



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2017- 09-0010 //

**ADOPTING THE PHILIPPINE CONVENTIONAL ENERGY CONTRACTING
PROGRAM (PCECP) OF AWARDING COAL OPERATING CONTRACTS (COC)
AND CREATING THE REVIEW AND EVALUATION COMMITTEE (REC)
REPEALING FOR THIS PURPOSE DEPARTMENT CIRCULAR NO. DC2014-02-
0005 AND DEPARTMENT ORDER NO. DO2014-08-0017**

WHEREAS, Republic Act No. 7638, as amended, otherwise known as "*The Department of Energy (DOE) Act of 1992*", mandates the Department of Energy (DOE) to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution, and conservation;

WHEREAS, Section 4 of Presidential Decree No. 972, as amended, otherwise known as "*The Coal Development Act of 1976*", allow the Philippine Government (the "Government") to promote and undertake the exploration, development and production of the country's indigenous coal resources through Coal Operating Contracts (COCs) with contractors:

WHEREAS, the DOE issued Department Circular No. DC2014-02-0005 (the "*5th Philippine Energy Contracting Round (PECR5) Guidelines*") to reiterate and acknowledge the need to continue adopting a transparent and competitive system for awarding COCs for the exploration, development, and production of the country's coal resources;

WHEREAS, the DOE issued Department Order No. DO2014-08-0017, as amended, otherwise known as "*Prescribing Guidelines and Procedures for the Amendment of Contract Area in Coal Operating Contract (COCs) and Petroleum Service Contracts (SCs)*", to provide legal basis for existing COC and SC contractors to carry out the exploration and development of petroleum and coal resources in other frontier areas not covered and offered in any energy contracting round;

WHEREAS, the DOE is continuously adopting new mechanisms and strategies to effectively carry out its plans and programs as mandated under PD 972, as amended, including its implementing rules and regulations;

WHEREAS, Section 6 of PD 972, as amended, otherwise known as "*The Coal Development Act of 1976*", allows the Government to promote and offer prospective coal areas for award through bidding or negotiation;

WHEREAS, the DOE desires to implement a simpler and faster public contracting program by nomination thru publication to facilitate the acceptance of applications for COC from interested applicants at any given time which is deemed to be more responsive if the development of the country's coal resources is to be intensified;

WHEREAS, the DOE intends to effectively administer, supervise and regulate the implementation of awarded COCs to ensure the sustainable development of the country's coal resources;

NOW, THEREFORE, in consideration of the aforementioned premises, the following policies and procedures in the selection, evaluation, awarding and administration of COCs are hereby adopted and promulgated for compliance by all concerned:

Section 1. Scope. This Circular shall govern the selection process in the awarding of COCs and the creation of the Review and Evaluation Committee (REC).

Section 2. Policies in the Conduct of Selection Process in Awarding COCs. The selection process in the awarding of COCs to qualified applicants shall be conducted in a transparent, open, competitive and expeditious manner.

Section 3. Various Modes in Awarding Coal Operating Contracts

3.1 Applicant/s Nomination and Publication of Area/s of Interest

Applicant/s for COC shall formally nominate the area/s of their interest for the REC consideration in accordance with the procedures set under Item I of Annex "A".

3.2 DOE Publication of Coal Areas Open for Application

The DOE thru the Review and Evaluation Committee (REC) may publish identified coal area/s not covered by any application for nomination for the purpose of inviting interested applicant/s to file application.

Section 4. Creation of the Review and Evaluation Committee (REC). The REC is hereby constituted to carry out the responsibilities set forth in this Circular and shall be composed of the following officials:

Chairperson - Undersecretary-in-charge of the Energy Resource Development Bureau

Vice Chairman - Assistant Secretary

Members Director of the ERDB
 Director of the Financial Services (FS)
 Director of the Legal Services
 Director of the Information Technology and Management Services (ITMS)

Section 5. REC Technical Working Group (TWG) and Secretariat. The REC TWG and Secretariat shall assist the REC in all activities related to Philippine Conventional Energy Contracting Program (PCECP) and in the coordination and administration, supervision and regulation of COCs, and shall be composed of the following:

