

MALACAÑANG
MANILA

ADMINISTRATIVE ORDER NO. 38

**PROVIDING FOR THE INSTITUTIONAL STRENGTHENING OF THE
DEPARTMENT OF ENERGY BY REDEFINING THE FUNCTIONS AND SERVICES
OF ITS BUREAUS, SERVICE UNITS AND OFFICES**

WHEREAS, Section 12 of Republic Act No. 7638, known as the Department of Energy Act of 1992, empowers the Secretary of Energy, subject to the approval of the President, to reorganize, restructure, and redefine the functions of the bureaus and services for the effective discharge of the powers and functions of the Department;

WHEREAS, Section 8(d) of the said Act also empowers the Secretary of Energy to create regional offices and such other service units and divisions as may be necessary;

WHEREAS, after the creation of the Department of Energy, several laws were passed that expanded the role and functions of the Department of Energy, such as the Downstream Oil Industry Deregulation Act of 1998 (Republic Act No. 8479), the Philippine Clean Air Act of 1999 (Republic Act No. 8749), and most recently, the Electric Power Industry Reform Act of 2001 (Republic Act No. 9136);

WHEREAS, owing to the Department's expanded role in the allocation, mobilization and optimum employment of our country's energy resources, there is a need to institutionally strengthen the Department of Energy to cope with these developments;

WHEREAS, the Secretary of Energy recommends the issuance of this Administrative Order;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. Policy on Institutional Strengthening. The Secretary of Energy is authorized to implement the institutional strengthening of the Department of Energy, 's bureaus, units and offices, upon prior concurrence of the Department of Budget and Management, and guided by the declared policy under Section 2, Chapter 1, Book IV of the Administrative Code of 1987 that bureaus and offices shall be grouped primarily on the basis of major functions to achieve simplicity, economy and efficiency in government operations and minimize duplication and overlapping of activities.

Section 2. Bureaus and Their Functions and Services. Pursuant to Section 12 of Republic Act No. 7638, the Department of Energy shall maintain the following bureaus:

- a. The Energy Resource Development Bureau (ERDB). – The ERDB shall have the following functions and services:

- i. formulate and implement policies, programs, and regulations on the exploration, development and production of energy from indigenous petroleum, petrochemical, coal and geothermal energy resources; and
 - ii. undertake product and market development of coal and geothermal resources/industries.
- b. The Energy Utilization Management Bureau (EUMB). – The EUMB shall have the following functions and services:
- i. formulate and implement policies, programs, and regulations on new energy technologies, alternative fuels and the efficient, economical transformation, marketing and distribution of conventional and renewable energy resources; and
 - ii. undertake plans, programs and strategies to ensure efficient and judicious utilization of conventional and renewable energy resources.
- c. The Energy Policy and Planning Bureau. The Energy Planning and Monitoring Bureau is hereby renamed as the Energy Policy and Planning Bureau (EPPB). The EPPB shall have the following functions and services:
- i. develop, prepare and update an integrated national energy plan and other support plans for the energy sector;
 - ii. formulate energy policies, programs and strategies;
 - iii. undertake comprehensive assessment of the demand scenarios and supply options; and
 - iv. undertake studies on the impact of energy policies on the economy and environment.
- d. The Electric Power Industry Administration Bureau and the Oil Industry Administration Bureau. - To identify and particularize areas of responsibility in industry administration, the Energy Industry Administration Bureau is hereby re-defined according to industry, as follows: (i) the Electric Power Industry Administration Bureau (EPIAB) and (ii) the Oil Industry Administration Bureau (OIAB).

The EPIAB shall have the following functions and services:

- i. supervise the restructuring of the electric power industry, with a view to establishing a competitive, market-based environment and encouraging private-sector participation;
- ii. formulate plans and programs that would ensure adequate, efficient and reliable supply of electricity; and

- iii. formulate plans, programs and strategies on rural electrification.

The OIAB shall have the following functions and services:

- i. formulate and implement policies, programs, and regulations on the downstream-oil industry, including the importation, exportation, stockpiling, storage, shipping, transportation, refining, processing, marketing and distribution of petroleum crude oils, products and by-products; and
 - ii. monitor developments in the downstream oil industry.
- e. Administrative Services, Financial Services and Legal Services. - To better define the broad administrative support functions of the Administrative Support Services created under Republic Act No. 7638, the said unit is hereby re-defined into three (3) distinct services; namely: the Administrative Services, the Financial Services, and the Legal Services.

