

MEMORANDUM OF AGREEMENT
Between the TeaM Sual Corporation, Barangay Pangascasan and
PABUYAO Association, Inc

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

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**";

Barangay Pangascasan, a local government unit of the Republic of the Philippines, with office address at the Barangay Hall, Brgy Pangascasan, Sual, Pangasinan, duly represented herein by its Chairman Dionisio G. Caburao, Jr., per Sangguniang Barangay Resolution No. Resolution No. ____ series of 2024, and hereinafter referred to as "BGU"

and

PABUYAO Association, Inc., an organized association registered with the Securities Exchange Commission, with office address at the Resettlement Site, Brgy Pangascasan, Sual, Pangasinan, duly represented herein by its President Ernesto T. Gacad, per Board Resolution No. _____, and hereinafter referred to as "**PAI**".

TSC, BGU and PAI 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, in accordance with Republic Act No. 8371 (RA 8371) also known as “The Indigenous Peoples’ Rights Act of 1997”, the DOE promulgated Department Circular No. DC2018-03-0005 on 20 March 2018 recognizing the rights of the Indigenous Cultural Communities (ICCs) and Indigenous Peoples (IPs) to their ancestral domain and the natural resources therein and provides for reasonable share in the development and livelihood fund (DLF) and for the reforestation, watershed management, health and/or environment enhancement fund (RWMHEEF) components of the ER 1-94 funds;

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. In this regard, by virtue of the transition to an efficient distribution of funds, the Host Communities shall not withhold or delay issuance of the necessary permits required for the operations of the energy resource and/or energy-generating facility;

WHEREAS, TSC received a letter from the Power Sector Assets and Liabilities Management Corporation (PSALM) dated 28 April 2023 on the recognition of PAI as the representative of Community and People Affected by SCFTPP and consequently, the Beneficiary of ER 1-94 funds from SCFTPP. This was thoroughly discussed during the coordination meeting with the BGU, PAI and representatives of the National Power Corporation last 27 July 2023;

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

“6.2. Twenty-five percent (25%) of one-centavo per kilowatt-hour (P0.0025/kWh) for Development and Livelihood Fund (“DLF”); and Twenty-five percent (25%) of one centavo per kilowatt-hour (P0.0025/kWh) for Reforestation, Watershed Management, Health and/or Environment Enhancement Fund (“RWMHEEF”);

The DLF and RWMHEEF shall be allocated in the following manner:

- 6.2.1. Community and People Affected -5%
- 6.2.2. Host Barangay/s -20%

6.2.3. Host Municipality/ies or City/ies	-35%
6.2.4. Host Province/s	-30%
6.2.5. Host ICCs/IPs	-5%
6.2.6. Host Region	-5%

In the absence of Community and People Affected, funds allocated for the same shall form part of the fund for the Host Barangay.

In the absence of ICCs/IPs, the funds allocated for the same shall form part of the fund for the Host Region.”

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 by the **BGU for PAI** of separate trust accounts for **DLF** and **RWMHEEF** (the “DLF and RWMHEEF Trust Accounts”).

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 the same to the **BGU for PAI** in the manner set forth in Sections 6 and 7 of DOE DC 2018-08-0021;
- 1.2 The DLF and RWMHEEF shall be remitted quarterly, subject to the submission of Annual Work Plan (AWP) by **the BGU**, Sanggunian Barangay resolution approving the AWP **endorsed by PAI**, and liquidation of the completed projects included in the previous AWP;
- 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. **BGU** shall:

- 2.1. Be responsible for the opening and maintenance of the DLF and RWMHEEF Trust Accounts **exclusively for the ER 1-94 share of PAI** in accordance with DC2018-08-0021;
 - a) If the **BGU** has an existing Trust Accounts for **PAI**, it shall request the Authorized Government Depository Bank (AGDB) to adopt the account names stated below and subsequently issue a certification of the said accounts, its status and current available balance.

BGU_PABUYAO-Sual CFTPP-DLF (ER 1-94)

BGU_PABUYAO-Sual CFTPP-RWMHEEF (ER 1-94)

- b) If the **BGU** does not have an existing Trust Accounts for **PAI**, it shall establish trust accounts specific for the DLF and RWMHEEF, under the account name below:

BGU_PABUYAO-Sual CFTPP-DLF (ER 1-94)

BGU_PABUYAO-Sual CFTPP-RWMHEEF (ER 1-94)

All costs related to the opening of such trust accounts shall be considered as administrative expenses and shall be deducted from the DLF and RWMHEEF Trust Accounts.

