

EXECUTIVE ORDER NO. 354

July 5, 1996

AUTHORIZING THE NATIONAL POWER CORPORATION TO ENTER INTO NEGOTIATED CONTRACTS FOR THE COAL SUPPLY REQUIREMENTS OF ITS POWER STATIONS AS WELL AS THOSE OF ITS INDEPENDENT POWER PRODUCERS, AND FOR OTHER PURPOSES

WHEREAS, the Power Development Program of government for the period 1996 through 2005 requires the putting up of capacity additions of 2,150 MW imported coal-fired to the existing 850 MW imported coal-fired power stations;

WHEREAS, Republic Act No. 7638 mandates the adoption of comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan;

WHEREAS, the Philippines is competing with the countries in Europe and in the Asia Pacific Region for the limited coal resources available in the world market;

WHEREAS, the tightness in the world coal supply has generated an upward trend in the coal price;

WHEREAS, power companies in Asian countries, such as Japan, South Korea, Hongkong and Taiwan, have secured long term fuel supply for their power stations from the coal producing countries;

WHEREAS, the security and stability of fuel supply to meet the requirements of the National Power Corporation are vital to the country's economic and industrial development and dispersal;

WHEREAS, the security and stability of fuel supply to meet the requirements of the National Power Corporation are vital to the country's economic and industrial development and dispersal;

WHEREAS, the requirements of environmental laws and regulations on coal quality practically limit coal source to a narrow field of coal suppliers and/or producers;

WHEREAS, there is a need to establish a procurement procedure for the coal supplies of NPC;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Fuel Procurement. C The provisions of Executive Order No. 301 and other related laws on procurement of supplies to the contrary notwithstanding, the Governing Board of the National Power Corporation is hereby authorized and directed to come up with ways and means to ensure security and stability of the fuel requirements of its power stations as well as those of its Independent Power Producers, including procurement of coal on a negotiated basis under such terms and conditions consistent with generally accepted norms and practices in international fuel transactions.

SEC. 2. Coal Supply Arrangements. C Conformably with Section 1 hereof, the National Power Corporation is hereby authorized and empowered to enter into coal supply agreements with foreign government instrumentality on a government-to-government basis, coal suppliers and traders, and coal mine operators.

SEC. 3. Standards in International Coal Transaction. C Subject to the approval of the Department of Energy, the National Power Corporation shall formulate and adopt rules and procedure necessary for the implementation of this Executive Order. Such rules and procedures shall conform with norms and practices in international coal transactions.

SEC. 4. All orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 5. Effectivity. This Order shall take effect immediately.

DONE in the City of Manila, this 5th day of July in the year of Our Lord, Nineteen Hundred and Ninety- Six.