The Administrative Services shall formulate and implement policies, programs, and regulations on human resource, treasure and fund management, and general administrative services.

The Financial Services shall have the following functions and services:

- i. formulate and implement fiscal policies, programs, and regulations, including those on indigenous energy resource service contractors;
- ii. monitor the utilization of government-administered energy funds; and
- iii. provide staff support services pertaining to budget and accounting.

The Legal Services shall have the following functions and services:

- i. provide legal advice, legal counseling, and legal support to service contract negotiations and hearings; and
- ii. serve as the official legislative liaison office of the Department of Energy to the Congress of the Philippines.

Section 3. Other Service Units and Offices and Their Functions and Services. Upon the recommendation of the Secretary of Energy and pursuant to Section 8(d) of Republic Act No. 7638, the Department of Energy shall have the following additional service units and offices:

- a. Natural Gas Office (NGO) - The NGO shall formulate and implement policies, programs and regulations on the development

and promotion of natural gas, as well as undertake product and market development of natural gas.

b. Consumer Welfare Promotion Office (CWPO) - The CWPO shall formulate and implement policies, plans, and programs for consumer information, welfare promotion, empowerment and protection.

c. Public Affairs Office (PAO). - The PAO shall prepare and implement plans and programs for media and public relations, as well as coordinate activities for special events of the Department of Energy.

d. Investment Promotion Office (IPO) - The IPO shall formulate and implement policies and programs on promotion of investments in energy resource exploration, technology and infrastructure, among others.

Further, existing service units and offices shall be renamed and their functions re-defined as follows:

a. The Internal Audit Unit - The existing Management and Audit Division shall be renamed and re-defined as the Internal Audit Unit (IAU). The IAU shall monitor, audit and review the implementation of existing internal control systems, work processes and policies, and shall recommend improvements and corrective actions thereto.

b. The Information Technology and Management Services – The current Geodata and Information Services Division and Management Information Division shall be integrated, renamed and re-defined as the Information Technology and Management Services (ITMS). The ITMS shall formulate policies, implement programs, and provide services on information and communications technology, geoinformatics, and data and information management.

c. The Energy Research and Testing Laboratory Services (ERTLS) - The following existing laboratory units shall be subsumed under one (1) service unit, the ERTLS: (i) the Appliance Testing Laboratory, (ii) the National Petroleum Testing Laboratory, and (iii) the Energy Research Laboratory.

The ERTLS shall have the following functions and services:

i. research and conduct scientific and physical tests on rocks, oil and gas, coal, waters, processed fuels and trace metals, among others, in support of the exploration and development of indigenous energy resources; and

ii. provide technical testing on energy efficiency and calibration methodologies with a view to enhancing energy efficiency programs.

d. Luzon, Visayas, and Mindanao Field Offices - The existing Visayas and Mindanao Field Offices shall be, expanded to include Luzon Field Offices. The operatives of these field offices shall be the immediate

representatives of the Department of Energy in said field offices for the implementation of its policies, plans, programs, and regulations therein.

Section 4. Separation and Other Benefits. Pursuant to Section 63 of the Electric Power Industry Reform Act of 2001 (Republic Act No. 9136), officers and employees separated from the Energy Industry Administration Bureau as a result hereof shall be entitled to the corresponding benefits therein. All other officers and employees separated as a result hereof shall be entitled to the benefits provided under the Government Service Insurance Act of 1997 (Republic Act No. 8291).

Section 5. Appropriations for Staffing Pattern. Institutional strengthening in accordance hereof shall not result in any increase in the corresponding appropriations for the Department of Energy. Further, the Secretary of Energy shall submit to the Department of Budget and Management for evaluation and final approval the resultant staffing pattern for the Department of Energy.

Section 6. Implementing Guidelines, Rules and Regulations. The Secretary of Energy shall promulgate the necessary implementing guidelines, rules and regulations to ensure the orderly implementation of this Administrative Order.

Section 7. Effectivity. This Administrative Order shall take effect immediately.

DONE in the City of Manila, this 23rd day of August, in the year of our Lord, Two Thousand and Two.

By the President:

(sgd)

ALBERTO G. ROMULO
Executive Secretary