

**MEMORANDUM OF AGREEMENT
COLLECTION, TRANSPORT, AND STORAGE OF RECOVERED
REFRIGERANTS NATIONWIDE PURSUANT TO THE UNITED NATIONS
ENVIRONMENT PROGRAMME/DENR-ENVIRONMENTAL MANAGEMENT
BUREAU ODS PHASE-OUT PROJECT**

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement made and executed at **QUEZON CITY**, Philippines, this 03 SEP 2015, by and among:

The DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES - ENVIRONMENTAL MANAGEMENT BUREAU through its **HYDROCHLOROFUOROCARBON PHASE-OUT MANAGEMENT PLAN - PROJECT MANAGEMENT UNIT (HPMP-PMU)**, with office address at EMB Bldg., DENR Compound, Visayas Avenue, Diliman, Quezon City, herein represented by the Undersecretary and concurrent EMB Director, **ATTY. JONAS R. LEONES**, and hereto referred as **DENR-EMB**;

The DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES through the **ENVIRONMENTAL MANAGEMENT BUREAU REGIONAL OFFICE - NATIONAL CAPITAL REGION (NCR)**, with office address at National Ecology Center, East Avenue, Diliman, Quezon City, herein represented by the EMB Regional Director, **MS. VIZMINDA A. OSORIO**, and hereto referred as **DENR-EMB NCR**;

and

The DELSA CHEMICALS AND MULTI-PRODUCTS, INC., with office address at Km. 24, East Service Road, Bo. Cupang, Alabang Muntinlupa City, herein represented by the President of Delsa Chemicals and Multi-products, Inc., **MR. REYNALDO Y. CABREROS**, and hereto referred as the **CENTRAL COLLECTION, TRANSPORT AND STORAGE (CCTS) FACILITY**;

- WITNESSETH -

WHEREAS, the Philippine Government is a party to the Montreal Protocol on Substances that Deplete the Ozone Layer, an international agreement duly ratified by the Philippine Senate which binds signatories thereto to discontinue the production and consumption of ozone depleting substances (ODSs) and set specific targets for their phase-out;

WHEREAS, under Republic Act 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1999) and Resolution No. 25 dated 10 March 1993 of the Senate of the Philippines ratifying the Montreal Protocol on Substances that Deplete the Ozone Layer, the DENR-EMB has the legal mandate to regulate, restrict or prohibit the import, export, use, manufacture, transport, processing storage, possession or sale of ozone depleting substances to abate and minimize their risks and hazards to the stratospheric ozone, public health, and the environment;


WHEREAS, to strengthen and hasten the Philippines' compliance with the Montreal Protocol and to train its directions to sterner means, the National CFC Phase-out Plan Project and the Hydrochlorofluorocarbons Phase-out Management Plan projects were created to facilitate and strengthen the drive to eliminate the use of ODSs specifically Chlorofluorocarbons (CFCs) and Hydrochlorofluorocarbons (HCFCs), respectively;

WHEREAS, the Multilateral Fund Executive Committee of the Montreal Protocol approved financial assistance for the reduction and complete phase-out of consumption of all ozone depleting substances including HCFCs in the Philippines;

WHEREAS, there is an urgent need to clarify the respective responsibilities of, and establish a subsisting and working relationship among, the Delsa Chemicals and Multi-Products, Inc. (Central CTS Facility), the identified Depository Sites, the DENR-EMB Central Office, and the selected EMB Regional Offices in relation to the provisions of Republic Act 6969 and the Montreal Protocol on Substances that Deplete the Ozone Layer as ratified by the Senate as well as the implementation of the HPMP project;

NOW, THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants and stipulations herein contained, the parties hereto have agreed, and to hereby agree, on the following:

I. PROJECT SCOPE AND FRAMEWORK



The goal of the Hydrochlorofluorocarbons Phase-out Management Plan (HPMP) for the Philippines is to assist the Government of the Philippines in achieving compliance with the phase-out targets established for HCFCs during the 19th Meeting of Parties to the Montreal Protocol in 2007, by developing an overarching strategy for phase-out considering the cost-effectiveness, practicality, and the time frame for the availability of alternatives. The HPMP is being implemented by concerned agencies legally-mandated to do so in close collaboration with the DENR-EMB through its Philippine Ozone Desk and HPMP Project Management Unit.

