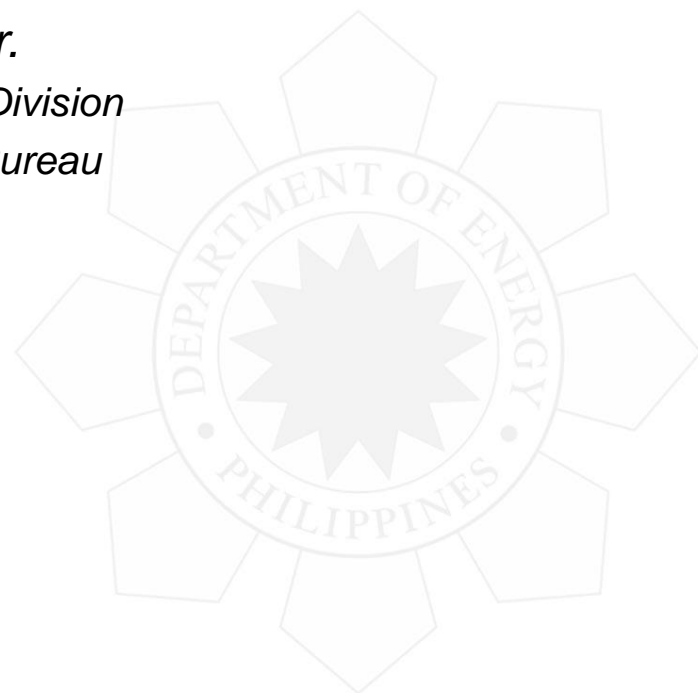


Salient Features of the Proposed Department Circular for the Awarding of Coal Operating Contracts

*Engr. Nenito C. Jariel, Jr.
Chief, Coal and Nuclear Minerals Division
Energy Resource Development Bureau*

E-Power Mo
12 July 2017



Legal Basis

1. Republic Act (RA) No. 7638:

"The Department of Energy (DOE) Act of 1992"

2. Presidential Decree No. 972 "The Coal Development Act of 1976 "

Section 4 and 6 of PD 972, as amended, allow the Philippine Government to promote and undertake the exploration, development and production of the country's indigenous coal resources through Coal Operating Contracts, which may be awarded either by bidding or negotiation.

3. DOE Department Circular No. DC2014-02-0005 (PECR 5):

"Reiterating a Transparent and Competitive System of Awarding Service and Operating Contracts for Petroleum and Coal Prospective Areas, Repealing for this Purpose Department Circular Nos. DC2011-12-0010 and DC2012-02-0003"



Scope of Coverage / Objectives

1. To adopt the Philippine Conventional Energy Contracting Program (PCECP) by nomination/publication.
2. To facilitate the acceptance of applications for Coal Operating Contract (COC) from interested proponents on any given time.
3. To provide procedures that shall govern the transparent and competitive system of awarding including the coordination and administration, supervision and regulation of COCs for coal exploration, development and production.



Creation of Review and Evaluation Committee (REC)

Chairperson: Undersecretary-in-charge of the
Energy Resource
Development Bureau (ERDB)

Vice Chair: Assistant Secretary nominated by
the Chairperson

Members:

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



Creation of REC Secretariat / TWG

Head: Assistant Director of the ERDB

Members:

- Chief, Petroleum Resources Development Division (PRDD)
- Chief, Coal and Nuclear Minerals Division (CNMD)
- Chief, Conventional Energy Resource Compliance Division (CERCD)
- Chief, Upstream Conventional Energy Legal Services Division (UCELSD)
- Chief, Information Services Division (ISD)
- Chief, Information and Data Management Division (IDMD)



Application – Who May Apply?

Applicant may be any corporation or partnership with **at least sixty percent (60%) of its capitalization 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.



Procedure for Nomination by Publication (1/3)

Nomination of area/s of interest

- **Technical Description** of nominated area/s as verified by the DOE-ITMS
- **Certification of Non-Overlap** of nominated area/s from the DOE-ITMS
- **Certification from the DENR** that the nominated area/s is/are not within a Protected Area/s.
- **Certification from the LGU** that the nominated area/s is/are not within a mining activity ban.



