

**PRESIDENTIAL DECREE NO. 1573**

**AMENDING PRESIDENTIAL DECREE NO. 1206  
CREATING THE DEPARTMENT OF ENERGY**

WHEREAS, Presidential Decree No. 1206 vested the Department of Energy and its Bureaus regulatory powers over business activities dealing in the exploration, utilization, development and distribution of energy resources;

WHEREAS, it is necessary to provide the Department of Energy and its Bureaus with sufficient means and remedies through which they can effectively exercise and enforce their regulatory powers; and

WHEREAS, in view of the foregoing considerations, it has become necessary to amend Presidential Decree No. 1206.

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 as follows:

SEC. 1. SECTION 6 of Presidential Decree NO. 1206 is hereby amended to read as follows:

SEC. 6. *Bureau of Energy Development* - There is created in the Department a Bureau of Energy Development, hereinafter referred 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 business activities relative to the exploration, exploitation, development and extraction of fossil fuels such as petroleum, coal, natural 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 resource;

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

“d. Issue subpoena and summon witnesses to appear in any proceeding before the Bureau;

“e. In addition to fines and /or penalties arising from contractual violations, to impose and collect, after due notice and hearing, a fine not exceeding One Thousand Pesos for every violation or non-compliance with any provision of Presidential Decree No. 87, Presidential Decree No. 972, as amended, Presidential Decree No. 1068 or any other laws being implemented by the Bureau, the rules and regulations promulgated thereunder, its orders, decisions and rulings, or of any permit of license issued by it.

“The fine so imposed shall be paid to the Bureau, and failure to, pay the fine within the time specified in the order or decision of the Bureau or failure to cease and discontinue the violation or non-compliance shall be deemed good and sufficient reason for the suspension; closure or stoppage of operations of the establishment of the person guilty of the violation or non-compliance. In case the violation or default is committed by a corporation or association, the manager or the person who has

charge of the management of the corporation or association and the officers or directors thereof who have ordered or authorized the violation of default shall be solidarily liable for the payment of the fine.

“The Bureau shall have the power and authority to issue corresponding writs of execution directing the City Sheriff or Provincial Sheriff or other peace officers whom it may appoint to enforce the fine or the order of closure, suspension or stoppage of operations. Payment may also be enforced by appropriate action brought in a court of competent jurisdiction. The remedy provided herein shall not be a bar to or affect any other remedy under existing laws, but shall be cumulative and additional to such remedies.

“f. After due notice and hearing in an order to be promulgated by the Director of Energy Development, forfeit in favor of the Bureau, surety, performance, and guaranty bonds issued in favor of said Bureau;

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

“The decisions, orders, resolutions or actions of the Bureau may be appealed to the Secretary whose decisions are final and executory unless execution thereof is enjoined by the President.”

SEC. 2. Section 7 of the same Decree is hereby amended to read as follows:

SEC. 7 *Bureau of Energy Utilization*- There is created in the Department a Bureau of Energy Utilization, hereafter 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 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 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 Oil Industry Commission under Republic Act No. 6173, as amended, which are hereafter transferred to it under Section 12 of this Decree;

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

“d. Impose and collect application, registration and license fees or charges. If said fees or charges are not paid within the time prescribed by the Bureau, the amount

thereof shall be increased by twenty-five per centum, the increment to become part of the fee or charge;

“e. After due notice and hearing, impose and collect a fine not exceeding One Thousand Pesos, for every violation or non-compliance with any term or condition of any certificate, license, or permit issued by the Bureau or of any of its, decisions, rules or regulations.

“The fine so imposed shall be paid to the Bureau, and failure to pay the fine within the time specified in the order or decision of the Bureau of failure to cease and discontinue the violation or non-compliance shall be deemed good and sufficient reason for the suspension, closure or stoppage of operations of the establishment of the person guilty of the violation or non-compliance. In case the violation of default is committed by a corporation or association, the manager or the person who has charge of the management of the corporation or association and the officers or directors thereof who have ordered or authorized the violation or default shall be solidarily liable for the payment of the fine.

