing boards.

#### Section 11. *Abolished Agencies*

a. The Energy Development Board is abolished and its powers and functions are transferred to the Department except those that are specifically transferred to the Bureau of Energy Development under Section 12 of this Decree.

b. The Power Development Council is abolished and its powers and functions are transferred to the Department.

c. The Philippine National Petroleum Center is abolished and its functions are transferred to the appropriate units of the Department.

d. The Oil Industry Commission is abolished and its powers and functions are transferred to the Board of Energy and the Department or the Bureau of Energy Utilization, as provided for in Section 12 of this Decree.

e. The Board of Power and Waterworks is abolished and its powers and functions relative to power utilities are transferred to the Board of Energy, while its powers and functions relative to waterworks are transferred to the National Water Resources Council.

All the foregoing transfers of powers of functions shall include applicable funds and appropriations, records, equipment, property, and such personnel as may be necessary: *Provided*, That with particular reference to Paragraph of this Section, only such amount of funds of the Specialized Regulatory Boards which pertain to the Board of Power and Waterworks, as well as only the personnel of the common Technical Staff of the Specialized Regulatory Boards completely or primarily involved in power and waterworks shall be involved in such transfers: *Provided, further*, That the applicable funds and appropriation of the Oil Industry Commission shall all be transferred to the Board of Energy.

Likewise, the foregoing transfer of powers and functions of the abolished agencies shall be to the extent that they are not modified by any specific provision of this Decree.

Section 12. ***Transferred Powers and Functions***—The following powers and functions are transferred as hereinafter indicated to the extent that they are not modified by any specific provision of this Decree:

a. With reference to Section 11 (a) above, the powers and functions transferred to the Bureau of Energy Development are:

i. The following powers and functions of the abolished Energy Development Board under Presidential Decree No. 87: *Provided*, That service contracts authorized under the said Decree, including the transfer or assignment of interest in said service contracts, shall require the approval of the Secretary:

1) Define and give public notice when applicable of the areas available for service contract;

2) Enter into contracts herein authorized with such terms and conditions as may be appropriate under the circumstances: *Provided, however*, That no depletion allowance *Provided, further*, That except as provided in Section 26 and 27 of Presidential Decree No. 87, no contract in favor of one contractor and its affiliates shall cover less than fifty thousand hectares nor more than seven hundred and fifty thousand hectares for on-shore areas, or less than eighty thousand nor more than one million five hundred thousand hectares for off-shore areas: *And, Provided, finally*, That in no case shall the annual net revenue or share of the government, including all taxes paid by or on behalf of the contractor, be less than sixty percent of the difference between the gross income and the sum of operating expenses and Filipino participation incentive;

(3) Provide for the manner and form of the income tax payment, the reimbursement of operating expenses and the payment of service fee in the service contract;

(4) Make specific proposals to the President for the grant of subsidy to contractors and petroleum companies at least sixty percent of the capital of which is owned by Philippine citizens, to be derived from the revenue or share that will accrue to the government in pursuance of Presidential Decree No. 87;

(5) Undertake intensive studies and researches on oil field practices, procedures, and policies; and

(6) Promulgate such rules and regulations as may be necessary and assess charges for services rendered, to implement the intent and provisions of Presidential Decree No. 87.

ii. The following powers and functions of the abolished Energy Development Board under Presidential Decree No. 910: *Provided*, That service contracts authorized under the said Decree, including the transfer or assignment of interest in said service contracts, shall require the approval of the Secretary;

(1) Undertake by itself or through other arrangements, such as service contract, the active exploration, exploitation, development, and extraction of energy resources in selected areas and/or in government reservations;

(2) Regulate all activities relative to the exploration, exploitation, development, and extraction of fossil and nuclear fuels and geothermal resources and, where necessary, prescribe and collect fees in the exercise of such power;

(3) Exercise the other appropriate powers and functions of the Petroleum Board under Presidential Decree No. 87 which were transferred to the Energy Development Board by Presidential Decree No. 910; and

