



DEPARTMENT CIRCULAR NO. DC B 26-03-0004 an

GUIDELINES ON THE AWARDING OF COAL OPERATING CONTRACTS FOR DEVELOPMENT AND PRODUCTION

WHEREAS, Section 2, Article XII of the 1987 Constitution provides that “xxx *The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law. xxx;*”

WHEREAS, under Section 2 of Presidential Decree (PD) No. 972, as amended, otherwise known as “*The Coal Development Act of 1976*”, it is a declared policy of the State to immediately accelerate the exploration, development, exploitation, production and utilization of the country's coal resources;

WHEREAS, under Section 4 of PD No. 972, the Government, through the Energy Development Board (now the Department of Energy), its successors or assigns, shall undertake by itself the active exploration, development and production of coal resources or it may also execute coal operating contracts as defined therein;

WHEREAS, Republic Act (RA) No. 7638, otherwise known as “*The Department of Energy (DOE) Act of 1992*”, as amended by Section 37 (g) of RA No. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*,” mandates the DOE to “*establish and administer programs for the exploration, transportation, marketing distribution, utilization, conservation, stockpiling and storage of energy resources of all forms, whether conventional or non-conventional;*”

WHEREAS, Section 37(k) of RA No. 9136, further mandates the DOE to “*assess the requirements of, determine priorities for, provide direction to, and disseminate information resulting from energy research and development programs for the optimal development of various forms of energy production and utilization technologies;*”

WHEREAS, Section 37(p) and (q) of RA No. 9136 empower the DOE to formulate such rules and regulations and exercise such other powers as may be necessary or incidental to attain the objectives thereof;

WHEREAS, on 13 September 2017, the DOE promulgated Department Circular No. DC2017-09-0010 entitled “*Adopting the Philippine Conventional Energy Contracting Program (PCECP) of Awarding Coal Operating Contracts (COCs) 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, aside from proclaimed coal mining reservation areas, there are other areas in the country with existing data confirming the existence of mineable coal reserves of commercial quantity that may already be developed and produced, thereby reducing the period required to utilize coal resources;

WHEREAS, in consonance with the Philippine Development Plan and the Philippine Energy Plan, the country needs to accelerate the exploration, development, and utilization of indigenous coal resources to contribute the country's energy security, create jobs, and generate wealth;

WHEREAS, for the efficient, accelerated, and optimal utilization of the country's coal resources, there is a need to adopt methods and guidelines that will allow the direct development and production of confirmed mineable coal reserves of commercial quantity;

NOW, THEREFORE, in consideration of the aforementioned premises, the following policies and guidelines are hereby adopted and promulgated:

Section 1. Scope. This Circular shall govern the awarding of COCs for the direct development and production (DP COC) of confirmed mineable coal reserves, as validated by the DOE.

Section 2. Various Modes in Awarding Development and Production Coal Operating Contracts.

- 2.1 Applicant's Nomination and Publication of Areas of Interest
- 2.2 DOE Publication of Coal Areas Open for Application

Section 3. Application Requirements. An applicant for a DP COC shall submit the documentary requirements as provided for under Annex "A" hereof.

Section 4. Procedure. Except as otherwise provided herein, the procedures for nomination and publication of areas of interest and for publication of areas open for application shall follow the procedure set forth in Department Circular No. DC2017-09-0010.

Section 5. Area Coverage. The contract area for a DP COC shall not be more than fifteen (15) blocks of coal lands within any one coal region and must include the area with confirmed mineable coal reserves, as validated by the DOE, supported by established coal geology data, verified coal occurrences, and delineated coal reserves in commercial quantities, which may no longer require exploration activities prior to development and production.

Section 6. Contract Term. The initial term of a DP COC awarded under this Circular shall be between ten (10) to twenty (20) years, as may be necessary to fully develop and produce the confirmed mineable coal reserves, as validated by the DOE, and to rehabilitate the mined-out area.

