

**MEMORANDUM OF AGREEMENT**  
**Between the Pagbilao Energy Corporation and**  
**First Bay Power Corporation**

*(For the Establishment of Trust Accounts on the Accrued Financial Benefits from  
the commercial operations of 420 MW Unit 3 Pagbilao Coal-Fired Thermal  
Power Station at Pagbilao, Quezon*

**KNOW ALL MEN BY THESE PRESENTS:**

This Memorandum of Agreement (the "**Agreement**"), made and entered into by and between:

**Pagbilao Energy Corporation**, a private corporation duly organized and existing under the laws of the Philippines, with principal office address at 25F W Fifth Avenue Building, 5<sup>th</sup> Avenue, Bonifacio Global City, Taguig City, duly represented by its Chairman / Authorized Representative John V. Alcorido, hereinafter, referred to as "**PEC**".

**and**

**First Bay Power Corporation**, an electric distribution utility company duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at Kapitan Ponso Extension, Poblacion 2, Bauan, represented herein by its President Ray Florence T. Reyes, duly authorized to represent it in this Agreement, hereinafter referred to as "**FBPC (BELS)**";

**PEC and FBPC (BELS)** shall hereinafter be collectively referred to as "**Parties**" and individually as a "**Party**".

**WITNESSETH: That**

**WHEREAS**, Section 5 (i) of Republic Act No. 7638 (R.A. No. 7638), otherwise known as the "Department of Energy Act of 1992" mandates the Department of Energy (DOE) to devise ways and means of giving direct benefits to the province, city or municipality, specially the community and people affected and equitable and preferential to the region that Hosts the energy resource and/or the energy-generating facility;

**WHEREAS**, Energy Regulations No. 1-94 (ER 1-94) was promulgated by the DOE on 01 August 1994 to operationalize the implementation of section 5 (i) of R.A. No. 7638;

**WHEREAS**, Energy Regulations ("**ER**") No. 1-94 implementing Section 5(i) of Republic Act No. 7638, otherwise known as the "Department of Energy Act of 1992", grant financial benefits to the host communities of the energy-generation company and/or energy resources;



**WHEREAS**, Section 66 of R. A. No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" and Rule 29(A) of its Implementing Rules and Regulations (EPIRA-IRR) require all energy generation companies (GenCos) and/or energy resource developers (ERDs) to provide financial benefits equivalent to one centavo per kilowatt-hour (P0.01/kWh) of the total electricity sales of the generation facility to the region, province, city or municipality and barangay that host the generation facility and energy resource facility, as well as the establishment of corresponding trust accounts and the administration thereof by the DOE;

**WHEREAS**, on 07 August 2018, DOE issued Department Circular No. DC2018-08-0021, amending for the purpose Rule 29 (A) of the EPIRA-IRR, to accelerate socio-economic development and to have a more effective and efficient utilization of the funds and to enforce the immediate provision of benefits to Host communities;

**WHEREAS**, pursuant to Section 6 of DC2018-08-0021 the financial benefit shall be allocated in the following manner:

"6.1. Electrification Fund

Fifty percent of one centavo per kilowatt-hour (P0.0050/kWh) of the Electricity Sales shall set aside as EF.

The EF shall be applied in the following radiating order:

- 6.1.1. Community and People Affected
- 6.1.2. Host Barangay/s
- 6.1.3. Host Municipality/ies or City/ies
- 6.1.4. Host Province/s
- 6.1.5. Host Region/s; and
- 6.1.6. Other prioritized areas by the DUs, as may be approved by DOE"

**NOW, THEREFORE**, in view of the foregoing, the **Parties** hereby stipulate and agree as follows:

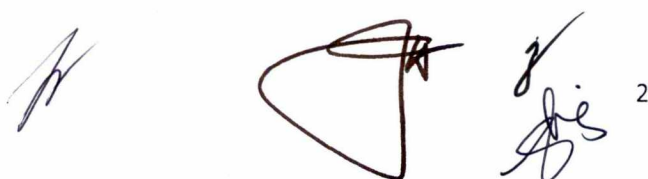
**Section I. Scope of Agreement**

This **Agreement** shall cover the establishment and administration of a separate trust account for **EF**, that shall accrue based on the electricity sales as financial benefit for the Host LGUs/Regions through **FBPC (BELS)** (the "EF Trust Account").

**Section II. Responsibilities of the Parties**

1. **PEC** shall:

- 1.1. Remit directly to **FBPC (BELS)** its share EF in the manner set forth in Section 6 of DC2018-08-0021;



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1.2. The EF shall be remitted quarterly based on the reported Electricity Sales and in accordance with the following:

- a) The EF accruing from the billing period 26 February 2018 to 25 December 2019 shall be directly remitted to **FBPC (BELS)** on or before 15 February 2020 provided the latter has already established its own trust account;
- b) For the succeeding quarterly billing periods, the remittance shall be made within fifteen (15) calendar days after the end of each billing quarter.

1.3. Establish separate **regular accounts** in trust and/or for the benefit of the ER 1-94 Funds in accordance with the **1<sup>st</sup> Advisory on the Implementation of DC2018-08-0021**

2. **FBPC (BELS)** shall:

2.1. Be responsible for the opening and maintenance of the EF Trust Account

- a) If **FBPC (BELS)** has an existing EF Trust Account, it shall request the Authorized Government Depository Bank (AGDB) to adopt the account name stated below and subsequently issue a certification of the said account, its status and current available balance.

