DEPARTMENT CIRCULAR NO. DC2026-10-0023

POLICY FRAMEWORK ON THE EXPLORATION, DEVELOPMENT AND UTILIZATION OF MULTIPLE ENERGY RESOURCES IN AN AREA

WHEREAS, Section 2, Article XII of the 1987 Constitution of the Republic of the Philippines provides that *"all lands of the public domain,waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State"*;

WHEREAS, Republic Act (RA) No. 7638, otherwise known as, *"Department of Energy (DOE) Act of 1992"*, declares it as a policy of the State to, among others, ensure continuous, adequate, and economic supply of energy through the integrated and intensive exploration, production, management, and development of the country's indigenous energy resources;

WHEREAS, Section 4 of Presidential Decree (PD) No. 87, as amended, otherwise known as the *"Oil Exploration and Development Act of 1972,"* allows the Government to directly explore for and produce indigenous petroleum or indirectly undertake the same under service contracts;

WHEREAS, Sections 4 and 8 of PD No. 972, as amended, otherwise known as the *"Coal Development Act of 1976,"* pertinently provide that the Government shall undertake the active exploration, development, and production of coal resources or may execute coal operating contracts wherein service, technology, and financing are furnished by the operator for which it shall be entitled to the stipulated fee and reimbursement of operating expenses;

WHEREAS, PD No. 508 provides guidelines for the development and utilization of small or sub-commercial deposits of natural marsh gas or methane gas for household use or small-scale industrial development and the granting of gratuitous permits;

WHEREAS, RA No. 9513, or the *"Renewable Energy (RE) Act of 2008,"* mandates the establishment of a framework for the accelerated development and advancement of RE resources such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy, including hybrid systems, and the development of strategic programs to increase their utilization, including the award of RE Service Contracts and provision of fiscal and non-fiscal incentives;

WHEREAS, the DOE issued the following Department Circulars (DCs) and other issuances prescribing guidelines and procedures for the award and administration of energy contracts, permits, notices, and other authorities, including, among others, the following:

1. Bureau of Energy Development (BED) Circular No. 87-03-001, entitled "*Providing for Guidelines and Procedure to Implement a Program that will Allow Small-Scale Coal Mining*";

2. DC No. DC2017-09-0010, entitled *"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 DC No. DC2014-02-0005 and Department Order No. DO2014-08-0017"*;

3. DC No. DC2017-12-0017, entitled *"Adopting the Philippine Conventional Energy Contracting Program (PCECP) of Awarding Petroleum Service Contracts (PSCs) and Creating the Review and Evaluation Committee (REC)"*;

4. DC No. DC2018-07-0020, entitled *"Prescribing the Guidelines for the Development of Small or Sub-Commercial Deposits of Natural Marsh Gas or Methane Gas in the Philippines, and Granting Gratuitous Permit Therefor"*;

5. DC No. DC2023-11-0031, entitled *"Guidelines on the Awarding of Service Contracts for the Exploration, Development and Production of Native Hydrogen"*;

6. DC No. DC2023-12-0033, entitled *"Guidelines on the Awarding of Petroleum Service Contracts for Development and Production"*;

7. DC No. DC2024-06-0018, entitled *"Revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers"*; and

8. DC No. DC2026-02-0004, entitled *"Guidelines on the Awarding of Coal Operating Contracts for Development and Production"*.

WHEREAS, with the increase in domestic and foreign investments in the RE sector and passages of RA No. 11032, otherwise known as the *"Ease of Doing Business and Efficient Government Service Delivery Act of 2018,"* and RA No. 11234, otherwise known as the *"Energy Virtual One-Stop Shop (EVOSS) Act,"* the DOE deems it necessary to rationalize and to streamline the above policies in order to effectively and efficiently administer the EDU of energy resources in the country;

WHEREAS, the Philippine Energy Plan (PEP) 2023-2050 sets forth the policy directions for accelerating the country's energy transition toward access to affordable energy, reliable and resilient energy, and clean and sustainable energy, and promotes the optimal and efficient development of indigenous energy resources while encouraging innovative approaches to maximize resource potential, enhance energy security, and support the Philippines' commitments to sustainable development and climate resilience;

WHEREAS, while DC No. DC2024-06-0018 provides the process and requirements to allow the exploration, development, and utilization (EDU) of multiple energy resources in an area in relation to applications for RE Contracts, there is no corresponding framework for applications involving the EDU of other energy resources;