Part of the approved HPMP work program is the sub-project for the Expansion of the Collection, Transport and Storage (CTS) of

~~recovered refrigerants from service shops, commercial units, and other~~

ODS/refrigerant alternative handlers including Junk Shops nationwide. This is to assist the said end-users to surrender/transfer their recovered refrigerants to the designated regional depository sites and turn-over the recovered refrigerants to the authorized Central CTS Facility (Delsa Chemicals and Multi-Products, Inc.) for proper storage, and eventual disposal including the monitoring of the volume of mixed, contaminated and adulterated refrigerants.

II. DEFINITION OF TERMS

Wherever used in this Agreement, unless the context otherwise requires and except as may be inconsistent with the definitions herein, the following terms shall have the following meanings:

CCTS – Central Collection, Transport & Storage

CCTS FACILITY – central collection, transport and storage facility authorized by the DENR-EMB to undertake the proper collection, transport, and storage of recovered refrigerants nationwide.

CERTIFIED TECHNICIAN - a technician who has successfully completed and passed the competency assessment given by TESDA (or an accredited institution) and holds a current TESDA-issued certificate. Capable of practicing, servicing, repairing, installing, and troubleshooting of RAC system

CHILLER OWNERS – is the one who owns, or has the legal right to possess and operate an existing chiller.

CONTAMINATED SINGLE REFRIGERANTS – single type of refrigerant checked through the use of a refrigerant identifier.

DENR – Department of Environment & Natural Resources

DEPOSITORY SITES – registered dealers/resellers/retailers of ODS and its alternatives designated as authorized storage/depository sites in its scope of jurisdiction.

EMB – Environmental Management Bureau

GOP – Government of the Philippines

HPMP - Hydrochlorofluorocarbons Phase-out Management Plan

IEC – Information, Education and Communication

PMU – Project Management Unit

PROJECT – Montreal Protocol/UNEP/DENR-EMB ODS Phase-out Project

MIXED/ADULTERATED REFRIGERANTS – two or more types of refrigerants checked through the use of a refrigerant identifier.

MP – Montreal Protocol

ODSs – Ozone Depleting Substances

RAC – Refrigeration and Airconditioning

RECOVERY – the removal of a refrigerant at any condition (vapor, liquid or mixed with other substance) from a system and to store it in an external container

REGIONAL ODS OFFICERS – designated by the DENR-EMB as the principal focal person in the implementation of the ODS Phase-out programs in their respective regions.

REGIONAL MONITORING STAFF – designated by the DENR-EMB as alternate focal person in the implementation of the ODS Phase-out programs in their respective regions.

SERVICE SHOP – means any sole proprietorship, partnership, corporation, cooperative, association or entity engaged, directly or indirectly, exclusively or incidentally, in the service, repair and maintenance of airconditioning, refrigeration, and/or mobile airconditioning. A small & medium shop that undertake repair and maintenance of RAC & MAC equipment.

SERVICE TECHNICIAN – a person who is practicing, servicing, repairing, installing, and troubleshooting of RAC and transport system.

SUB-PROJECT AGREEMENT – an agreement between the DENR-EMB through its HPMP-PMU, DENR-EMB Regional Offices, CCTS Facility and designated Regional Depository Sites relative to the implementation of collection, transport and storage of recovered refrigerants from various sources nationwide.

USUFRUCT – as defined in Article 562 of the Civil Code, is a real right by virtue of which a person is given the right to enjoy the property of another with the obligation of preserving its form and substance.


III. AREAS OF RESPONSIBILITY

1. The **DENR-EMB** through its HPMP Project Management Unit (HPMP-PMU), shall:

- a. Provide over-all supervision in the implementation of the approved MOA;
- b. Review and approve the progress reports submitted by the CCTS Facility including the reports submitted by the designated regional depository sites through the CCTS facility;
- c. Conduct the necessary verification of recovered refrigerants and compliance monitoring prior to the processing and release of payments based from the approved Financial Incentive Scheme as stated in Annex A.

The responsibility of the DENR-EMB/HPMP PMU's supervision ends upon project completion by the end of 2015. However, such cessation of supervision should not in any way be construed as DENR-EMB's waiver of any action which future circumstances may warrant; hence, the DENR-EMB may deputize its Regional Office to perform and ensure efficient monitoring and supervision of the sub-project located within its scope of jurisdiction.