(4) Exercise the powers and functions of the Bureau of Mines and/or the Department of Natural Resources relative to the exploration, development, and administration of coal bearing lands as provided for in Presidential Decree No. 463 and Act No. 2719, including the powers and functions of the Bureau of Mines and/or the Department of Natural Resources under Republic Act No. 5093 and other laws relating to the promotion and regulation of the exploration, exploitation and development of geothermal energy, natural gas and methane gas.

iii. The powers and functions of the abolished Energy Development Board under Section 18 of Presidential Decree No. 972, entitled “An Act to Promote an Accelerated Exploration, Development, Exploitation, Production and Utilization of Coal”, relative to the implementation of the provisions of the said Decree and the promulgation of rules and regulations to implement the same: *Provided*, That coal operating contracts, including the transfer of assignment of interest in said contracts, shall require the approval of the Secretary.

iv. The following powers and functions of the abolished Energy Development Board under Section 3 of Presidential Decree No. 1068:

(1) Formulate and direct the implementation of a comprehensive national energy program, subject to periodic review and revisions on non-conventional energy research, development and utilization;

(2) Integrate, coordinate, direct and control all research, development and utilization efforts, programs and projects in non-conventional energy resources of all government agencies and instrumentalities including government-owned and controlled corporations;

(3) Review and approve all on-going or planned research, development and utilization projects on non-conventional energy resources whether basic or

applied in nature, supported or planned to be supported by government funds or funds obtainable elsewhere through government intercession or assistance;

(4) Formulate criteria for determining priority for proposed research, development and utilization projects on non-conventional energy resources and accordingly identify and select execution, financing and funding schemes;

(5) Designate project implementors, coordinate and monitor the progress of all projects and activities, on-going or planned projects, in the implementation of the comprehensive national energy program;

(6) Provide necessary and supportive efforts to the non-conventional energy research, development and utilization program such as the launching of vigorous information and promotion drive, assistance and entry of suitable foreign expertise in order to accelerate the pace of local research, development and utilization and the training of qualified Filipino personnel in the various aspects of non-conventional energy, proliferation of those applications in which technologies have proven viable, such as bio-gas generation, windmills for water pumping and power generation from agricultural and industrial wastes, establishment of demonstration systems like solar water heaters, solar air-conditioning and energy plantations;

(7) Develop and implement specific programs requiring the participation not only of government agencies and instrumentalities but also of the private sector;

(8) Grant incentives provided for in Presidential Decree No. 1068 and recommend the grant of such other incentives as shall be necessary and appropriate to enterprises, industries and individuals who shall conduct their own or participate in research and development or apply currently available non-conventional energy technology to their industrial processes or homes; and

(9) Promulgate such rules and regulations as may be necessary to implement the objectives and provisions of Presidential Decree No. 1068.

b. With reference to Section 11 (d) above, the powers and functions of the abolished Oil Industry Commission under Republic Act No. 6173, as amended, shall be transferred as follows:

I. The following powers and functions are transferred to the Department:

(1) Assure that the country shall have a proper, adequate and continuous supply of crude oil and refined petroleum products under the most economic and competitive terms possible considering all available sources of supply;

(2) Study the importation of crude oil into the Philippines and determine its most economical sources, transportation routes, and freight rates;

(3) Look into all available sources of supply of crude oil, draw up plans to cope with such contingencies as may arise should prevailing sources of supply become closed or inaccessible, and enter into such preliminary negotiations or arrangements with possible alternative courses as may be necessary to assure a stable, adequate and continuous supply of crude oil and refined petroleum products under the most economic and competitive terms possible;

(4) Recommend to the President that the State, thru such agency or agencies as the President may designate, acquire equity in any refinery now existing or that may be organized hereafter: *Provided, however,* That equity so acquired shall eventually be made available to the public under such terms and conditions as shall be consistent with government policy then in effect, giving priority to dealers of petroleum products and gasoline station owners or operators; and