WHEREAS, there is, therefore, a need to establish a uniform and streamlined framework for the evaluation and processing of applications involving the EDU of multiple energy resources in an area, regardless of the type of energy resource or energy contract involved;

NOW, THEREFORE, after due consideration of the above, the DOE hereby issues, adopts, and promulgates the following:

Section 1. Title. This Circular shall be known as the *"Policy Framework on the Exploration, Development, and Utilization of Multiple Energy Resources in an Area."*

Section 2. Scope. This Circular shall apply to all applications for the award of, or amendment or expansion of the area covered by, energy contracts, permits, or other authorities for the EDU of multiple energy resources in an Area Covered by Prior Rights (APR), including, but not limited to, applications involving Petroleum Service Contracts (PSCs), Coal Operating Contracts (COCs), RE Service/Operating Contracts (RE Contracts), Small-Scale Coal Mining Permits (SSCMPs), and Gratuitous Permits.

Section 3. Objectives. This Circular aims to:

3.1. Establish a streamlined process for allowing Simultaneous EDU in an APR;

3.2. Create the Multiple Energy Resources Committee (MERC) and define its roles and responsibilities;

3.3. Provide parameters for allowing Simultaneous EDU by Holders of Prior Rights and by the Proponent; and

3.4. Resolve issues and concerns related to Simultaneous EDU and ensure effective management thereof.

Section 4. Definition of Terms. As used in this Circular, the following terms shall mean as follows:

4.1. *Area Clearance* refers to the certification issued by the DOE, as part of the evaluation and processing of an application for the award of, or amendment or expansion of the area covered by, an energy contract, permit, or other authority, that an area may be applied for by the Proponent notwithstanding the existence of Prior Rights within such area;

4.2. *Area Covered by Prior Rights or APR* refers to an area, whether wholly or partially, covered by one or more Prior Rights;

4.3. *Holder of Prior Right* refers to a party with Prior Right granted by the DOE, including:

4.3.1. Contractors or permittees of COCs, PSCs, RE Contracts, SSCMPs, and Gratuitous Permits, which have the right to explore, develop, and utilize the energy resource specified in their respective contracts or permits; and

4.3.2. Recipients of COAs or NOQs, which have the inchoate right to explore, develop, and utilize the energy resource in their respective areas.

4.4. *Prior Right* refers to any energy contract, permit, or other authority issued by the DOE that grants actual or inchoate rights to an entity other that the Proponent to explore, develop, and utilize an energy resource within an area that is the subject of such energy contract, permit, or authority, including:

4.4.1. *Certificate of Authority* or *COA* refers to the certificate duly signed by the DOE Secretary exclusively authorizing an RE Developer to procure permits, clearances, and tenurial instruments necessary for the EDU of a specific RE project and conduct reconnaissance and other activities needed for pre-feasibility studies, as applicable, within the area specified therein;

4.4.2. *Coal Operating Contract* or *COC* refers to a contract executed by the Government pursuant to PD No. 972, as amended, with a legally, technically, and financially qualified entity for the EDU of coal resources within the contract area;

4.4.3. *Gratuitous Permit* refers to the permit issued by the DOE pursuant to DC No. DC2018-07-0020;

4.4.4. *Notice of Qualification* or *NOQ* refers to the notice issued by the Review and Evaluation Committee of the PCECP for Coal and Petroleum informing that, after substantive evaluation, the applicant was determined to be legally, financially, and technically qualified to enter into a PSC or COC;

4.4.5. *Petroleum Service Contract* or *PSC* refers to a contract executed by the Government pursuant to PD No. 87, as amended, with a legally, technically, and financially qualified entity for the EDU of petroleum resources within the contract area;

4.4.6. *RE Service/Operating Contract* or *RE Contract* refers to a contract executed by the Government pursuant to RA No. 9513 with a legally, technically, and financially qualified RE Developer for the EDU of a RE resource — solar, wind, ocean, hydropower, biomass, and geothermal — within the contract area; and

4.4.7. *Small-Scale Coal Mining Permit* or *SSCMP* refers to the permit issued by the DOE pursuant to BED Circular No. 87-03-001 for the EDU of small coal deposits within an area.

4.5. *Proponent* refers to an applicant for the award of, or an amendment or expansion of the area covered by, an energy contract, permit, or other authority for the EDU of an energy resource in an APR; and

4.6. *Simultaneous EDU* refers to the EDU of two or more different energy resources within the same area, undertaken by different Holder/s of Prior Rights and a Proponent.

