

# [ PRESIDENTIAL DECREE NO. 1722, September 16, 1980 ]

## **CREATING THE NATIONAL COAL AUTHORITY DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSE.**

**WHEREAS**, overriding considerations of national interest recognize energy self-sufficiency as a national priority;

**WHEREAS**, the accelerated coal development program is an important component of the government's thrust towards energy self-sufficiency;

**WHEREAS**, the utilization of coal as an alternate source of power for various industries necessitates the assurance by the government of an adequate and stable supply of coal for the use of such industries;

**WHEREAS**, in order to effect an integrated system of coal handling and thus accomplish the maximum efficient utilization of coal, it is imperative that a central government authority be established;

**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:

**SECTION 1. *Short Title*** — This decree shall be known and be cited as "The Charter of the National Coal Authority".

**SECTION 2. *Policy and Objectives*** — Hand in hand with the existing Government policy of accelerating the development of indigenous conventional energy resources as well as non-conventional energy alternatives with great potential for immediate and future applications, it is hereby declared to be the policy of the State to consider the maximum efficient utilization of coal as an important segment of the Government's thrust towards energy self-sufficiency and in sustaining the rapid growth and development of the national economy. This policy shall be carried out by attaining the following objectives: 1) to provide and maintain an adequate and stable supply of coal, whether imported or locally produced; 2) To establish or cause the establishment, coordinate, control and regulate an effective, efficient and economical logistics system as will adequately function to meet domestic requirements; and 3) To set up the conditions that would enable coal to substantially contribute to the country's self-sufficiency-program and thereby enhance the economic development of the nation.

**SECTION 3. *Creation of the National Coal Authority*** — There is hereby created the national Coal Authority, hereinafter referred to as the Authority, which shall be responsible for implementing the policy and obtaining the objectives set under this Decree.

**SECTION 4. *Powers and Functions of the Authority*** — The Authority shall insofar as may be necessary, reasonable and practicable, undertake and assume primary responsibility for the shift in the use of fuel for industry from petroleum to coal, and in order to assure an adequate and stable supply of coal, it shall coordinate, integrate, systematize, control and regulate all activities relating to the

procurement, purchase, sale, importation, exportation on and handling of coal, including the pricing, receiving, storage, transport, distribution, processing and delivery thereof, Additionally, it shall:

- a. formulate and define, thru appropriate rules and regulations, the necessary plans, programs and guidelines for carrying out the policy and objectives laid down in this Decree;
- b. Using the standards of necessity, reasonableness and practicability, determine the industries that would have to shift to coal as a source of fuel;
- c. Set up the mechanism for the rapid shift in the use of coal as fuel for industry including the priorities and timing thereof, and extend such assistance as may be necessary therefore;
- d. Adopt a system whereby the adequacy of coal supply and stability of coal prices could be assured;
- e. Procure and control or cause the procurement and control of coal in such quantities and locations as may be foreseeably needed;
- f. Engage in, control, supervise and regulate the purchase, sale, importation, exportation and supply of coal and their derivatives;
- g. Establish, construct, install or maintain in any area within the national territory, ports and terminals, buildings, facilities and infrastructures for receiving processing, blending, storing, transporting and distributing coals;
- h. Undertake the efficient, effective, adequately and economical means of distributing, delivering, transporting and/or shipping coal for purposes of reducing marketing cost and ensuring stable supply;
- i. Regulate and control the receiving storage transportation distribution, processing, blending, delivery and handling of coal;
- j. Regulate and control the utilization of coal as fuel for industry and establish, set up and relate the prices thereof;
- k. Coordinate with the Ministries of Energy, Industry and Natural Resources for the maximum efficient utilization of coal;
- l. Enter into contracts with any person or entity domestic or foreign, private or Government, for undertaking the various aspects of its coal operations;
- m. Borrow money from local and foreign sources, guarantee or work for the guarantee of loans from Government and private financial institutions, and engage in such financing activities as may be necessary for its operations including relending to private industries to facilitate their rapid shift to the use of coal as source of fuel;
- n. Any provisions of law to the contrary notwithstanding invest its funds, acquire assets, real or personal, or interest therein, and encumber or otherwise dispose of the same as it may deem proper and necessary in the conduct of its business;
- o. Subject to existing regulations, establish and maintain such communications systems, whether by radio, telegraph or any other manner, without the need of a separate franchise therefor;
- p. Any provision of law to the contrary notwithstanding, determine through its Board of Governors, its organizational structure and the number and positions of its officers and employees; appoint such officers and employees; fix their salaries, compensations, allowances, benefits, working hours, leave and other terms and conditions of employment; grant them leaves of absence under such conditions as it may deem proper; discipline and/or remove them for cause; and establish a recruitment and merit system for such offices and employees;

- q. Hire technical consultants and other experts at rates competitive with private industry;
- r. Accept detail of personnel from other government agencies including government owned or controlled corporations and pay allowances thereto in addition to their regular pay, *provided* such allowances do not exceed twenty-five per cent (25%) of the base pay of such personnel and provides further that the payments to be made shall come from funds out of the fines, fees and other charges which the Authority may generate in the exercise of its regulatory powers;
- s. Establishing and maintain offices, branches, agencies, sub-agencies, correspondents or other units anywhere as may be needed by the Authority and reorganize or abolish the same as it may deem proper;
- t. Exercise the right of eminent domain as may be necessary for the purpose for which the Authority is created;
- u. Acquire easement over public and private land necessary for the purpose of carrying out any work essential to its coal operations, subject to payment of just compensation;
- v. Establish and maintain a technical educational system for the sustained development of the necessary manpower to manage and operate its affairs and business;
- w. Perform such acts and exercise such functions as may be necessary for the attainment of the purposes and objectives herein specified;
- x. Promulgate such rules and regulations as may be necessary to carry out the purposes of this Decree and impose a penalty for the violation thereof, consisting a fine not exceeding One Hundred Thousand Pesos (P100,000.00) or imprisonment not exceeding five (5) years or both such fine and imprisonment;
- y. Perform such other functions as may be *provided* by law.

**SECTION 5. *Governing Body*** — The Authority shall be governed by a Board of Governors which shall be composed of the Minister of Energy as ex-officio chairman, the Minister of Industry, the Minister of Natural Resources, and the Minister of the Budget as ex-officio members, and one other member, to be appointed by the President of the Philippines from the private sector.

The Authority shall have an Executive director to be appointed by the President. The Executive Director who shall be the Chief Executive Officer of the Authority shall be under the administrative supervision and control of the Chairman. The Executive Director and the appointed members of the Board shall serve for a term of five (5) years or until their successors shall have been appointed and qualified. In case of any vacancy in the Board, the same shall be filled by the President of the Philippines for the unexpired term.

No person shall be appointed as Executive Director or member of the Board unless he is a natural born citizen of the Philippines, at least (35) years old on the date of his appointment, of good moral character and of recognized executive ability and competence in public or private employment.

**SECTION 6. *Duties and Responsibilities of the Chairman of the Board and Executive Director***. — The Chairman of the Board of Governors and the Executive Director shall exercise such powers and perform such duties as may be vested in them by the Authority thru the Board of Governors.