(5) Recommend to the President that the State, thru such agency as the President may designate, take over the operation of any refinery or other firm, corporation or entity engaged in the petroleum industry whenever the public welfare or national interest so requires or (a) such refinery, firm, corporation or entity ceases or threatens to cease or substantially reduce its operations; and (b) its cessation or threatened cessation or reduction or threatened reduction of operations threatens the continued supply of petroleum products at reasonable prices to the general public or to industries dependent on petroleum products for sources of energy or otherwise creates a clear and present danger to the national welfare or national security: *Provided, however,* That the operation by the State shall continue only for such period of time as the threat or danger persists: *Provided further,* That just compensation shall be paid for the use of the property: and, *Provided, finally,* That any unrecovered investment made by the State during the take over shall be reimbursed by the refinery, firm, corporation or entity.

ii. The following powers and functions are transferred to the Bureau of Energy Utilization:

(1) Assure that the petroleum industry, as a business vital to the interest, operates under conditions of orderly and economic competition;

(2) Protect gasoline dealers and distributors from unfair and onerous trade conditions;

(3) Minimize the cost of and the outflow of foreign exchange involved in, the operation of the industry;

(4) Induce and effect the increasing participation of Filipino capital, labor and management in the industry and prevent discrimination against any person by reason of race, color, creed or political belief;

(5) Regulate investments of oil companies in order to prevent monopoly, combinations in restraint of trade, unfair competition and economic domination;

(6) Encourage and assist in the organization of association of Filipino oil and gasoline dealers and distributors throughout the Philippines, public utility operators, gasoline and oil consumers, and other similar groups, through the formation of cooperatives or through other group action;

(7) Regulate the operations and trade practices of the industry in order to encourage orderly competition, prevent monopolies and collusive practices within the industry, giving due regard to the ecological and environmental needs of the country;

(8) Require that preference be given to Philippine vessels and bottoms for the purpose of transporting crude oil to and from the Philippines where said vessels can undertake said function on substantially the same basis as foreign-owned vessels;

(9) Take adequate steps to prevent monopolies and combinations in restraint of trade within the petroleum industry, or involving enterprises engaged in the petroleum industry;

(10) Authorize or approve the importation by any agency or instrumentality of the government or a government-owned or controlled corporation of crude oil or petroleum product from any available source, over and above the normal importations of such entities, whenever it has determined that there is a shortage of any petroleum product affecting public interest, and take such other steps as it may deem necessary, including the temporary adjustment of the levels of prices of petroleum products and the adoption of a mechanism which will require the payment to the Special Fund created under Section 8 (j) of Republic Act No. 6173, as amended, by persons or entities engaged in the petroleum industry, in such amount as it may determine, which will enable the importer to recover its cost importation; and

(11) Require all dealership agreement to be filed and registered with the Bureau as public documents.

iii. The following powers and functions are transferred to the Board of Energy:

(1) Assure the public of reasonable prices for petroleum products considering the international price levels of crude oil and petroleum products and after allowing for proper and reasonable cost of importing, shipping, transporting, processing, refining, storing, distributing, marketing and selling crude oil and petroleum products in the Philippines, and for a fair and reasonable return; and prevent collusive practices in the industry, particularly as to prices;

(2) Determine whether current prices of petroleum products are reasonable and set the prices of the same, providing for a fair and reasonable return. No changes in prices may thereafter be made by the Board without prior public notice and hearing at which any consumer of petroleum products and other parties who may be affected may appear and participate. In setting prices or making changes thereof, the Board shall be guided by the following considerations:

(a) Whether claimed increases or decreases in costs, sales or profits are real or simulated;

(b) Whether expenses and costs which are claimed to have been incurred, or are being incurred, or are to be incurred are reasonable, and whether any increase therein may be offset by increased efficiency and reduction of excessive or unnecessary expenses;

(c) The impact of the proposed prices or change therein on the economy and on the consuming public particularly low income groups and industries essential to the national welfare or security; and

(d) The cost and profit levels of the industry.

