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Upstream gas project may open door for large power plant in east Sabah, says deputy minister

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KUALA LUMPUR (Oct 9): The proposal for the development of a large-capacity base load power plant on Sabah's east coast had been considered previously by the state and federal governments, said Deputy Minister of Energy Transition and Water Transformation Akmal Nasrullah Mohd Nasir.

However, he said the matter faced challenges due to high operating costs stemming from the lack of affordable fuel sources.

"Nevertheless, based on input from the Sabah Energy Commission (ECoS), consideration will be given once upstream exploration projects for the supply of natural gas fuel sources by the natural gas supplier company are successfully implemented," he said during a special chamber session in the Dewan Rakyat on Thursday.

He was responding to a question from Vivian Wong ShirYee (PH-Sandakan), who sought to know the ministry's efforts in addressing the energy and water infrastructure gap in Sabah, which threatens national security.

According to Wong, the absence of a large-capacity power plant on Sabah's east coast exposed national security assets during the massive power outage last month.

As a comprehensive solution, Akmal Nasrullah said the Sabah government is focusing on five main approaches, including Large Scale Solar (LSS) projects and a Battery Energy Storage System (BESS) on Sabah's east coast, a floating liquefied

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natural gas (LNG) power plant project in Tawau, a 141-megawatt (MW) hydro project in Lahad Datu, and the development of a geothermal-based power generation project with a potential capacity of 100MW in Tawau.

He said the state government, through the Sabah State Planning Unit (UPEN), has submitted an application for an allocation for the construction and development of the Southern Link Transmission Line (TPSL) under the 13th Malaysia Plan (RMK13) to the Ministry of Economy.

"To assist Sabah in this transition phase, the federal government has also agreed that the application for development allocation for Sabah's RMK13 electricity supply projects be provided as a loan, by submitting applications according to the

Rolling Plan (RP) through the Ministry of Energy Transition and Water Transformation (Petra).

"Therefore, the Sabah state government is requested to re-examine the list of electricity supply projects applied for as a loan under the RP to be submitted to Petra," he said.

He added that the federal government will also continue to channel energy subsidies to Sabah until 2030, with an indicative total of RM3.54 billion, including for fuel, large-scale solar, tariffs and renewable energy.

"The basic electricity tariff in Sabah is 34.52 sen per kilowatt-hour (kWh), while the overall cost of electricity supply to consumers is 52 sen/kWh for 2024 (51.29 sen/kWh in 2023).

"The gap between the tariff and the cost has resulted in Sabah's electricity utility company, Sabah Electricity, being unable to operate without subsidy support from the Federal government for electricity supply to consumers in Sabah and Labuan," he said.

To assist the Sabah government in ensuring guaranteed access to water supply, Akmal Nasrullah said the federal government has approved RM2.9 billion as a loan for the implementation of 16 water supply projects in Sabah under the 12th Malaysia Plan (RMK12), including the construction of new water treatment plants (WTP) and the upgrading of existing systems.