2. The **EMB Regional Office through its designated Regional ODS Officer and Regional Monitoring Staff**, shall:

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- a. Assist the DENR-EMB/HPMP PMU in the implementation of the project including processing and issuance of pertinent permits/clearances to the authorized CCTS facility;
 - b. Conduct compliance monitoring of all service shop voucher grantees including the requirement to surrender their recovered refrigerants to the authorized CCTS facility;
 - c. Closely monitor the status of collection and recovery of refrigerants from the various sources within NCR by the CCTS facility and provide feedbacks to the DENR-EMB through the HPMP PMU; and
 - d. Conduct sustainable IEC activities to encourage the concerned stakeholders to surrender the recovered refrigerants to the authorized CCTS facility.

3. The **CENTRAL CTS FACILITY (DELSA CHEMICALS & MULTI-PRODUCTS, INC.)**, shall:

- a. Ensure that the established guidelines in securing the necessary permits and licenses in the operation of the CCTS facility as well as the transporting of recovered refrigerants are complied with;
- b. Commit to collect a minimum target of 1,800 kilograms per month of recovered refrigerants from the various sources in

- the National Capital Region including Luzon, Visayas, and Mindanao through the designated regional depository sites nationwide;
- c. Ensure the security of the recovered refrigerants as well as the tools and equipment provided for the implementation of the collection, transport, and storage scheme of recovered refrigerants nationwide as stated in Annexes B and C;
 - d. Coordinate with EMB Regional Offices, designated regional depository sites, concerned stakeholders, and service shops to ensure participatory planning in the identification of collection sources;
 - e. Facilitate the procurement of an appropriate and technically feasible recovery machines to be provided to the designated regional depository sites in Central and Northern Luzon, Visayas and Mindanao that will be used as transferring machine during the recovery of refrigerants from the end-users. The procurement of the said machines will be funded under the HPMP project through reimbursement basis;
 - f. Responsible for the arrangement on the shipment of recovered refrigerants from the depository sites to the Central CTS Facility;
 - g. Facilitate the payment of recovered refrigerants to depository sites and end-users as defined in the Financial Incentive Scheme for the Collection, Transport and Storage of Recovered Refrigerants Nationwide as stated in Annex A;
 - h. Prepare consolidated progress reports on the collection and storage activities of the CCTS facility and designated regional depository sites on a quarterly basis including identification of issues and problems, causes of potential bottlenecks during the implementation, and providing specific recommendations;
 - i. Provide consolidated report to DENR-EMB through its HPMP-PMU on the recovered and stored refrigerants including the names and the amount collected from its sources on a quarterly basis;
 - j. Perform inventory and verification, in coordination with the DENR-EMB/HPMP-PMU, of the recovered refrigerants collected by the CCTS facility as well as those transported by the designated regional depository sites on a per chemical basis; and
 - k. Assist the DENR-EMB/HPMP PMU, EMB Regional Offices, and designated regional depository sites in conducting sustainable IEC activities to concerned stakeholders pertaining to the project.


The signatory of this Agreement shall act as the focal person during the full implementation of the project and other related activities.

IV. COMMON PROVISIONS

The Parties herein agree to:

1. Closely coordinate with and/or consult each other for the smooth and effective implementation of the CCTS Scheme/Facility.
2. Review this Agreement at least on a quarterly basis by the parties herein to assess the relevance of any of its provisions, and immediately effect relevant amendments thereto, when and if deemed necessary in order to achieve the objectives of the Project.

V. FINANCING AGREEMENT

1. The DENR-EMB, as the lead implementing agency, through its HPMP Project Management Unit shall prepare the over-all implementation plan of the Central Collection, Transport, and Storage scheme/facility as well as the identification of depository sites in key regions nationwide in coordination with the concerned stakeholders, which serve as the basis for the allocation of funds for the implementation of this specific activity; and
 2. Concerned parties to this Agreement shall also prepare and submit on a regular and on-need basis the physical and financial accomplishment reports to the DENR-EMB/ HPMP PMU to support fund releases to the CCTS Facility, and as basis for reporting to the United Nations Environment Programme (UNEP) and for eventual submission to the Multilateral Fund Secretariat.
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IN WITNESS WHEREOF, the parties hereby set their hands this
_____, year 2015 at QUEZON CITY

03 SEP 2015

DENR-ENVIRONMENTAL MANAGEMENT BUREAU

By:


ATTY. JONAS R. LEONES

Undersecretary and Concurrent EMB Director

EMB-NATIONAL CAPITAL REGION

By:


VIZMINDA A. OSORIO

Regional Director

**DELSA CHEMICALS AND MULTI-PRODUCTS, INC.
(AUTHORIZED CENTRAL CTS FACILITY)**

By:


REYNALDO Y. CABRERROS

Resident

SIGNED IN THE PRESENCE OF:


ELVIRA S. PAUSING

Project Manager, HPMP-PMU


ROMEL Y. DIMAANO

Sales Manager, DCMI

ACKNOWLEDGMENT

BEFORE ME A NOTARY PUBLIC FOR AND IN QUEZON CITY IMP
PERSONALLY APPEARED

I.D. NO/S

DOC. NO. 294
PAGE NO. 59
BOOK NO. EX11
SERIES OF 2015


ATTY. JAY T. BORROMEO

Notary Public
Until Dec. 31, 2016

IBP No. 975552 for 2015, Q.C.
PTR No. 0560686/01-05-15, Q.C.
Roll No. 49649/18V 156-545-237
Adm. Matter No. NP-014(2015-2016)Q
MCLE Compliance No. IV-0024068
Add. Police Clearance Section, QCPD
Quezon City Hall, Quezon City


ANNEX A**FINANCIAL INCENTIVE SCHEME FOR THE COLLECTION AND STORAGE OF RECOVERED REFRIGERANTS NATIONWIDE**

Financial incentives for collection, transport and storage of recovered refrigerants nationwide to complement the cost generated during the collection process by the designated regional depository sites as well as the efforts done by the end-users to perform recovery and surrender their recovered refrigerants, the following guidelines items should be conformed:

End-users/Sources Incentive Scheme

- The end-users will be paid the amount of *Php5.00* for every kilogram of ***mixed/adulterated refrigerants*** surrendered to designated regional depository sites and/or to Central CTS (CCTS) Facility once final inventory and verification was completed by CCTS in coordination with the HPMP-PMU.
- The end-users will be paid the amount of *Php10.00* for every kilogram of ***contaminated single refrigerants*** surrendered to designated regional depository sites and/or to Central CTS (CCTS) Facility once final inventory and verification was completed by CCTS in coordination with the HPMP-PMU. This is to encourage the end-users to segregate their recovered refrigerants per chemical in separate storage tanks.

Designated Regional Depository Sites Incentive Scheme

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- The designated regional depository sites will be paid the amount of *Php15.00* per kilogram regardless of type of recovered refrigerants transported to the CCTS once final inventory and verification was completed by CCTS in coordination with the HPMP-PMU.
 - The said amount will cover their monthly operating expenses in the implementation of the CTS scheme such as storage cost, utilities (electricity), admin./refiller, office consumables and other incidental expenses.

