

**Republic of the Philippines**  
**DEPARTMENT OF ENERGY**  
Energy Center, Rizal Drive corner 34<sup>th</sup> Street  
Bonifacio Global City, Taguig City,  
Metro Manila

**GUIDELINES ON PHILIPPINE CONVENTIONAL ENERGY  
CONTRACTING PROGRAM (PCECP) FOR COAL  
OPERATING CONTRACT (COC) APPLICATION**

**I. Procedures for Nomination and Publication**

- A. Applicant/s for COC shall formally nominate through written communication the area/s of their interest addressed to the Review and Evaluation Committee (REC) for consideration. Before the nomination is accepted for publication, the following shall be submitted:
1. Technical Description of the nominated area/s as verified by the DOE-Information Technology and Management Services (DOE-ITMS);
  2. Area Clearance of nominated area/s from the DOE-ITMS;
  3. Certification from the Department of Environment and Natural Resources (DENR) that the nominated area/s is/are not within Protected area/s; and,
  4. Certification from the Local Government Units (LGU) that the nominated area/s is/are not within a mining activity ban.
- B. The REC shall, within fifteen (15) working days from receipt of the nomination with complete documents, inform the nominating applicant through written notice on the approval / rejection for the publication on the existence of an application for the nominated area/s for public contracting program.
- C. The nominating applicant, in coordination with the REC, shall, at its own expense, cause the publication on the existence of an application for the nominated area/s with an invitation for challenge in two (2) broadsheet of general circulation within fifteen (15) calendar days upon receipt of the written notice, otherwise, the applicant's nomination shall be nullified and the area will be open for new nomination.

The nominating applicant shall submit a proof of publication including copies of Official Receipt (OR) of payment within seven (7) calendar days from the date of publication.

The REC shall likewise post the existence of an application for the nominated area/s with an invitation for challenge in the DOE website from the publication date until the deadline for submission of documents.

D. The nominating applicant shall follow the template layout of the items for publication shown in Annex "B" which include, among others, the following:

1. Timeline for the contracting program by publication:

- i. Publication Date - Day 1
- ii. Pre-submission Conference – Day 1 plus twenty (20) calendar days, 0900H at the DOE AVR
- iii. Deadline for the Submission of documents by Applicants – Day 1 plus sixty (60) calendar days (*2 months*) on or before 1100H at the DOE Records Section
- iv. Opening of Documents – Day 1 plus sixty (60) calendar days (*same day as Deadline of Submission of Documents*) 1300H at the DOE AVR

2. Location Map and Technical Description of the area/s:

a. Area/s to be nominated shall conform to existing coal blocking system:

Maximum area for nomination = 15 coal blocks per coal region  
(1 coal block = 2 minutes of latitude by 1 ½ minutes of longitude with an area of approximately 1,000 hectares)

b. Technical Description as certified by DOE-ITMS

3. Other information that the REC deems appropriate.

## II. Procedures for Submission of COC Application/s

A. Applicant/s shall submit three (3) complete sets of legal, technical, and financial documents in accordance with Item III of this Annex for evaluation by the REC.

Each application shall cover only one predefined area of interest with corresponding number of coal blocks as nominated and published.

Only Exploration Work Program in the application for Coal Operating Contract (COC) that conforms to the Work Program Documentation, as required under Item III.B of this Guidelines, shall be accepted.

B. Submitted application must be in both paper and digital (USB Drive in Microsoft Word or \*.pdf format) copies. Times New Roman 12 font and

single line spacing are recommended. Figures shall be submitted in an appropriate format, no smaller than A3 size. For legibility, figures and maps shall be submitted at a larger scale (1:10,000) as appendices.