In the event that new reserves are delineated within the DP COC area, the term of the contract may be extended under the same considerations as above mentioned, subject to the limitations provided under the Constitution and applicable laws.

Section 7. Curing Period for Sole Applicant. An applicant declared as a sole applicant during the opening of application documents, which submitted defective documents, shall be allowed to submit corrective documentation within a period not to exceed thirty (30) calendar days from the opening of the applications, unless otherwise extended by the REC.

For purposes of this provision, defective documents shall refer to documents that have been duly submitted within the prescribed period, but the content, substance, or details fail to satisfy the required form, information, or validity period.

Section 8. Suppletory Application. Except to the extent inconsistent herewith, the provisions of DOE Department Circular No. DC2017-09-0010 shall have suppletory application in the implementation of this Circular.

Section 9. Repealing Clause. All issuances that are inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 10. Separability Clause. If, for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 11. Effectivity. This Circular shall be effective immediately after its publication in the Official Gazette or in a newspaper of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register (UPLC-ONAR).

Issued on 13 of February 2026 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City, Metro Manila.


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Secretary



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**GUIDELINES ON THE PHILIPPINE CONVENTIONAL ENERGY CONTRACTING
 PROGRAM (PCECP) FOR APPLICATION FOR DEVELOPMENT AND
 PRODUCTION COAL OPERATING CONTRACT (DP COC)**

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. Securities and Exchange Commission (SEC) certified true copies of the 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. SEC certified true copy of the General Information Sheet (GIS) 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

B.1) Work program

1. Summary of proposed Five-Year Work Program and corresponding expenditure per year for each proposed activity over the area specified, submitted in digital and printed copies. It shall include a Gantt chart of the program's schedule of implementation, Development and Production Work Commitment and Financial Commitment Matrix.
2. Details of the proposed Five-Year Work Program and expenditure to be submitted in digital and printed copies, which shall include, but not limited to the following:
 - a. Plan for development and production, corresponding work commitment, and geotechnical program;
 - b. Supplemental exploration program;
 - c. Health and Safety Program;
 - d. Social Development Program;
 - e. Environmental Protection Program;
 - f. Emergency Preparedness and Resiliency Program; and
 - g. Progressive Rehabilitation and Mine Decommissioning Program.
3. Details of the methodology used for the geological and geotechnical evaluation of the area applied for, showing the data used, coal reserves analysis and potential resources, geohazard assessment and proposed mitigating measures to be submitted in digital and printed copies.
4. Detailed study on economics and development concepts of the coal reserves, including plan of development, project economics including IRR and NPV, cash flow projections and projected market/s of the coal to be produced to be submitted in digital and printed copies.

NOTE: Each item in the development and production work commitment matrix must be given a stipulated cost figure, the sum of which will constitute the minimum cost of the work program.

B.2) Technical documentation

1. Overview of the applicants' upstream and coal mining projects, to be submitted in both digital and printed copies.

2. Original copies of duly signed Curricula Vitae of the company's management and technical personnel, indicating their relevant experience, educational attainment, and employment status.
3. Particulars on the experiences, achievements, and track records of the company, related to technical and industrial undertakings, with supporting documents such as, but not limited to certifications, citations, table of organization, including resources, mining-related assets etc.

C. Financial Documentation

1. For corporations existing for more than two (2) years at the time of filing of application:

- a. Original Copy of the Audited Financial Statements (FS) for the last two (2) years from the filing date;

If the Audited FS is more than six (6) months at the time of filing, applicants must also provide original copies of the latest Unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer, which must be no more than three (3) months old at the time of filing and must include the accompanying Notes to the Financial Statements.

- 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, which must be no more than three (3) months

old at the time of filing and must include the accompanying Notes to the Financial Statements;

- 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 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 C.1.a and C.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. The minimum working capital requirement (Current Assets less Current Liabilities) is 100% of the financial commitment for the first contract year of the proposed work program and budget.**
- 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.**

----Nothing Follows----