CCTS Facility Financial Incentive

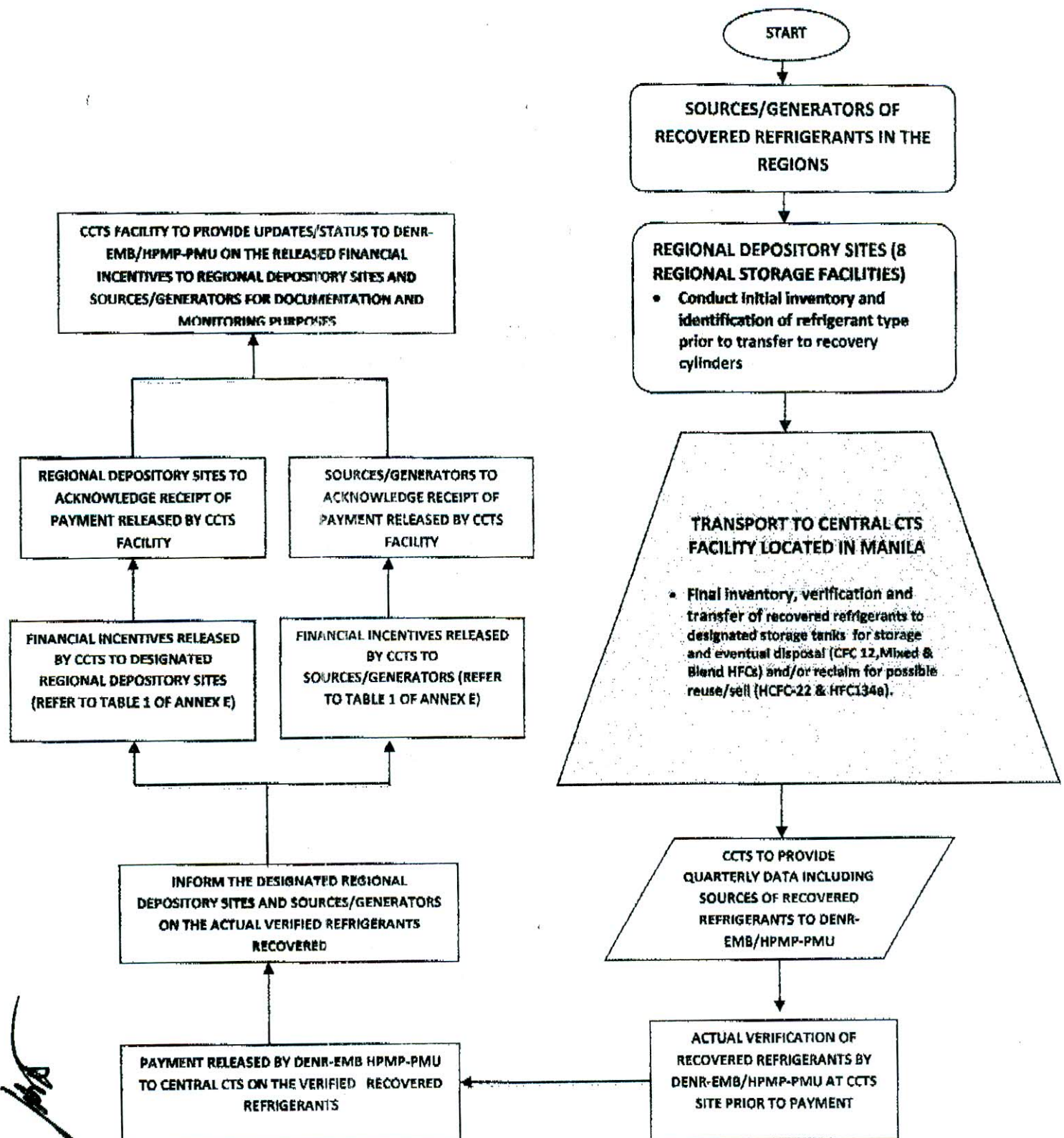
- The CCTS facility will be paid the amount of (*Php 71.68*) for every kilogram of contaminated single recovered refrigerants collected within NCR once final inventory and verification was completed by the CCTS facility and confirmed by the HPMP-PMU.
- The CCTS facility will be paid the amount of (*Php 66.08*) for every kilogram of mixed/adulterated recovered refrigerants collected within NCR once final inventory and verification was completed by the CCTS facility and confirmed by the HPMP-PMU.

- The CCTS facility will be paid the amount of (Php 37.10) for every kilogram of contaminated single recovered refrigerants collected from the designated regional depository sites once final inventory and verification was completed by the CCTS facility and confirmed by the HPMP-PMU.
- The CCTS facility will be paid the amount of (Php 31.50) for every kilogram of mixed/adulterated recovered refrigerants from the designated regional depository sites once final inventory and verification was completed by the CCTS facility and confirmed by the HPMP-PMU.
 - The amount paid to the CCTS facility includes its operational expenses that will be incurred during transportation of recovered refrigerants from designated regional depository sites to the CCTS facility and the allocated amount of incentives that will be given to both designated regional depository sites and end-users/sources.

Table 1 Financial Incentive for Regional Depository Sites and Sources/Generators per chemical per kilogram basis

