NATIONAL ADMINISTRATIVE REGISTER · MAY 19, 1998

# AUTHORIZING THE NATIONAL POWER CORPORATION TO GRANT ADVANCE FINANCIAL ASSISTANCE TO FARMERS/TENANTS DISPLACED BY THE CONSTRUCTION OF MASINLOC COAL-FIRED THERMAL POWER PLANT

*DOE DEPARTMENT CIRCULAR NO. 98-05-007, May 19, 1998*

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WHEREAS, the National Power Corporation (NPC), as part of its power development plan, is presently undertaking the construction of a coal-fired thermal power plant in Barangay Bani, Masinloc, Zambales ("Masinloc Power Project"), with a rated capacity of two — (2) units of 300 megawatts (MW) which will beef up reserves of the Luzon grid;

WHEREAS, the NPC as the power producer, has sought approval from the DOE to provide financial assistance to the displaced farmers and tenants of agricultural lands covered by the Masinloc Power Project since the said farmers and tenants were adversely affected by this project;

WHEREAS, Energy Regulations (E.R.) No. 1-94, promulgated by the Department of Energy (DOE) on May 24, 1994 prescribed the provision of direct benefits to pertinent local government units hosting energy resources and/or energy-generating facilities within their territorial jurisdiction in order to secure their favorable endorsement and full support to the construction and operation of these facilities, pursuant to Section 5 (i) of Republic Act No. 7638 (Department of Energy Act of 1992);

WHEREAS, the said regulations required power producers to provide, among others, a set of financial benefits equivalent to one centavo per kilowatt-hour from electricity sales proceeds of their energy projects or energy-generating facilities to these host local government units ("host LGUs");

WHEREAS, twenty-five percent (or P 0.0025) of the said one centavo per kilowatt-hour shall represent a development and livelihood fund, of which five percent (5%) shall be for the benefit of the barangays hosting the official resettlement/relocation sites of the community and people affected;

WHEREAS, it is recognized that the above-cited displaced farmers and tenants of Barangay Bani, Masinloc are considered as bona fide beneficiaries of financial assistance from the Masinloc Power Project, in particular the five percent (5%) financial benefits dedicated for official resettlement/relocation sites;

WHEREAS, Department Circular No. 95-11-009 promulgated by the DOE on November 8, 1995 authorized power producers to grant advance financial assistance to the host LGUs during pre-operation stage or before the start of commercial operation to secure full community support from the host LGUs;

WHEREAS, the DOE deemed it meritorious to authorize the NPC to provide advance financial assistance to the farmers/tenants displaced by the Masinloc Power Project, corresponding to the required benefits prescribed under E.R. 1-94;

WHEREFORE, premises considered, the DOE hereby authorizes the NPC to provide advance financial assistance to the displaced farmers and tenants of Barangay Bani, Masinloc, Zambales, in the following manner;



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1. The grant of advance financial assistance shall be in the amount of NINETEEN MILLION SIX HUNDRED TWENTY-EIGHT THOUSAND NINE HUNDRED SEVENTY-NINE PESOS AND 7/100 ( P 19,628,979.07); which amount is based on the value of their gross harvest for one year on the principal and secondary crops based on average annual gross harvest for the last three (3) years, as adopted by the NPC in granting financial assistance to above-cited beneficiaries pursuant to Executive Order No. 1035 dated June 25, 1998;

2. The said amount shall be credited against the five percent (5%) share dedicated for official resettlement/relocation sites from the total development and livelihood fund accruing from the Masinloc Power Project and shall be applied against this benefit at the rate of twenty percent (20%) per year upon commencement of the commercial operation of the said project, subject to the pertinent guidelines and procedures of the DOE.

Adopted: 19 May 1998

(SGD.) FRANCISCO L. VIRAY
Secretary


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