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AMENDMENT NO. 1 to LOAN AGREEMENT NO. 492-H-032

30 SEP 1977

LOAN AGREEMENT AMENDMENT NO. 1 dated the _____ day
of _____, 1977 between the GOVERNMENT OF THE REPUBLIC
OF THE PHILIPPINES ("Borrower"), the NATIONAL POWER CORPORATION
("NPC"), and the UNITED STATES OF AMERICA, acting through the AGENCY
FOR INTERNATIONAL DEVELOPMENT ("A. I. D. ") amending LOAN AGREE-
MENT NO. 492-H-032 ("Agreement").

WHEREAS, the Borrower, NPC, and A. I. D. , through their respective
representatives, executed the Agreement on the 22nd day of August, 1973;

WHEREAS, the Agreement contemplated the use of Loan funds for
the construction of a 10.5 MW geothermal electrical power generation facility
at Tiwi, Albay, in Southern Luzon and approximately 360 kilometers of 69 KV
transmission line and required substations;

WHEREAS, because of energy requirements, the Borrower and NPC
elected to construct a higher capacity geothermal electrical generation
facility at Tiwi, Albay, thus making the 10.5 MW facility unnecessary;

WHEREAS, NPC requested A. I. D. 's approval of the continued use
of the loan proceeds for the procurement of goods and services for the
69 KV transmission line and substations; and

WHEREAS, A. I. D. approved the requested use of Loan proceeds.

THEREFORE, in consideration of the changed circumstances and in order that the Agreement accurately reflect the altered Project role as already agreed by the parties, the Borrower, NPC and A.I.D. hereby agree to ammend the Agreement as follows:

(1) SECTION 1.02. The Project. Delete the text of Section 1.02 in its entirety and insert in its place the following:

"The Project shall consist of the construction of approximately 360 kilometers of 69 KV transmission line and required substations relating to the geothermal electric power generation facility being constructed by the Borrower and NPC at Tiwi, Albay, in Southern Luzon."

(2) ARTICLE V. Special Covenants and Warranties. At the end of ARTICLE V, insert SECTION 5.03 as follows:

"SECTION 5.03. Construction of Generation Facility. In order that the Project will be effectively utilized as a part of the Borrower's and NPC's larger electrical transmission and distribution efforts in Southern Luzon, and except as A.I.D. may otherwise agree in writing, the Borrower and NPC hereby covenant and warrant to use their best efforts to expeditiously and effectively construct, utilize and maintain the electrical transmission and distribution systems in Southern Luzon."

2

"SECTION 5.04. Legal Opinions Relating to Loan Agreement Amendment No. 1. Except as A.I.D. may otherwise agree in writing, within sixty (60) days of the execution of Amendment No. 1 to the Agreement, the Borrower or NPC, as appropriate, shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) an opinion of the Secretary of Justice of the Borrower that Amendment No. 1 to the Agreement has been duly authorized and/or satisfied by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms; and

(b) an opinion of the principal legal officer of NPC, or of other counsel acceptable to A.I.D., that Amendment No. 1 to the Agreement has been duly authorized and/or ratified by, and executed on behalf of, NPC and that it constitutes a valid and legally binding obligation of NPC in accordance with all of its terms."

(3) Delete the following from the Agreement:

(a) Section 5.01 (c) in its entirety;

(b) Section 5.02 (a) - beginning in the second line, delete "including any payments required of NPC under its contract with Union/PGI or others to complete the wells and necessary field

collection system to provide sufficient steam supply to
the generating plant";

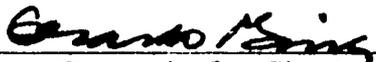
(c) Section 5.02 (b) in its entirety; and

(d) Section 5.02 (d) in its entirety.

Except as hereinabove expressly amended, the Agreement is confirmed
and continued in full force and effect in accordance with all of its terms.

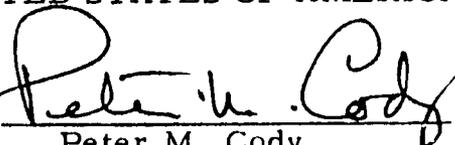
IN WITNESS WHEREOF, the Borrower, NPC and the United
States of America, each acting through its respective duly authorized
representatives, have caused this Amendment No. 1 to the Agreement
to be signed in their names and delivered as of the day and year first
above written.

REPUBLIC OF THE PHILIPPINES

By: 
Gerardo P. Sicat

Title: Secretary of Economic
Planning
(Director-General)
National Economic and
Development Authority

UNITED STATES OF AMERICA

By: 
Peter M. Cody

Title: Director
USAID/Philippines

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UNCLASSIFIED
Department of State

INCOMING
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ACTION AID-31

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E. O. 11652: N/A
SUBJECT: AID LOAN NO. 492-H-032, TIWI GEOTHERMAL

1. AMENDMENT NO. 1 TO SUBJECT LOAN AGREEMENT SIGNED
SEPTEMBER 30, 1977. ONE (1) ORIGINAL AND FIVE (5) COPIES
POUCHED TO MEL PEHL. ASIA/PD OCT. 7, 1977. AMENDMENT
CHANGES PROJECT DESCRIPTION TO ACCURATELY REFLECT AID'S
PARTICIPATION IN A REDESIGNED PROJECT. THERE ARE NO
FUNDING IMPLICATIONS TO THIS AMENDMENT.
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AIRGRAM

DEPARTMENT OF STATE

30W

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UNCLASSIFIED
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For each address check one ACTION | INFO

DATE REC'D.

TO - **AID/Washington TOAID A - 219 X**

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DATE SENT

10/12/77

DISTRIBUTION

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FROM - **MANILA**

E. O. 11652: N/A

SUBJECT - **AID Loan No. 492-H-032, Tiwi Geothermal**

REFERENCE - **(A) McDonald/Director Memorandum dtd 9/14/77
(B) MANILA 16007**

As reported in ref (B), Amendment No. 1 to the Tiwi Loan Agreement was signed on September 30, 1977.

Enclosed are one (1) original and five (5) conformed copies. Also enclosed is one (1) copy of ref (A) which provides background.

STULL

Encls: 2/s

Encl. sent 4ASIA, 10/21/77

PAGE 1 OF 1 PAGES

DRAFTED BY WF McDonald:sms	OFFICE Capital Dev.	PHONE NO. 475	DATE 10-11-77	APPROVED BY: Richard M. Dangler, Asst. Director for Capital Dev.
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A. I. D. AND OTHER CLEARANCES

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