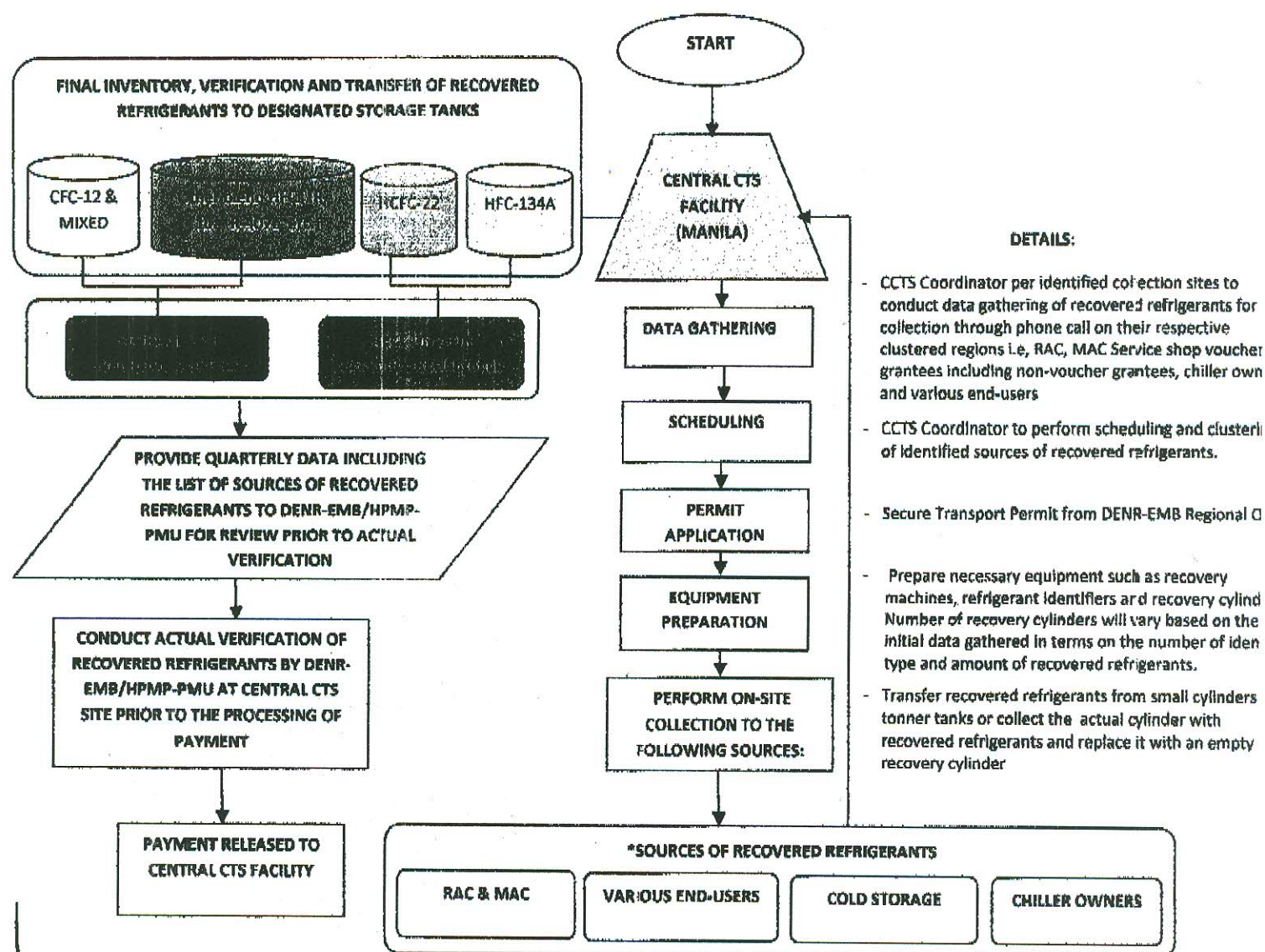
REFRIGERANT TYPE	FINANCIAL INCENTIVE (Price PER KILOGRAM IN Php)		
	REGIONAL DEPOSITORY SITE	END-USERS	
		REGIONS	NCR
Contaminated R-22	15.00	10.00	10.00
Contaminates R-134a	15.00	10.00	10.00
Contaminated R-12	15.00	10.00	10.00
MIXED/ADULTERATED	15.00	5.00	5.00
OTHER Contaminated Blend HFCs	15.00	10.00	10.00

