

DEPARTMENT OF ENERGY
E-POWER MO:
Communicating Efficiency Across the Energy Sector

Breakout Session 2
Upstream Sector

Innovation Towards Efficiency:
The Philippine Conventional Energy
Contracting Program (PCECP)

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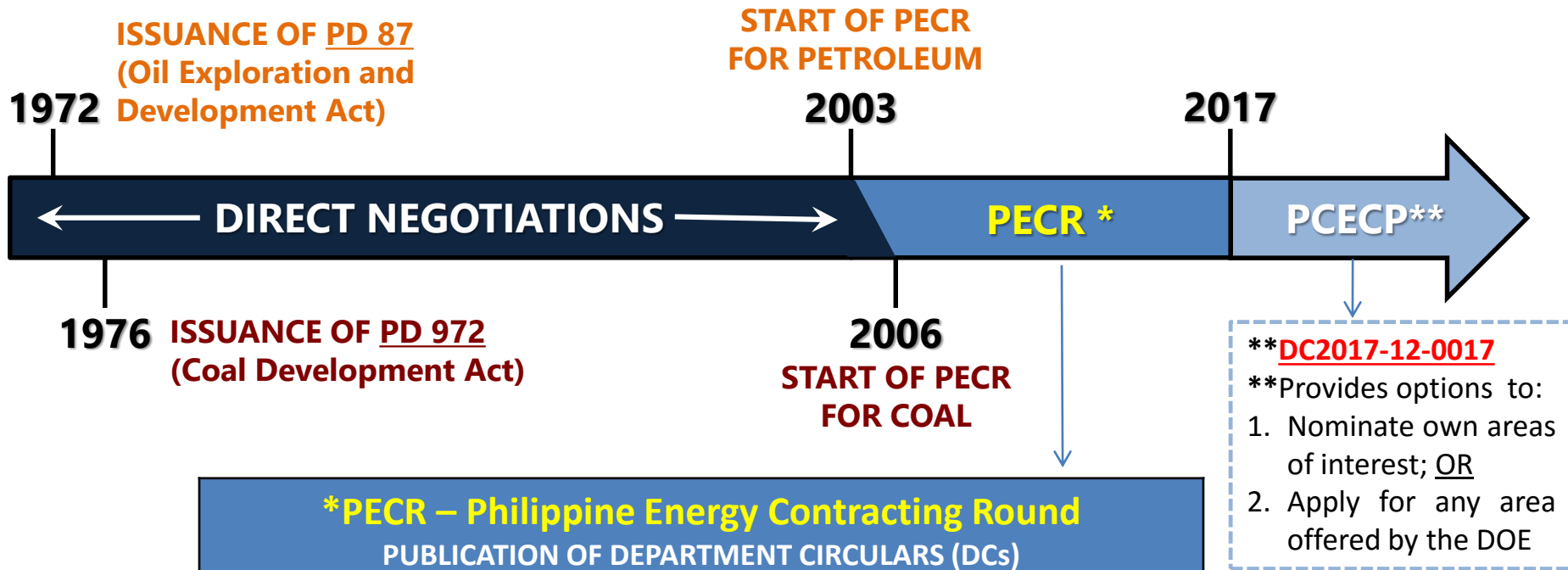


Background

- **Presidential Decree No. 87**, as amended, otherwise known as “*The Oil Exploration and Development Act of 1972*”, and **Presidential Decree No. 972**, as amended, otherwise known as “*The Coal Development Act of 1976*”, allow the Philippine Government to promote and undertake the exploration, development and production of the country’s indigenous petroleum and coal resources through Service/Operating Contracts;
- In the thrust to further explore and develop the country’s petroleum and coal resources, there is a need to perpetuate and maintain a transparent and competitive system of awarding Energy Contracts for the upstream petroleum and coal;
- New strategies/mechanisms on contracting/licensing process must therefore be adopted to attract more investment and optimize conventional energy resource development in the country



Background: Licensing Schemes



*PECR – Philippine Energy Contracting Round PUBLICATION OF DEPARTMENT CIRCULARS (DCs)		
2003	PECR 1 (Petroleum)	DC2003-05-005
2005	PECR 2 (Petroleum) PECR1 (Coal)	DC2005-04-004
2006	PECR 2 (Coal) PECR 3 (Petroleum)	DC2006-12-0014
2009	PECR 3 (Coal)	DC2009-04-0004 / DC2010-03-005
2011	PECR 4 (Petroleum/Coal)	DC2011-12-0010
2014	PECR 5 (Petroleum/Coal)	DC2014-02-0005



Objectives

1. To create and implement Governing rule/s on the application, evaluation and awarding of Petroleum Service Contracts (PSCs) and Coal Operating Contracts (COCs);

2. To institute and maintain a system of coordination, administration, supervision and regulation via the Review and Evaluation Committee (REC) to tackle issues such as, but not limited to, the following:
 - a. Extension and Termination of Contracts;
 - b. Transfer and Assignment of Participating Interest;
 - c. Disposal of Assets; and
 - d. Allocation and Utilization of Contract's Assistance Funds



Salient Features

1. **Two (2) Modes of Awarding** Coal Operating Contracts (COCs) and Petroleum Service Contracts (PSCs):
 - Applicant/s may nominate and publish their area/s of interest; or
 - DOE may publish a set of Pre-Determined Areas (PDAs) for Application
2. Compliance to ***milestone work commitments***;
3. Transparent and competitive selection process in evaluating ***legal, technical and financial qualifications*** under a specific guideline of requirements and criteria; and
4. Implementation of a simpler yet expeditious awarding process for COCs and PSCs ***all-year-round*** providing for the opportunity to participate in the program at one's own pace/convenience.



THANK YOU

E-POWER MO!

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