

OTHERS LETTER OF NOTIFICATION FOR DEVELOPMENT OF HYDROELECTRIC POWER PLANT WITH CAPACITY OF 300MW AT NENGGIRI, KELANTAN BY TNB POWER GENERATION SDN. BHD.

TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	LETTER OF NOTIFICATION FOR DEVELOPMENT OF HYDROELECTRIC POWER PLANT WITH CAPACITY OF 300MW AT NENGGIRI, KELANTAN BY TNB POWER GENERATION SDN. BHD.

Tenaga Nasional Berhad through its wholly owned subsidiary, TNB Power Generation Sdn. Bhd. ("TNB Genco") wishes to announce that it has received Letter of Notification from the Ministry of Energy and Natural Resources for TNB Genco to develop the Hydroelectric Power Plant with a capacity of 300MW at Mukim Ulu Nenggiri, Jajahan Gua Musang, Kelantan Darul Naim ("Project").

Please refer to the attachment for details of the Project.

This announcement is dated 7 September 2021.

Please refer attachment below.

Attachments



[LON For Development Of Hydroelectric Power Plant.pdf](#)

100.1 kB

Announcement Info

Company Name	TENAGA NASIONAL BHD
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TENAGA NASIONAL BERHAD

LETTER OF NOTIFICATION FOR DEVELOPMENT OF HYDROELECTRIC POWER PLANT WITH CAPACITY OF 300MW AT NENGGIRI, KELANTAN BY TNB POWER GENERATION SDN. BHD.

1. INTRODUCTION/BACKGROUND

Tenaga Nasional Berhad (“TNB”) through its wholly-owned subsidiary, TNB Power Generation Sdn. Bhd. (“TNB Genco”) wishes to announce that it has received Letter of Notification from the Ministry of Energy and Natural Resources (“KeTSA”) for TNB Genco to develop the Hydroelectric Power Plant with a capacity of 300MW at Mukim Ulu Nenggiri, Jajahan Gua Musang, Kelantan Darul Naim (“Project”).

The Project will also enhance energy security for the nation and bring about positive socio-economic impact for Malaysia, the State of Kelantan and the local communities.

The Letter of Notification requires TNB Genco to fulfill certain requirements prior to the execution of the Project. As conditioned by the Government, TNB Genco has incorporated a wholly owned project company named TNBPG Hydro Nenggiri Sdn. Bhd. (“THNSB”) to undertake the Project.

The construction works of the Project is estimated to take five (5) years and its expected Schedule Commercial Operation Date (“SCOD”) is 1 June 2027.

2. DETAILS OF THE CONSIDERATION

The Project is a strategic national hydroelectric project that complements TNB’s mission to support the Government’s ambition to increase the share of renewable energy (“RE”) in its installed capacity to 31% in 2025 and 40% in 2035 under its power generation plan.

3. RATIONALE AND BENEFITS OF THE TRANSACTION

The Project will increase TNB’s generation market share particularly from hydro and improve overall efficiency of our generation asset portfolio including RE.

4. PROSPECTS

- i. The Project is expected to be earnings accretive to TNB upon its SCOD.
- ii. TNB Genco with its technical expertise and financial strength capabilities will ensure completion of the Project.
- iii. The Project will increase TNB’s generation market share particularly from hydro sources and improve overall efficiency of our generation asset portfolio, aligned to our strategic aspiration to be a leading provider of sustainable energy solutions in Malaysia and internationally.
- iv. The Project will also enhance energy security for the nation and bring about positive socio-economic impact for Malaysia, the State of Kelantan and the local communities.
- v. The Project will also bring additional benefits to the State of Kelantan in terms of flood mitigation, cleaner water supply and raw water supply for irrigation.

- vi. The Project will reinforce the security of energy supply in Peninsular Malaysia, particularly to the eastern region, further ensuring TNB is able to play its role in balancing the energy trilemma for the nation.