**FINANCIAL INCENTIVE SCHEME FOR DESIGNATED REGIONAL
DEPOSITORY SITES AND END-USERS/SOURCES**

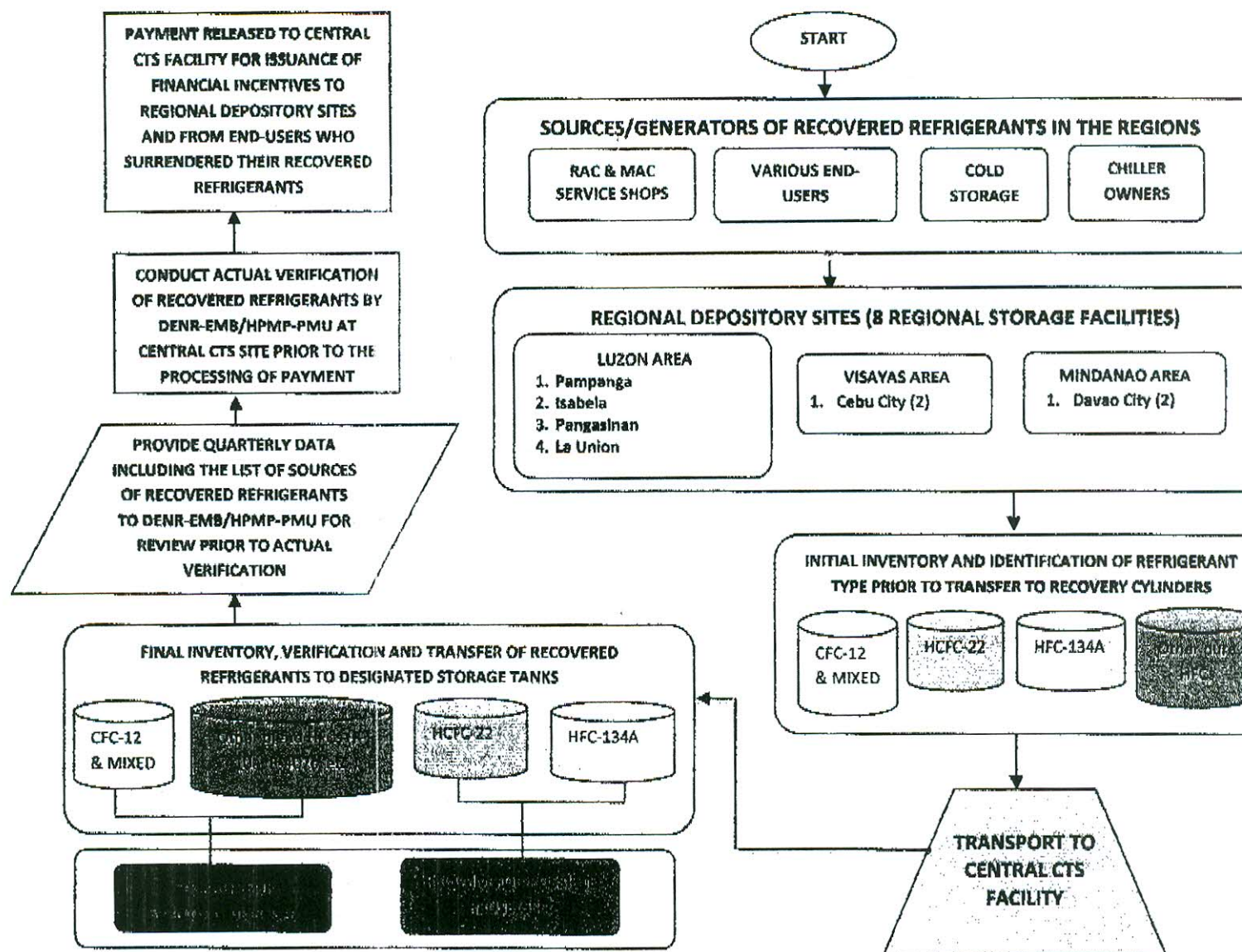


ANNEX B

**COLLECTION AND STORAGE SCHEME OF RECOVERED
REFRIGERANTS BY THE CENTRAL CTS FACILITY FROM THE
DESIGNATED DEPOSITORY SITES AND VARIOUS SOURCES
NATIONWIDE**