- C. A non-refundable application fee of Php 200,000.00 per area shall be paid by the applicant upon submission of the application and its supporting documents. Payment may be made in cash, manager/company cheque payable to "Department of Energy" or wire/bank transfer. All wire/bank transfer should be net of all applicable bank and financial charges.
- D. Both the original paper copy and the digital copy of the application shall be addressed to:

**The Chair**

PCECP Review and Evaluation  
Committee Department of Energy  
Energy Center, Rizal Drive corner 34<sup>th</sup> Street  
Bonifacio Global City  
Taguig City, Metro Manila,  
1632 Philippines

The application may be sent by courier, registered mail, or hand delivered and must be stamped received by the DOE Records Division not later than 1100H of the deadline for submission of documents as prescribed in Item I.D.1.ii of this Annex and the REC shall open the submitted applications at 1300H on the same day.

**III. Documentation Requirements**

The following documentation requirements shall be included in the application:

**A. Legal Documentation**

- 1. Duly filled-out covering information sheet showing a brief summary of the application, e.g.

**COVERING INFORMATION SHEET**

|                |          |                   |
|----------------|----------|-------------------|
| Company Name   |          |                   |
| Telephone No.: | Fax No.: | Mobile Phone No.: |
| Email Address: | Website: |                   |

Address of Applicant:

Area Applied for:

Proposed Signature Bonus:

Proposed Training Assistance:

Proposed Development Assistance Fund:

It is certified that the foregoing information are true and correct. It is understood that any omission or misrepresentation of the required information shall be sufficient cause for the rejection of this application.

Authorized Representative Name and Signature

2. Certified true copies of the Securities and Exchange Commission (SEC) Certificate of Registration, Articles of Incorporation and By-Laws. The corporate purpose of the applicant shall include the exploration, development and utilization of coal resources;
3. Certified true copy of the General Information Sheet (GIS) stamped received by the Securities and Exchange Commission (SEC) not more than twelve (12) months old at the time of filing of application;
4. Original Copy of the Certificate of Authority from the Board of Directors of the applicant authorizing a designated representative/s to apply, negotiate, sign any documents, and execute the COC. The said Certificate of Authority shall be executed under oath by the Corporate Secretary; and,
5. In case the applicant is a partnership or cooperative, it shall submit the legal documents as specified in A.2 to A.4 above, or its equivalent, issued or authenticated by the appropriate governing authorities.

#### **B. Work Program Documentation**

1. Geological Report (Narrative presentation of available data such as geology, coal quality, resource estimate, if available etc, indicating presence of coal resources at depth);
2. Proposed Exploration Work Program (Narrative discussion of the different exploration strategies and methodologies to be employed in delineating coal resources at depth with subsequent manpower complement and projected expenditures on annual basis for each activity with respect to the area or areas specified in the proposal);
3. The work equivalents as provided for in Chapter Four (4) Section III of BED Circular 81-11-10 or "Guidelines for Coal Operations in the Philippines" shall be applied equivalent to 9,000 feet or 2,743 meters drillhole-equivalent per coal block annually.

4. Schedule of Works and Manpower Requirements in Gantt Chart; and,
5. Projected Exploration Expenditures.

**C. Technical Documentation**

1. Particulars of technical and industrial resources available to the applicant for the exploration of coal resources;
2. Particulars on the technical and industrial qualifications, eligibilities and work related experiences of the applicant and its employees;
3. Particulars on the experiences, achievements and track records of the applicant and its employees related to technical and industrial undertakings; and,
4. Particulars on organizational and management structures relative to administration, financial and technical aspects of the applicant.

**D. Financial Documentation**

1. For corporations existing for more than two (2) years at the time of filing of application:
  - a. Original Copy of the Annual Report or Audited Financial Statements (FS) for the last two (2) years from the filing date and Original Copy of the latest Unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer if the Audited FS is more than six (6) months old at the time of filing;
  - b. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS;
  - c. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PCECP areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable; and,
  - d. A certified true copy of the latest income tax return filed with the Bureau of Internal Revenue, and duly validated with the tax payments made thereon.
2. For newly-organized corporations existing for less than two (2) years at the time of filing of application:

- a. Original Copy of the Audited Financial Statements (FS) or unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer;
  - b. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS; and
  - c. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PCECP areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable.
3. For Parent Company that guarantees for corporations with insufficient working capital. Financial guarantees of foreign companies to their subsidiaries that are shareholders of the applicant shall be limited to their equity participation in the allowable maximum forty percent (40%) foreign capitalization.
- a. Original Copy of the Parent Company's financial documents per D.1.a and D.1.b;
  - b. Original Copy of duly notarized Letter of Undertaking/ Support from the Parent Company to fund the Work Program; and,
  - c. General Information Sheet (GIS) of the shareholders of the applicant availing of the Parent Company fund guarantee.
4. Minimum working capital requirement (Liquid Assets less Current Liabilities) is 150% of the financial commitment for the first contract year of the proposed work program and budget as provided for in Chapter One (1) Section III item A.1.a of BED Circular 81-11-10 or "Guidelines for Coal Operations in the Philippines". Liquid Assets shall consist only of cash, trade accounts receivables and short term investments/placements. Credit line is not a Liquid Asset.
5. The applicant shall have available working capital for each PCECP application separate from other applied PCECP areas, renewable energy service contract applications and existing energy service/operating contracts.

#### **IV. Evaluation, Selection and Awarding Procedures for the Various Modes of Selection Process**

- A. After the opening of application documents as stipulated under Item I.D.1.iii of this Annex, REC will convene and shall conduct evaluation of the submitted applications based on the following criteria:

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

- B. The highest ranked applicant who meets the legal, technical and financial requirements shall be selected.

In case the nominating applicant loses to a challenger, the winning applicant shall reimburse in cash or Manager's cheque the nominating applicant of its publication expenses and application fee within seven (7) calendar days from receipt of notice of award of COC. Failure of the winning applicant to reimburse said expenses within said period shall automatically nullify the award of COC and the second highest-ranked applicant shall be issued the notice of award of COC subject to the same conditions.

If the losing nominating applicant refuses to accept the reimbursement of expenses, the winning applicant shall open an escrow account in a government banking institution in favor of the losing nominating applicant. The winning applicant shall submit proof of the escrow account or payment of reimbursement of expenses to the REC.

- C. An applicant that submitted incomplete or defective documents shall only be allowed to complete or correct the same if no other proposal was received during the selection process. If there are two or more proposals, no further submission or substitution of lacking or defective documents from any applicant, including the nominating applicant, shall be allowed.

The period within which a sole applicant shall be allowed to submit or replace the lacking or defective documents shall be at the discretion of the REC but not to exceed thirty (30) calendar days from the opening of the application/s.

- D. Failure of the sole applicant to submit or correct lacking or defective documents within the period given by the REC shall result in the automatic disqualification of the application.

In the case of two or more applicants over the same coal area, any lacking or defective documents submitted by the applicants shall result to the automatic disqualification of the application.

- E. After complete review and evaluation of the legal, technical, and financial qualifications of the applicant/s and the production of the execution copy of the COC, the REC shall transmit to the Secretary a written endorsement of the winning applicant.

- F. Based on the written endorsement of the REC, the Secretary may approve the application for COC. The Secretary may convene the REC

for any questions or inquiries pertaining to the review and evaluation undertaken.

- G. Within seven (7) calendar days from receipt of notice of award, the winning applicant shall pay a processing fee of Thirty Thousand Pesos (Php 30,000.00)/coal block based on the DOE's schedule of fees and charges pursuant to DOF-DBM-NEDA Joint Circular No. 1-2013 dated 30 January 2013.
- H. The REC TWG and Secretariat shall prepare the final COC using the Model Contract and its Accounting Procedures. No deviation from the Model Contract and its Accounting Procedures shall be allowed.
- I. The DOE will award one COC for each Nominated Area. A company shall be entitled to not more than fifteen (15) coal blocks, including existing COCs, in any one coal region pursuant to Section 6 of PD 972, as amended.

----Nothing Follows----