“The Bureau shall have the power and authority to issue corresponding writs of execution directing the City Sheriff or Provincial Sheriff or other peace officers whom it may appoint to enforce the fine or the order of closure, suspension or stoppage of operations. Payments may also be enforced by appropriate action brought in a court of competent jurisdiction. The remedy provided herein shall not be a bar or affect any other remedy under existing laws, but shall be cumulative and additional to such remedies;

“f. Formulate, develop, and periodically review and revise as necessary, a comprehensive national energy conservation program;

“g. Conduct energy audit of energy-consuming establishments to evaluate and help improve energy utilization efficiency;

“h. Develop and adopt energy utilization standards;

“i. Require energy-intensive projects and establishments to submit an energy impact assessment to cover: energy utilization efficiency of proposed project; project operation timetable; projected production and energy consumption; effect of project on the energy network system of affected area; comparison of different fuel and site alternatives to assure most economical energy cost with due consideration to overall project economics; and

“j. Promulgate, subject to the approval of the Secretary, such rules and regulations as may be necessary for the efficient and effective 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 execution thereof is enjoined by the President.

SEC. 3. Section 9 of the same Decree is hereby amended to read as follows:

SEC. 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 and efficient discharge of its powers and functions.

“The Chairman and members of the Board shall be natural-born citizens and residents of the Philippines, of good moral character and at least thirty-five 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 privately-owned firm engaged in the petroleum or electric industry or any other entity whose main business is directly related or connected with any such firm shall be appointed to the Board. This disqualification shall not apply to persons employed by or in the employ of government-owned or controlled corporations engaged in the petroleum or electric industry.

“The term of the 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 two (2) members appointed, one (1) shall hold office for a term of three (3) years, and the other for a term of two (2) years.

“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 where necessary, 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 Oil 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 cost 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 broadened 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, and fixing of standards and specifications in all cases related to the issued Certificates of Public Convenience, and the promulgation of rules and 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 Section 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 4. Section 12(B) (iv) and Section 12 (C) of the same Decree are hereby amended to read as follows:

“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 foregoing transfers of powers and functions:

“(1) 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;

“(2) 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;

“(3) 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;

“(4) 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;

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

“(6) 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 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 power 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 crude oil at sources of importation and other known sources of crude oil supply; and

“(g) Cost of refining petroleum products.”

“C. The powers and functions of the Philippine National Oil Company relating to the regulation of oil or petroleum operations, as defined in Presidential Decree No. 334, as amended, including the importation of refined petroleum products, are hereby transferred to the Department or its bureaus as appropriate.”

SEC. 5. Section 19 of the same Decree is hereby amended to read as follows:

“SEC. 19. *Benefits of Personnel Who May Be Laid Off and Incentives of Employees* - 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 of Republic Act No. 5435, as amended.

SEC. 6. Section 20 of the same Decree is amended to read as follows:

“SEC. 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 (P 10,000,000.00) for the operation of the Department and its Bureau, including such amount thereof as may be needed to augment the appropriations of the Board of Energy, for the remaining period of FY 1978 in addition to whatever applicable appropriations 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 Appropriations Act.

“Subject to existing rules and regulations, the funds and monies, collected or which otherwise come into the possession of the Department, its Bureaus and the Philippine Atomic Energy Commission, as well as the Board of Energy from fees, surcharges, fines and penalties which they are authorized to impose and collect including those under Section 4(c), Section 6 (e), Section 7(d) and (e) of this Decree as well as an amount to be determined at the beginning of every fiscal year representing ten percent (10%) of the outstanding balance of funds and monies, forming part of the Special Fund under Section (g) of the Presidential Decree No. 910, shall be disbursed for the health, welfare and other similar benefits of their personnel; for the acquisition, maintenance and repair of urgently needed equipment

and for expenses necessary for the effective discharge of their powers and functions under this Decree.

“Provision of existing laws, rules and regulations to the contrary notwithstanding, officials and employees of government department, bureau, offices, instrumentalities including government-owned and controlled corporations, may be appointed in the interest of the service to serve through temporary detail assignment in the Department of Energy, its Bureaus, and Commissions as well as the Board of Energy and may receive allowances and other emoluments therefrom, in addition to their regular compensation from their permanent office of employment.”

SECTION 7. This Decree shall take effect immediately.

Done in the City of Manila, this 11th day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

**MARCOS**

President of the Philippines

**(Sgd.) FERDINAND E.**

By the President:

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