Approval/Rejection for the publication on the existence of an application for nominated area/s

After 15 working days from receipt of the nomination, the REC will notify the proponent on the **approval or rejection for the publication on the existence of an application for nominated area/s.**

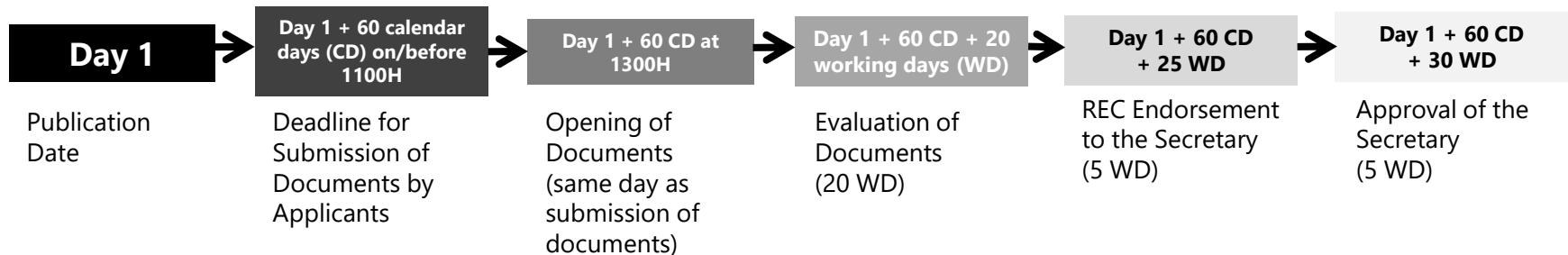


Procedure for Nomination by Publication (2/3)

Publication on the existence of an application for nominated area/s

The proponent, at its own expense, shall cause **the publication on the existence of an application for nominated area/s** with an invitation for challenge in two (2) newspaper of general circulation which shall include the following:

a. Timeline for contracting program by publication

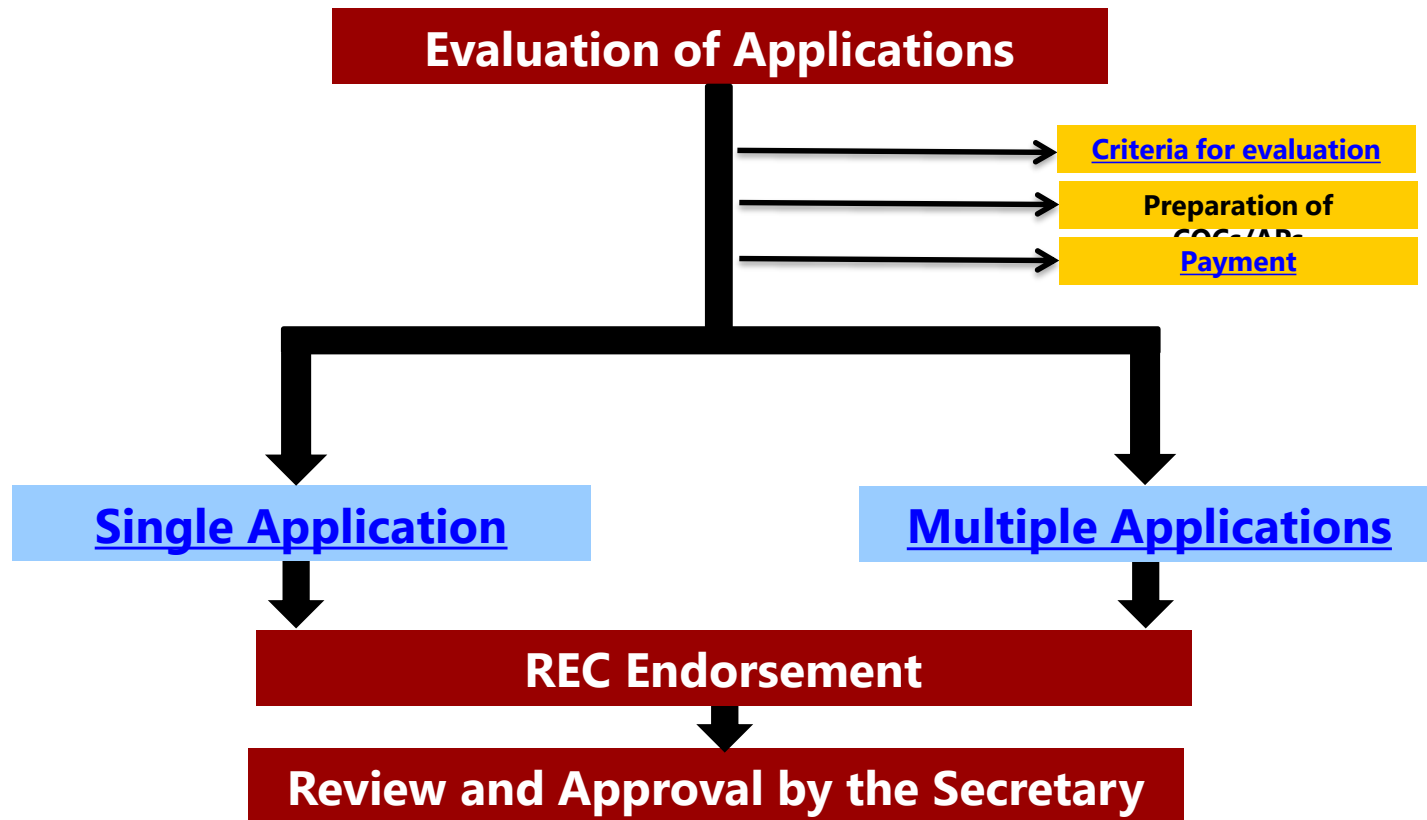


b. Location Map and Technical Description of the area/s

c. Application documents in accordance with the PCECP Guidelines for Coal ([Annex A](#))



Procedure for Nomination by Publication (3/3)



Summary

- Proponents can nominate their area/s of interest **on any given time**
- Promotes **transparency** through publication
- Shorter period of processing time – **30 working days** from the opening of the application to the awarding of COC
- Proponents have familiarity on the situation over the area



THANK YOU

For any inquiries, please contact:

Coal and Nuclear Minerals Division

Tel. 840-2254

email: doecoaldivision@gmail.com





PECR 5

- ❗ Proponents can only nominate their area/s of interest during PECR period
- ❗ Frontier areas may be negotiated without notice to the public
- ❗ 78 working days from the opening of the application to the awarding of COC

PCECP

- ✅ Proponents can nominate their area/s of interest **on any given time**
- ✅ Promotes **transparency** on direct negotiation through publication
- ✅ Shorter period of processing time – **30 working days** from the opening of the application to the awarding of COC
- ✅ Proponents have familiarity on the situation over the area



Criteria for REC Evaluation

i. Legal Qualification	Pass or Fail
ii. Work Program	40%
iii. Technical Qualification	20%
iv. Financial Qualification	40%

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Payment

- A non-refundable application fee of **Php 50,000.00 per area** shall be paid by the applicant upon submission of the application and its supporting documents
- Pursuant to **DOF-DBM-NEDA Joint Circular No. 1-2013** dated **30 January 2013**, the winning applicant shall pay a processing fee of **PhP 30,000/coal block**

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Minimum Requirements (*BED Circular 81-11-10*)

Coal Block Areas

<i>Maximum area for nomination</i>	15 coal blocks*
*per Coal Region	

Drillhole Meterage per Coal Block

Underground	9,000 feet = 2,743 meters/year
Open Pit	3,000 feet = 914 meters/year

Work Equivalents

Drift/Tunnel/Adit or Cross-cut	
A: 30 sq. ft.	1:3 dhe or meterage x 3
A: <30 sq. ft.	1:2 dhe or meterage x 2
Shaft/Raise/Winze	
Inclination: 10-90 degrees	1:4 dhe or meterage x 4
Inclination: <10 degrees	1:2 dhe or meterage x 2
Trench	2:1 dhe or meterage x 0.5
Test Pit	1:1 dhe or meterage x 1

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Evaluation of Application

For Single Application

After opening of documents and only one application is received by the REC, direct negotiation shall be allowed **subject to compliance of the minimum requirements of the DOE.**

In case of incomplete documents after the opening of application, the lone applicant shall be given 10 working days to complete the requirements upon receipt of the written notice from the REC, otherwise, the application will be nullified.

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Evaluation of Applications

For Multiple Applications

In the event that there is a challenge received within the prescribed period after opening of documents, **REC will evaluate the submitted applications** and highest ranked applicant who meets the **legal, technical and financial requirements** shall be selected.

In case of incomplete submission after the opening of applications, no further submission or completion of documents from any applicant including the nominating proponent shall be allowed.

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