(3) Regulate the capacities of new refineries or additional capacities of existing refineries so as to accomplish the purposes and objectives of Republic Act No. 6173, as amended;

(4) License refineries that may be organized after the enactment of this Decree, under such terms and conditions as are consistent with the national interest;

(5) Review the cost at which crude oil had been imported into the Philippines within the preceding year whether by private entities or by the government, whenever the Board has received a formal complaint or has reason to believe that prices of shipping costs at which crude oil has been or is being imported into the Philippines are unreasonable or out of line with trends in the international market, taking into consideration among other factors, the quality and security of supply, availability and location of crude oil, and freight rates prevailing at the time; and if found to be unreasonable or out of line, require the importer or importers concerned to reimburse the excess of the foreign exchange involved to the Central Bank of the Philippines, and fix the maximum import cost, requiring that, before future importation be made at a cost in excess thereof, the approval of the Board be first secured. Any order of the Board in the exercise of this power shall be binding on the Central Bank of the Philippines, the Bureau of Customs and all other executive agencies of the government;

(6) Take appropriate measures whenever an authorized increase in the prices of petroleum products would result in an extraordinary gain from existing inventories, including the payment by persons or companies benefited to the Special Fund created under Section 8(j) of Republic Act No. 6173, as amended, of such amounts as the Board may determine in an appropriate order, as would assure that said extraordinary gain will redound to the public interest; and

(7) Require through an appropriate order, payment by persons or companies engaged in the business of importing, manufacturing and/or marketing petroleum products, to the Special Fund created under Section 8(j) of Republic Act No. 6173, as amended, of amounts not exceeding fifteen centavos per liter of refined petroleum products. In the exercise of this power, the Board shall take into account the requirements of the Special Fund in relation to the purposes for which it was created, the effect of the payment on prices of petroleum products and, corollarily, its cost impact on the economy and/or the consuming public and the cost and profit levels of the industry.

iv. Except as otherwise specifically provided, the following powers and functions of the abolished Oil Industry Commission under Republic Act No. 6173, as amended, are transferred either to the Bureau of Energy Utilization or the Board of Energy, or both, to the extent applicable and appropriate in the light of the foregoing transfers of powers and functions:

(1) Set conditions which would accomplish the purposes of Republic Act No. 6173, as amended, under which persons, natural or juridical, can engage or continue engaging in the business of importing, exporting, re-exporting, shipping, transporting, processing, refining, storing, distributing, marketing or selling crude oil, gasoline, kerosene, gas and other refined petroleum products or by-products;

(2) Require importers of crude oil and petroleum products to file data on their import and shipping costs as well as other material information relative thereto;

(3) Require all persons, corporations and other entities engaged in the petroleum industry and their associations or institutes, to furnish it with such relevant information as it may need in the discharge of its duties;

(4) Require all dealership agreements to be filed and registered as public documents;

(5) Issue subpoena and subpoena duces tecum in any inquiry, study, hearing, investigation, or proceedings which it may decide to undertake in the exercise of its powers and functions;

(6) Promulgate rules and regulations relevant to procedures governing hearings before it and enforce compliance with any rule, regulation, order, or other requirement: Provided, That said rules and regulations shall take effect fifteen days after publication in the Official Gazette;

(7) Perform such other acts as may be necessary or conducive to the exercise of its powers and functions; and

(8) Undertake a continuing study of the petroleum industry in its domestic and international aspects, gather and collate information and statistics bearing on the industry, submit an annual report to the President of the Philippines on its activities and the results of its studies, including therein such matters as it may deem appropriate subjects of legislation or executive action; and keep itself regularly and thoroughly informed of conditions in the industry in order to enable it to perform its functions, exercise its powers and discharge its duties effectively.

