

MEMORANDUM OF AGREEMENT
Between the TeaM (Philippines) Energy Corporation and
Central Pangasinan Electric Cooperative, Inc

*For the Establishment of Trust Accounts on the Accrued Financial Benefits from
the commercial operations of the 200MW Capacity of the Sual Coal Fired
Thermal Power Plant Contracted to TeaM (Philippines) Energy Corporation*

KNOW ALL MEN BY THESE PRESENTS:

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


TeaM (Philippines) 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, 5th Avenue, Bonifacio Global City, Taguig City, duly represented by its President Gen Takahashi, hereinafter, referred to as "**TPEC**".

and

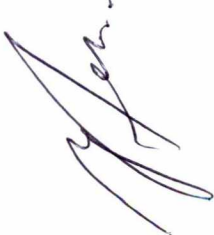
Central Pangasinan Electric Cooperative, Inc, a non-stock, non-profit organization, created and organized under Presidential Decree No. 269, as amended, with principal office address at Padilla St., San Carlos City, Pangasinan, represented herein by its Board President **Modesto M. Operania**, duly authorized to represent it in this Agreement, hereinafter referred to as "**CENPELCO**";

TPEC and **CENPELCO** 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 **CENPELCO** (the “EF Trust Account”).

Section II. Responsibilities of the Parties

1. **TPEC** shall:

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

- 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 March 2017 to June 2019 shall be directly remitted to **CENPELCO** on or before December 2019, 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 **1st Advisory on the Implementation of DC2018-08-0021**

2. **CENPELCO** shall:

- 2.1. Be responsible for the opening and maintenance of the EF Trust Account
 - a) If **CENPELCO** 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.

CENPELCO-TPEC-EF (ER 1-94)

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

CENPELCO-TPEC-EF (ER 1-94)

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 Maintain the required balance in the EF Trust Account (the "Maintaining Balance"), which shall not be withdrawn by **CENPELCO**.

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 **TPEC** as deemed certified by the DOE, subject to post audit rules and regulations.
- 2.4. Issue Official Receipt (OR) within five (5) calendar days upon remittance by **TPEC**.
- 2.5. Prepare and submit to **TPEC** 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 **TPEC** not later than March 15 of every

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 **CENPELCO** 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 _____.

TeaM (Philippines) Energy Corporation
By:

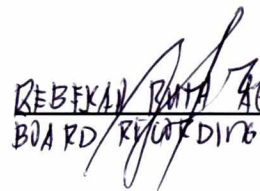

Gen Takahashi
President

Central Pangasinan Electric Cooperative, Inc
By:


Modesto M. Operania
Board President

Signed in the presence of Witnesses


Tristan A. Taghoy
AVP, Energy Trading Financial Services


REBEKAH RUTH AGUSTIN
BOARD RECORDING SECRETARY

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Taguig City) ss

BEFORE ME, this _____ day of SEP 02 2019, at Taguig City
personally appeared:

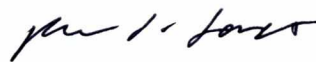
Name	Designation	Company	ID Number
Gen Takahashi	President	TeaM (Philippines) Energy Corporation	<u>TIN 336-508-431</u>

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. 472
Page No. 96
Book No. V 11
Series of 2019




ROSALIE F. FACTOR
Notary Public for Taguig City
Commission No. 14 - Until Dec. 31, 2019
Roll of Atty. No. 46239
PTR No. A-4221847 - 01/03/19 - Taguig City
IBP No. LRN-05115 - 01/27/05 - Lifetime PPLM
25/F W Fifth Avenue Building, 5th Avenue
Bonifacio Global City, 1643 Taguig City, Philippines

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

ALAMINOS CITY) ss


BEFORE ME, this _____ day of AUG 30 2019, at ALAMINOS CITY
personally appeared:

Name	Designation	Company	ID Number
Modesto M. Operania	Board President	Central Pangasinan Electric Cooperative, Inc	PHILIPPINE PASSPORT EC 4276097

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.

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Doc. No. 471 ;
Page No. 95 ;
Book No. 1 ;
Series of 2019


ATTY. JULES A. MEJIA
Notary Public
UNTIL DECEMBER 31, 2019
IBP NO. 0957 / 4-4-2019
ROLL NO. 14534/ 03-03-60
MCLE EXEMPT SC NO. 01468
PTR NO. 0614213 / 7-16-2019
ALAMINOS CITY