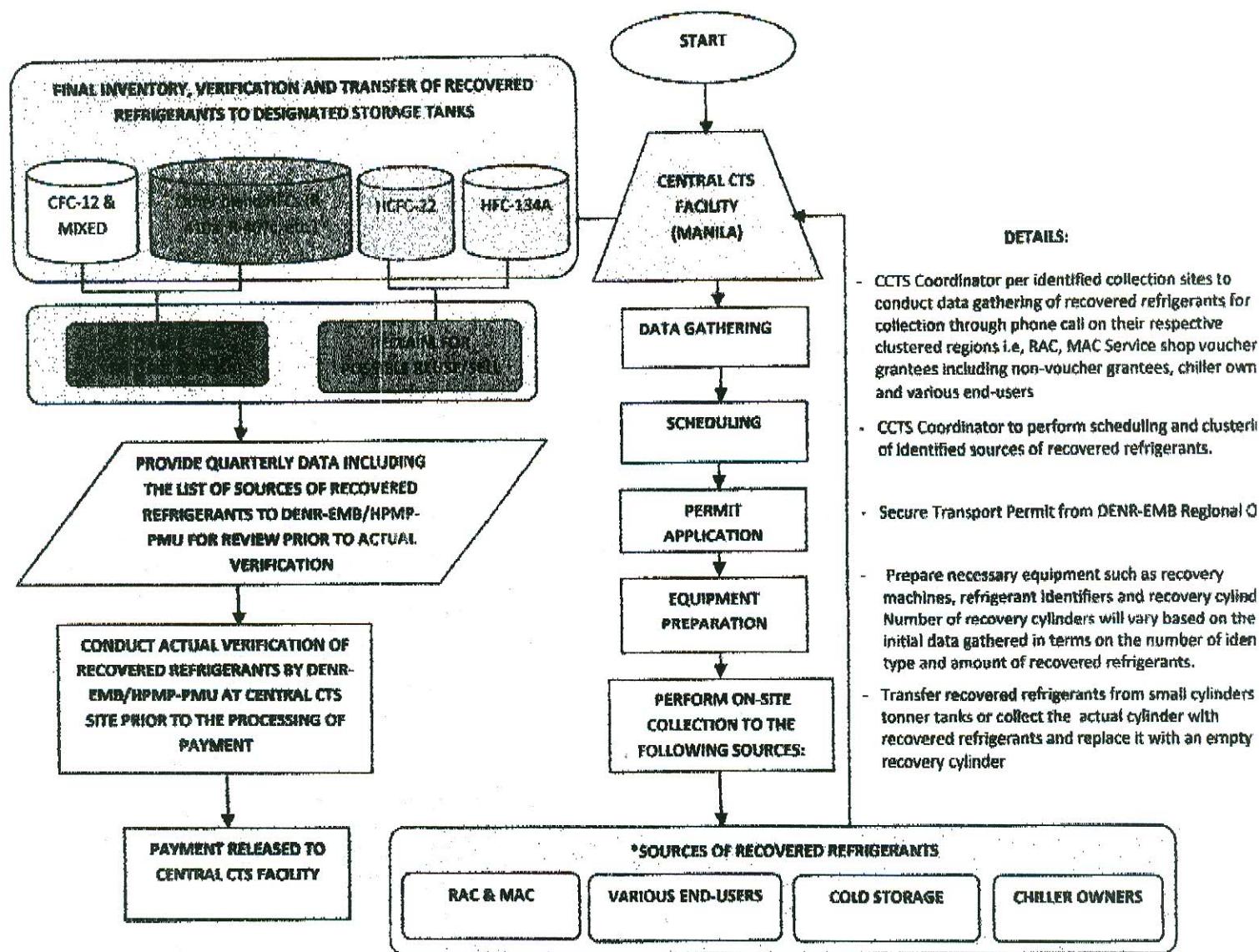


**Recovered refrigerants can also be surrendered directly by the end-users to the CTS Facility*

ANNEX C**COLLECTION AND STORAGE SCHEME OF RECOVERED REFRIGERANTS BY THE DESIGNATED REGIONAL DEPOSITORY SITES FROM VARIOUS SOURCES/GENERATORS**

ANNEX D

**COLLECTION AND STORAGE SCHEME OF RECOVERED
REFRIGERANTS BY THE CENTRAL CTS FACILITY FROM THE
DESIGNATED DEPOSITORY SITES AND VARIOUS SOURCES
NATIONWIDE**



**Recovered refrigerants can also be surrendered directly by the end-users to the CTS Facility*

the CCTS facility and confirmed by the HPMP-PMU.

- The CCTS facility will be paid the amount of (Php 37.10) for every kilogram of contaminated single recovered refrigerants collected from the designated regional depository sites once final inventory and verification was completed by the CCTS facility and confirmed by the HPMP-PMU.
- The CCTS facility will be paid the amount of (Php 31.50) for every kilogram of mixed/adulterated recovered refrigerants from the designated regional depository sites once final inventory and verification was completed by the CCTS facility and confirmed by the HPMP-PMU.
- The amount paid to the CCTS facility includes its operational expenses that will be incurred during transportation of recovered refrigerants from designated regional depository sites to the CCTS facility and the allocated amount of incentives that will be given to both designated regional depository sites and end-users/sources.

Table 1 Financial Incentive for Regional Depository Sites and Sources/Generators per chemical per kilogram basis

REFRIGERANT TYPE	FINANCIAL INCENTIVE (Price PER KILOGRAM IN Php)		
	REGIONAL DEPOSITORY SITE	END-USERS	
		REGIONS	NCR
Contaminated R-22	15.00	10.00	10.00
Contaminates R-134a	15.00	10.00	10.00
Contaminated R-12	15.00	10.00	10.00
MIXED/ADULTERATED	15.00	5.00	5.00
OTHER Contaminated Blend HFCs	15.00	10.00	10.00

**FINANCIAL INCENTIVE SCHEME FOR DESIGNATED REGIONAL
DEPOSITORY SITES AND END-USERS/SOURCES**