The annual report shall include, among others, the following data on a company-by-company basis:

(a) Volume, weight, type, import price, and supplier of crude oil and petroleum products imported;

(b) Tonnage, type, nationality and ownership of vessels used in importing crude oil and petroleum products, as well as shipping costs;

(c) Audited financial statements of petroleum refineries and marketing companies;

(d) Data on exported products, price of same, country of destination, and vessel used;

(e) Listed wholesale price of gasoline on a monthly basis;

(f) Posted and market prices of crude oil at sources of importation and other known sources of crude oil supply; and

(g) Cost of refining petroleum products.

v. The provisions of Section 16 of Republic Act No. 6173, as amended, shall continue to be effective.

(c) The powers and functions of the Philippine National Oil Company relating to the regulation of other oil companies, including the importation of refined petroleum products, are hereby transferred to the Department or its bureaus as appropriate.

Section. 13. *Concurrent Authority Over the Regulation of the Mining of Radioactive Minerals*— The powers and functions of the Bureau of Mines relative to the mining location, registration, exploration, development and exploitation of radioactive

minerals containing uranium, thorium and other radioactive elements under Presidential Decree No. 1101, shall be subject to the concurrent clearance of the Bureau of Energy Development, which may prescribe such additional terms and conditions as are necessary insofar as these pertain to energy development.

Section. 14. ***Representation in the National Water Resources Council***— The Department shall be represented in the National Water Resources Council by the Secretary of Energy or his designated representative as an additional member thereof.

Section. 15. ***Representation in the NEDA***— The Secretary of Energy shall be an additional member of the NEDA Board.

Section. 16. ***Representation in the National Science Development Board***— The Secretary of Energy and the Secretary of Industry shall be additional members of the National Science Development Board.

Section. 17. ***Representation in the National Electrification Administration***— The Secretary of Energy shall be an additional member of the Board of National Electrification Administration.

Section. 18. ***Representation in the Maritime Industry Authority***— The Secretary of Energy shall be an additional member of the Board of the Maritime Industry Authority.

Section. 19. ***Benefits of Personnel Who May Be Laid Off***— Personnel of agencies abolished or otherwise affected by this reorganization who are laid off as a result of the implementation of this Decree shall be entitled to benefits and privileges provided for under Section 5 and 6 Republic Act No. 5435, as amended.

Section. 20. ***Appropriation***— To carry out the purposes of this Decree, there is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, the sum of ten million pesos (P10,000,000,00) for the operation of the Department and its bureaus, including such amount thereof as may be needed to augment the appropriations of the Board of Energy, for the remaining period of FY 1997 in addition to whatever applicable appropriation that may be transferred to it from among the government agencies reorganized under this Decree. Thereafter, the appropriation for the Department, its bureaus and the Board of Energy shall be included in the Annual General Appropriation Act.

Section. 21. ***Applicability Clause***— The applicable provisions of Republic Act No. 6173, as amended, otherwise known as the “Oil Industry Commission Act”; Presidential Decree No. 269, otherwise known as the “National Electrification Administration Decree”; Presidential Decree No. 87, also known as the “Oil Exploration and Development Act of 1972”; Presidential Decree No. 910, creating the Energy Development Board; Presidential Decree No. 948, strengthening and reconstituting the Power Development Council; Presidential Decree No. 972, otherwise known as the “Coal Development Act of 1976”, Presidential Decree No. 1068, directing the acceleration of

research, development and utilization of non-conventional energy resources; Presidential Decree No. 1101, declaring areas containing radioactive minerals open to mining location and disposition and such other laws and decrees governing the administration and development of energy resources shall continue to have full force and effect, except insofar as inconsistent with this Decree.

Section. 22. *Separability Clause*— Should any provision of this Decree be held unconstitutional, no other provisions hereof shall be affected thereby.

Section. 23. *Repealing Clause*— All laws, decrees, executive orders, administrative orders, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

Section. 24. *Effectivity* — This Decree shall take effect immediately.

DONE in the City of Manila, this 6th day of October, in the year of Our Lord, nineteen hundred and seventy-seven.

(Sgd.) **FERDINAND E. MARCOS**  
Republic of the Philippines

President

By the President:

(Sgd.) **JACOBO C. CLAVE**  
Presidential Executive Assistant