5. RISKS OF THE TRANSACTION

TNB together with appointed consultants have carried out a comprehensive risk assessment on the development of the Project. The identified risks associated to the Project have been assessed and mitigated appropriately. All construction risks were also assessed and will be mitigated during the construction phase.

6. EFFECTS OF THE TRANSACTION

The Project is expected to be earnings accretive to TNB upon the commissioning of the Project. This Project will not have any material effect on TNB's consolidated net assets per share prior to commissioning. The estimated Project cost is approximately RM5.0 billion and will be financed through a combination of debt and equity. Any debt to be raised will increase TNB's consolidated gearing, the quantum of which is dependent on the amount borrowed. However, it is not expected to have a significant material effect on TNB's gearing position. The transaction will not have any effect on the issued and paid-up share capital and the major shareholders' shareholdings of TNB.

7. APPROVAL/CONSENT REQUIRED

The transaction is not subject to TNB shareholders' approval. Nonetheless, the initial approval to develop the Project was received from Suruhanjaya Tenaga on 12 July 2012. Subsequently, TNB received the approval to construct the power plant at Mukim Ulu Nenggiri in Jajahan Gua Musang, Kelantan from the Kelantan State Government on 25 March 2014. On 9 September 2019, the Federal Government agreed for TNB to proceed with the Project. Currently, TNB has received all the required approvals to construct the Project, including the Environmental Impact Assessment ("EIA"), Social Impact Assessment ("SIA"), Heritage Impact Assessment ("HIA"), Wildlife Management Plan ("WMP"), Environmental Management Plan ("EMP") and others. The Project also received recommendation from Majlis Perancangan Fizikal Negara ("MPFN") on 11 June 2020.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSON CONNECTED

None of the Directors or Major Shareholders of TNB and TNB Genco or persons connected to the Directors or Major Shareholders of TNB and TNB Genco have interest, direct or indirect in the Project's works contracts.

9. DIRECTORS STATEMENT/RECOMMENDATION

After having considered all aspects of the Project, the Board of Directors of TNB is of the view that the Project is in the best interest of TNB and would also provide other benefits to the State of Kelantan for instance flood mitigation.

10. HIGHEST PERCENTAGE RATIO PURSUANT TO PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“MMLR”)

The highest percentage ratio applicable for the Project pursuant to paragraph 10.02(g) of the MMLR is 9.0% based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 December 2020.

11. ESTIMATED TIME FRAME FOR COMPLETION

The construction works of the Project is estimated to take five (5) years and its expected SCOD is 1 June 2027. THNSB will sign the 30-year Power Purchase Agreement (“PPA”) with the off taker which is TNB.

12. FURTHER/ADDITIONAL INFORMATION

i. Tenaga Nasional Berhad (“TNB”)

TNB was incorporated in Malaysia on 12 July 1990 as a public company under the name of Tenaga Nasional Berhad, of which was listed on the Main Board (now known as the Main Market) of Bursa Malaysia Securities Berhad on 28 May 1992.

TNB is primarily involved in the business of generation, transmission, distribution and sales of electricity. Through its subsidiaries, TNB is involved, among others, in the manufacture of transformers; high voltage switchgears and cables; the provision of consultancy services; the provision of education and training services; the provision of repair and maintenance services and research and development.

ii. TNB Power Generation Sdn. Bhd. (“TNB Genco”)

TNB Genco is a wholly owned subsidiary of TNB incorporated on 1 August 2019.

TNB Genco’s principal activities are the ownership, management and operation of domestic power plants, renewable energy generation business, power plant operation and maintenance business as well as dry bulk terminal operations business. TNB Genco also develops energy projects such as thermal, solar and hydro power plants.

iii. TNBPG Hydro Nenggiri Sdn. Bhd. (“THNSB”)

THNSB is a wholly owned subsidiary of TNB Genco. As conditioned by the Government, TNB Genco has incorporated THNSB to undertake the Project.

This announcement is dated 7 September 2021.