- 2.2. Maintain the required balance in the DLF and RWMHEEF Trust Accounts (the "Maintaining Balance"), which shall not be withdrawn by the **BGU**.

The fees and charges relative to the maintenance of such trust accounts shall be considered as administrative expenses and shall be deducted from the DLF and RWMHEEF Trust Accounts.

- 2.3. Designate a Person-In-Charger of ER 1-94 to coordinate with **TSC**, **PAI** and **Local COA** on all matters related to ER 1-94.

- 2.4. Submit to **TSC** the AWP, Sanggunian Barangay resolution approving the AWP **endorsed by PAI**, and copy of the liquidation documents marked received by the Local COA of completed projects included in the previous 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.

- 2.5. Post the validated AWP in its website and in absence thereof, in two (2) conspicuous places within its area.

- 2.6. Accept all remittances made by **TSC** as deemed certified by the DOE, subject to post audit rules and regulations; and

- 2.7. Issue Official Receipt (OR).

3. **PAI** shall:

- 3.0 Designate a Person-In-Charger of ER 1-94 to coordinate with **TSC** and **BGU** on all matters related to ER 1-94.

- 3.1 Prepare and endorse the AWP to **BGU**. The AWP shall be submitted in print and in electronic copy to the **BGU**, within **60 days before March 15 of every year**. It shall identify the priority tangible projects under the DLF and RWMHEEF that can be implemented within the reference year of the AWP. The AWP shall be supported by a **PAI** Board Resolution certifying that the said list of tangible projects was discussed and approved;

- 3.2. Conduct minimum social preparation activities such as, but not limited to, community consultations and orientations in the preparation of the AWP.

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 _____, 2024 in _____.

TeaM Sual Corporation

By:


Mitsuhiro Kojima
Officer In Charge

Barangay Pangascasan

By:


Dionisio G. Caburao, Jr.
Brgy. Chairman

PABUYAO Association, Inc


By:


Ernesto T. Gacad
President

Signed in the presence of Witnesses:


Maria Teresa C. Lopez
AVP-Corporate Affairs


Hilario Dulay
Brgy. ~~SECRETARY~~


Marcelo Chiquita
Vice President

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Taguig City) S. S.

BEFORE ME, this 01 AUG 2024 day of 2024 at Taguig City
personally appeared the following:

Name	Designation	Company	ID Number
Mitsuhiro Kojima	Officer In Charge	TeaM Sual Corporation	Japanese Passport No. TZ2210916 Issued on August 16, 2023/Embassy of Japan in the Philippines

This instrument which consists of 8 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 date and place first above written.

[Handwritten signature]

Doc. No. 38
Page No. 9
Book No. XIII
Series of 2024.



Notary Public

[Handwritten signature]
ROSALIE F. FACTOR
Notary Public for Taguig City
Commission No. 19 Until Dec.31, 2025
Roll of Atty. No. 46239
PTR No. A-6016796 - 01/08/24 - 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

[Handwritten signature]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
SUAL, PANGASINAN) S. S.

BEFORE ME, this 08 day of AUG 2024 at SUAL, PANGASINAN
personally appeared the following:

Name	Designation	Company	ID Number
Dionisio G. Caburao, Jr.	Brgy Chairman	Brgy. Pangascasan	

This instrument which consists of 8 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 date and place first above written.

Doc. No. 177 ;
Page No. 99 ;
Book No. 1 ;
Series of 2024.

VICTOR MANUEL E. MORALES
Notary Public
NOTARY SEAL NO. 2024-L-03
ROLL NO. 61431-03/27/2012
IBP NO. 329172-01/02/2024
PTR NO. 1251048-01/03/2024
MCLE NO. VII-
0030703-04/14/2025
SUAL, PANGASINAN

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
ALAMINOS CITY, PANG) S. S.

BEFORE ME, this _____ day of _____ 2024 at ALAMINOS CITY, PANG
personally appeared the following:

Name	Designation	Company	ID Number
Ernesto T. Gacad	President	PABUYAO Association, Inc	

This instrument which consists of 7 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 date and place first above written.

Notary Public

Doc. No. 424 ;
Page No. 85 ;
Book No. 27 ;
Series of 2024.


ATTY. CIRILO B. MADOC
NOTARY PUBLIC
UNTIL DEC. 31, 2024
PTR No. 0874174
ALAMINOS CITY, PANG
IBP LIFETIME No. 08513
ROLL No. 32993
MCL# No. VI-0007158