Head	Assistant Director of the ERDB
TWG Members	<p>Chief, Coal and Nuclear Minerals Division (CNMD)</p> <p>Chief, Conventional Energy Resource Compliance Division (CERCD)</p> <p>Chief, Upstream Conventional Energy Legal Services Division (UCELSD)</p> <p>Chief, Information Services Division (ISD)</p> <p>Chief, Information and Data Management Division (IDMD)</p> <p>The DOE Luzon Field Office (LFO), DOE Visayas Field Office (VFO) and DOE Mindanao Field Office (MFO) shall assist the TWG in the performance of its functions in their respective area/s of jurisdiction.</p>
Secretariat Members	<p>Supervising Science Research Specialist and Staff</p> <p>CNMD Exploration and Geosciences Research Section and Development and Production Section</p>

Section 6. Responsibilities of the REC

- 6.1 Accept, evaluate and approve or reject the application for nomination of area/s of interest for publication;
- 6.2 Examine, evaluate, and review the legal, technical, and financial capabilities of the applicant/s and their application/s as provided for in PD 972, and existing laws, rules, and regulations;
- 6.3 Recommend to the Secretary the award and issuance of COC in favor of the highest-ranked applicant for multiple applications, or legally, technically, and financially qualified in case of sole applicant;
- 6.4 Address any questions and inquiries that may be raised by the Secretary in connection with the COCs endorsed for award and issuance;
- 6.5 Resolve issues in relation to the legal, technical and financial capabilities of applicants, including motions for reconsideration;
- 6.6 Cause the publication of coal area/s open for COC applications under Section 3.2 of this Circular;
- 6.7 Institute and implement a system of coordination and administration, supervision and regulation during the implementation and operation of the COCs such as, but not limited to, the following:
 - a) Extension, amendment, cancellation / termination and relinquishment of COCs;
 - b) Transfer and assignment of COCs;
 - c) Disposal of assets; and,

- d) Recommend allocation and utilization of all assistance funds generated from the awarded COCs in accordance with the existing rules and regulations.

6.8 Other functions of REC that the Secretary may delegate and additional tasks that may be deemed necessary to carry out its responsibilities and objectives.

Section 7. Qualifications of COC Applicant. Applicant must be a corporation or partnership with at least sixty percent (60%) of its capitalization is owned by Filipinos duly registered with the Securities and Exchange Commission (SEC), or cooperative, organized or authorized for the purpose of engaging in coal exploration and development.

In relation thereto, the applicant shall comply with Section 2-A of Commonwealth Act (CA) No. 108 or the "Anti-Dummy Law" and Foreign Investment Act.

Section 8. Evaluation, Selection and Awarding Procedures for the Various Modes of Selection Process. The evaluation, selection and awarding procedures for the various modes of selection process in awarding COCs shall be provided for under Annex "A" of this Circular entitled "*Guidelines for Philippine Conventional Energy Contracting Program (PCECP) for Coal Operating Contract Application*".

Section 9. Criteria for Selecting the Highest Ranked Applicant. A COC applicant under any of the modes mentioned in Section 3 of this Circular shall submit complete documents as provided for under Annex "A" pertaining to the following selection criteria, to wit:

- i. Legal qualification
- ii. Work Program
- iii. Technical qualification
- iv. Financial qualification

In case of two or more applicants over the same area, the highest ranked applicant who meets the legal, technical and financial requirements shall be selected.

Section 10. Motions for Reconsideration and Appeals. The REC and/or the Secretary, for sufficient and valid cause, may at any given time reject any or all application/s submitted. Any motion for reconsideration or appeal from the decision of the REC and/or the Secretary shall comply with applicable provisions of Department Circular No. DC2002-07-004 or the "Rules of Practice and Procedure before the Department of Energy".

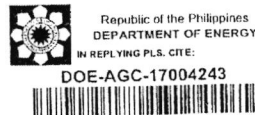
Section 11. Separability Clause. If for any reason, any section or provision of this Circular and its Guidelines is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 12. Repealing Clause. Department Circular No. DC2014-02-0005 and the Department Order No. DO2014-08-0017 and provisions of all other DOE issuances that are inconsistent with the provisions of this Circular are hereby repealed.

Section 13. Effectivity. This Circular shall take into effect *fifteen (15) days* following its publication in at least two (2) broadsheet of general circulation and shall remain in effect until otherwise revoked.

Issued this ____ of September, 2017 in Bonifacio Global City, Taguig City, Metro Manila. **SEP 13 2017**


ALFONSO G. CUSI
Secretary



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