Section 5. Policy on EDU of Multiple Energy Resources in an Area

5.1. The DOE shall, where practicable, facilitate Simultaneous EDU in an APR, provided that the energy resource proposed to be explored, developed, and utilized by the Proponent is different from the energy resource being explored, developed and utilized by the Holder of Prior Rights.

5.2. The Simultaneous EDU in an APR shall not be allowed where the proposed EDU involves the same energy resource.

5.3. Prior Rights shall be recognized, respected, and protected throughout the evaluation and implementation of any Simultaneous EDU.

5.4. The filing or pendency of an application for an energy contract, permit, or other authority shall not confer a Prior Right over the applied area or prevent the DOE from subsequently awarding or granting a Prior Right over such area in accordance with applicable laws, rules, regulations, and DOE issuances.

5.5. In determining whether Simultaneous EDU may be allowed, the following parameters shall be considered:

5.5.1. The type, stage, phase, and status of the projects of Holders of Prior Rights;

5.5.2. The compliance of the Holders of Prior Rights with their respective approved work program and financial commitments;

5.5.3. The compatibility of the proposed work program of the Proponent with the approved work programs of the Holders of Prior Rights;

5.5.4. The nature and extent of any ownership or possessory rights over the APR held by the Proponent or the Holders of Prior Rights; and

5.5.5. Such other circumstances as may be relevant to protect the public interest and advance national energy security in determining whether the proposed Simultaneous EDU may be allowed.

Section 6. Creation of Multiple Energy Resources Committee (MERC)

6.1. The MERC is hereby created to carry out the responsibilities set forth in this Circular and shall be composed of the following officials:

Chairperson	:	Supervising Undersecretary for Energy Policy and Planning Bureau (EPPB)
Vice-Chairpersons	:	Supervising Undersecretary for Energy Resource Development Bureau (ERDB)
		Supervising Undersecretary for Renewable Energy Management Bureau (REMB)
Members	:	Director of ERDB
		Director of REMB
		Director of Legal Services (LS)
		Director of Information Technology Management Services (ITMS)
		Director of Financial Services (FS)
		Director of the concerned Field Office (FO)

6.2. The MERC shall have the following roles and responsibilities:

6.2.1. Evaluate and decide whether to allow the Simultaneous EDU and issue the corresponding Area Clearance in the processing of applications for energy contracts, permits, or other authorities involving the EDU of multiple energy resources in an APR;

6.2.2. Deliberate on and resolve issues and concerns relating to Simultaneous EDU;

6.2.3. Address related questions and inquiries that may be raised by concerned stakeholders;

6.2.4. Coordinate with other government agencies on the implementation of this Circular;

6.2.5. Conduct periodic review to ensure the effective implementation of this Circular;

6.2.6. Adopt and issue guidelines necessary for the implementation of this Circular; and

6.2.7. Perform other functions that may be deemed necessary to carry out its responsibilities under this Circular.

Section 7. Technical Working Group (TWG) and Secretariat. The TWG and Secretariat shall assist the MERC in all activities related to Simultaneous EDU, which shall be composed of the following:

Head	:	Director of EPPB
Members	:	Chief of concerned ERDB Division
		Chief of concerned REMB Division
		Chief of concerned LS Division
		Chief of ITMS Information Services Division
		Chief of concerned FS Division
		Chief of concerned FO Division
Secretariat	:	Chief of concerned EPPB Division and Designated Staff

Section 8. Procedure for Evaluation. The following procedure shall be observed when an application for an energy contract, permit, or other authority overlaps with an APR:

8.1. Upon completion of the area clearance in accordance with the relevant guidelines issued by the DOE, which shall include the identification of any overlap between the area applied for by the Proponent and the APR, the DOE-ITMS shall determine whether the Prior Right covering the overlapping area involves the same or a different energy resource as that covered by the application.

8.1.1. Where the Prior Right involves the same energy resource, the DOE-ITMS shall endorse application to the concerned Bureau for denial.

8.1.2. Where the Prior Right involves a different energy resource, the DOE-ITMS shall endorse the application to the MERC for evaluation whether to allow the Simultaneous EDU and issue the corresponding Area Clearance.

8.2. Within one (1) working day from receipt of the endorsement from the DOE-ITMS, the MERC, through the Secretariat, shall direct the TWG to conduct the evaluation.

