

MEMORANDUM OF AGREEMENT
Between the Team Sual Corporation and
Pangasinan III Electric Cooperative

*For the Establishment and Administration of Trust Accounts in Accordance with
DC2018-08-0021 for Sual Coal Fired Thermal Power Plant*

KNOW ALL MEN BY THESE PRESENTS:

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

Team Sual 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 Officer In Charge Mitsuhiro Kojima, hereinafter, referred to as "**TSC**".

and

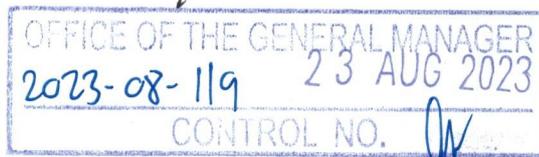
Pangasinan III Electric Cooperative, a non-stock, non-profit organization, created and organized under Presidential Decree No. 269, as amended, with principal office address at Urdaneta, Pangasinan, represented herein by its Board Chairperson Dir. Roselle G. Teodosio, duly authorized to represent it in this Agreement, hereinafter referred to as "**PANELCOIII**";

TSC and **PANELCOIII** 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:

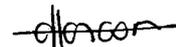
- 6.1.1. Community and People Affected
- 6.1.2. Host Barangay/s
- 6.1.3. Host Municipality/ies or City/ies
- 6.1.4. Host Province/s
- 6.1.5. Host Region/s; and
- 6.1.6. Other prioritized areas by the DUs, as may be approved by

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 **PANELCOIII** (the “EF Trust Account”).



Section II. Responsibilities of the Parties

1. TSC shall:

- 1.1. Upon receipt of the Financial Benefits from Power Sector Assets and Liabilities Management Corporation (PSALM), remit directly to **PANELCOIII** its share EF in the manner set forth in Section 6 of DC2018-08-0021;
- 1.2. The EF shall be remitted quarterly, subject to the submission of the Annual Work Plan (AWP), Board Resolution approving the AWP and Liquidation of Completed Projects by **PANELCOIII**;
- 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. PANELCOIII shall:

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

- a) If **PANELCOIII** 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.

PANELCOIII-SUAL CFTPP-EF (ER 1-94)

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

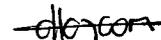
PANELCOIII-SUAL CFTPP-EF (ER 1-94)

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

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 **TSC** as deemed certified by the DOE, subject to post audit rules and regulations.

- 2.4. Issue Official Receipt (OR) within five (5) days upon remittance.



- 2.5. Prepare and submit to **TSC** 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 **TSC** 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 **PANELCOIII** 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 _____, 2023 in _____.

Team Sual Corporation

By:


Mitsuhiro Kojima
Officer In Charge

Pangasinan III Electric Cooperative

By:


Dir. Roselle G. Teodosio
Board Chairperson

Signed in the presence of Witnesses


Maria Teresa C. Lopez
AVP-Corporate Affairs & TEFI


Engr. Allan G. Casem
General Manager

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) ss

BEFORE ME, this _____ day of **SEP 04 2023**, at _____
personally appeared: **PASIG CITY, PANGASINAN**

Name	Designation	Company	ID Number
Dir. Rselle G. Teodosio	Board Chairperson	Pangasinan III Electric Cooperative	

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. 116. ;
Page No. 25 ;
Book No. 94 ;
Series of 2023

Notary Public
[Signature]
ROJIE G. DANCEL
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
TR NO. 4183629-DI-03-23 ORU LI
P NO. LIFETIME MEMBER NO. DID 22
ICLE COMPLIANCE NO. VI-00308
DATED MAY 7, 2021 PASIG CITY
ROLL OF ALLYS NO. 55450



Your delight...our success

PANELCO III

PANGASINAN III ELECTRIC COOPERATIVE

Nanayasan, Urdaneta City, Pangasinan

CDA Reg. No. 9520-01008918



Excerpts from the Minutes of the Regular BOD Meeting held on 12 May 2023 at the SAO, Tomana, Rosales, Pangasinan.

RESOLUTION NO. 75-s-05-2023, F

RESOLUTION AUTHORIZING PANELCO III TO OPEN AN ELECTRIFICATION FUND TRUST ACCOUNT AT THE LANDBANK OF THE PHILIPPINES (LBP) WITH AN ACCOUNT NAME OF PANELCO III-SUAL CFTPP-EF (ER 1-94) AND AUTHORIZING/EMPOWERING THE BOARD CHAIRPERSON, DIR. ROSELLE G. TEODOSIO AND THE GENERAL MANAGER, ENGR. ALLAN G. CASEM TO SIGN/EXECUTE THE MEMORANDUM OF AGREEMENT (MOA) WITH TEAM ENERGY CORPORATION FOR THE ELECTRIFICATION FUND ACCOUNT ER-194 AS REQUIRED BY THE DEPARTMENT OF ENERGY

WHEREAS, the management through the Finance Services Department recommended for the opening of a bank account at LBP;

WHEREAS, the body concurred the recommendation of the management, and finding the same to be in order the same was approved;

WHEREFORE, on motion of Dir. Velasco and duly seconded by Dir. Del Prado III, it was-

RESOLVED, AS IT IS HEREBY RESOLVED, TO AUTHORIZE PANELCO III TO OPEN AN ELECTRIFICATION FUND TRUST ACCOUNT AT THE LANDBANK OF THE PHILIPPINES (LBP) WITH AN ACCOUNT NAME OF PANELCO III-SUAL CFTPP-EF (ER 1-94) AND AUTHORIZING/EMPOWERING THE BOARD CHAIRPERSON, DIR. ROSELLE G. TEODOSIO AND THE GENERAL MANAGER, ENGR. ALLAN G. CASEM TO SIGN/EXECUTE THE MEMORANDUM OF AGREEMENT (MOA) WITH TEAM ENERGY CORPORATION FOR THE ELECTRIFICATION FUND ACCOUNT ER-194 AS REQUIRED BY THE DEPARTMENT OF ENERGY

RESOLVED FINALLY To furnish copy of this resolution to all concerned for their information and appropriate action.

UNANIMOUSLY APPROVED.

Page 1 of 2



PANELCO III

PANGASINAN III ELECTRIC COOPERATIVE

Your delight...our success

Nancayasan, Urdaneta City, Pangasinan

CDA Reg. No. 9520-01008918

OFFICE OF THE GEN. MANAGER
RECEIVED
MAY 25 2023
MARY GRACE M. CHUA
EXECUTIVE ASSISTANT TO THE GEN. MANAGER

Excerpts from the Minutes of the Regular BOD Meeting held on 12 May 2023 at the SAO, Tomana, Rosales, Pangasinan.

Certified true and correct:

Attested by


ATTY. DEXTER ARTHUR T. NAVARRO
Board Secretary


DIR. ROSELLE G. TEODOSIO
Chairperson

CONCURRENCE:


DIR. MARIA TERESA C. VELASCO
Vice Chairperson


DIR. NORBERTO L. DEL PRADO III
Member

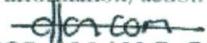

DIR. DICK A. PONTAOE
Member


DIR. EFREN N. MARZAN
Member


DIR. FEDERICO L. GANIGAN, JR.
Member


DIR. HUBERTO Y. TE
Member

For information/action by:


ENGR. ALLAN G. CASEM
General Manager