FBPC-PEC-EF (ER 1-94)

- b) If **FBPC (BELS)** does not have an existing EF Trust Account, it shall establish a trust account specific for the EF, under the account name below:

FBPC-PEC-EF (ER 1-94)


2.2. Maintain the required balance in the EF Trust Account (the "Maintaining Balance"), which shall not be withdrawn by **FBPC (BELS)**.

The fees and charges relative to the maintenance of such trust account shall be considered as administrative expenses and shall be deducted from the EF Trust Account.

2.3. Accept all remittances made by PEC as deemed certified by the DOE, subject to post audit rules and regulations.

2.4. Issue Official Receipt (ORs) within five (5) calendar days upon remittance by PEC

2.5. Prepare and submit to PEC the AWP as provided in Section 10 of Circular No. DC2018-08-0021. The AWP shall be submitted in print and in electronic copy to PEC not later than March 15 of every

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year. It shall identify the priority tangible projects under the EF that can be implemented within the reference year of the AWP. The AWP shall be prepared by **FBPC (BELS)** in accordance with its Distribution Development Plan (DDP);

### Section III. Effectivity of Agreement

This Agreement shall take effect immediately upon signing by both Parties and remain valid and effective unless revoked, modified and/or amended.

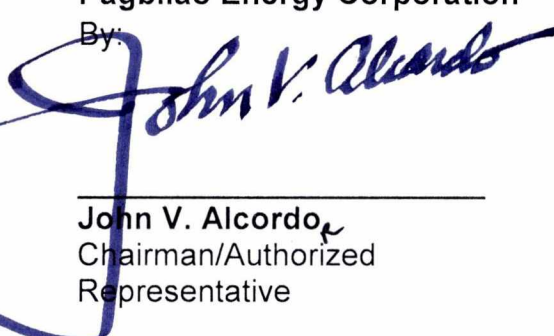
### Section IV. Amendments

Any amendment or modification of this Agreement will only be effective upon written consent by the **Parties**.

IN WITNESS WHEREOF, the Parties hereby set their hands this \_\_\_\_ day of \_\_\_\_\_, Two Thousand \_\_\_\_\_ in \_\_\_\_\_.

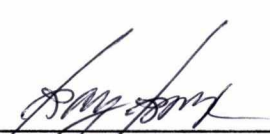
Pagbilao Energy Corporation

By:


  
\_\_\_\_\_  
John V. Alcordero  
Chairman/Authorized  
Representative

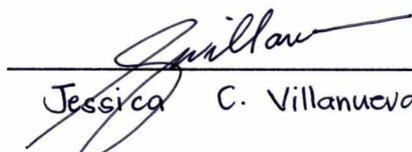
First Bay Power Corporation

By:

  
\_\_\_\_\_  
Ray Florence T. Reyes  
President

Signed in the presence of Witnesses

  
\_\_\_\_\_  
Maria Teresa C. Lopez  
Authorized Representative

  
\_\_\_\_\_  
Jessica C. Villanueva

## ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)  
Taguig City ) ss

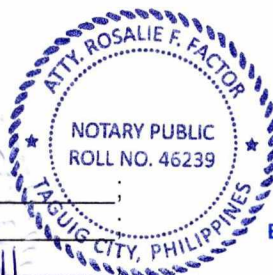
BEFORE ME, this \_\_\_\_\_ day of FEB 03 2020, at Taguig City  
personally appeared:


Name	Designation	Company	ID Number
John V. Alcordo	Chairman/ Authorized Representative	Pagbilao Energy Corporation	Philippine Passport P2257933A

This instrument which consists of six (6) pages, including this page on which this acknowledgment is written, has been signed by the above Party and his instrumental witnesses on each and every page thereof and sealed with my notarial seal.

**WITNESS MY HAND and SEAL**, at the place and on the date first above written.

Doc. No. 171  
Page No. 36  
Book No. VII  
Series of 2020



  
**ROSALIE F. FACTOR**  
Notary Public for Taguig City  
Commission No. 6 - Valid Dec. 31, 2021  
Roll of Atty. No. 46239  
PTR No. A-4762191 - 01/07/20 - Taguig City  
IBP No. LRN-05115 - 01/27/05 - Lifetime PPLM  
25/F W Fifth Avenue Building, 5th Avenue  
Bonifacio Global City, 1634 Taguig City, Philippines



## ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

BAUAN BATANGAS) ss

BEFORE ME, this \_\_\_\_\_ day of FEB 13 2020, at BAUAN BATANGAS  
personally appeared:

Name	Designation	Company	ID Number
Ray Florence T. Reyes	President	First Bay Power Corporation	

This instrument which consists of six (6) pages, including this page on which this acknowledgment is written, has been signed by the above Party and his instrumental witnesses on each and every page thereof and sealed with my notarial seal.

**WITNESS MY HAND and SEAL**, at the place and on the date first above written.

Doc. No. 194 ;  
Page No. 40 ;  
Book No. Cxxvi ;  
Series of 2020

  
**LOIDA C. CONTI**  
Notary Public  
NOTARY PUBLIC UNTIL DECEMBER 31, 2021  
NOTARIAL COMMISSION NO. 2019-27-R  
ROLL OF ATTORNEYS NO. 32035 IBPNO. 00153  
PTR NO. 25336075, 1-02-2020, SAN PASCUAL BATANGAS  
47 KAP. PONSO ST. BAUAN BATANGAS