8.3. Within three (3) working days from receipt of the directive from the MERC, the TWG shall:

a. Identify the Holder/s of Prior Rights affected by the application; and

b. Require the Proponent to submit, within three (3) working days from receipt of notice to respond issued by the TWG, a written justification for the Simultaneous EDU, including its proposed work plan, and, if available, technical studies and designs, proof of ownership or possessory rights, and other relevant supporting documents. Provided, That the Proponent may, within the same three (3) working-day period, formally elect in writing to reconfigure its AOI to exclude the overlapping APR, in which case the application shall be returned to DOE-ITMS for area re-verification.

The Holder/s of Prior Rights shall thereafter be required to submit, within three (3) working days from receipt of notice to respond issued by the TWG, their comments on the Proponent's submissions and relevant supporting documents.

Failure of the Proponent to submit its justification and proposed work plan or formal election to reconfigure the AOI within the prescribed period shall result to the automatic denial of the application.

Failure of a Holder of Prior Right to submit its comments within the prescribed period shall be deemed waiver only of its opportunity to object to the Proponent's application. In such case, the TWG and the MERC shall evaluate the application based only on the data and information available to them.

8.4. Within three (3) working days from the receipt of the comments or the lapse of the prescribed period for the Holder/s of Prior Rights to submit their comments under Section 8.3, the TWG shall complete its evaluation taking into consideration Section 5.5 and submit its recommendation to the MERC.

8.5. Within five (5) working days from receipt of the TWG's evaluation and recommendation, the MERC shall either:

8.5.1. Approve or disapprove the Simultaneous EDU and, accordingly, issue or deny the corresponding Area Clearance; or

8.5.2. Direct the conduct of further evaluation and/or submission of additional documents.

In all cases, the MERC shall inform the Proponent and Holder/s of Prior Rights of its action.

8.6. In exceptional cases as determined by the MERC, the application, together with the MERC's evaluation and recommendation, shall be referred to the Secretary for approval or disapproval.

8.7. The application may be denied where the proposed Simultaneous EDU would, based on the information available at the time of application, materially interfere with the exercise or implementation of the Prior Rights and such interference cannot reasonably be addressed through coordination, sequencing of activities, mitigation measures, or other appropriate safeguards.

8.8. In case of approval, the Proponent shall, within three (3) working days from receipt of the Notice of Approval, submit to the DOE a notarized Affidavit of Acknowledgment and Undertaking, as a condition for the issuance of the Area Clearance, stating that it:

8.8.1. Recognizes, respects, and shall continue to recognize and respect the Prior Rights of the affected Holders of Prior Rights;

8.8.2. Shall coordinate with the affected Holders of Prior Rights and undertake such further technical studies, assessments, or measures as may be necessary to address potential impacts, interference, or coordination requirements arising from its proposed Simultaneous EDU; and

8.8.3. Shall comply with such additional conditions, safeguards, or measures identified by the MERC, if any, for the protection of Prior Rights and the orderly conduct of the Simultaneous EDU.

Failure of the Proponent to submit the required Affidavit within the prescribed period shall result to the automatic denial of the application.

8.9. Within three (3) working days from the submission of the notarized Affidavit of Acknowledgment and Undertaking, the DOE-ITMS shall issue the Area Clearance. The Proponent shall proceed with the corresponding application for the energy contract, permit, or other authority within thirty (30) calendar days from receipt of the Area Clearance; otherwise, the issued Area Clearance shall be deemed expired.

8.10. If, at any time during the processing of an application, the area covered by the application becomes wholly or partially covered by a Prior Right that was granted after the filing of such application, the DOE-ITMS shall promptly notify the Proponent and endorse the application to the MERC for evaluation in accordance with this Section.

Section 9. Transitory Provisions. All pending applications for the award of, or amendment or expansion of the area covered by, energy contracts, permits, or other authorities for the EDU of multiple energy resources in an APR shall be governed by this Circular.

Section 10. Separability Clause. If for any reason, any provision of this Circular is declared unconstitutional or invalid by a court of competent jurisdiction, the other parts or provisions not affected thereby shall remain in full force and effect.

Section 11. Repealing Clause. This Circular supersedes the provisions of DC No. DC2024-06-0018 governing multiple resources in an area, insofar as such provisions are covered by this Circular. All other issuances, rules, and regulations, which are inconsistent with the provisions of this Circular are hereby repealed, amended, superseded or modified accordingly.

Section 12. Effectivity. This Circular shall take effect fifteen (15) calendar days following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked. Copies of this Circular shall be filed with the University of the Philippines Law Center - Office of the National Administrative Register.

Issued this 23 OCT 2026 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City.

SHARON S. GARIN
Secretary