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Landmark initiative for Sabah's energy

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Sabah Electricity signs 40-year PPA deal with Jentayu Sustainable for hydropower project, over 2,000 opportunities expected to be created

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PETALING JAYA: Jentayu Sustainable Bhd (JSB) subsidiary Oriole Hydro Padas Sdn Bhd has signed a power purchase agreement (PPA) with Sabah Electricity Sdn Bhd for its 162MW run-of-river hydropower development (Project Oriole) at Hulu Sungai Padas in Sipitang, Sabah.



The agreement formalises the sale and purchase of electricity from Project Oriole to Sabah Electricity over a concession period of 40 years commencing from the plant's scheduled commercial operation date of June 1, 2029.

Once operational, Project Oriole is expected to generate approximately RM300 million in annual recurring revenue for JSB, the sustainable energy solutions provider said in a statement.

The project is expected to create approximately 2,000 job opportunities during the construction period, with an additional 150 high-skilled job opportunities for the maintenance and operation of the plant post-construction.

JSB said it had secured all necessary land and resource approvals from the Sabah government for the RM2.8 billion project, a private domestic direct investment which represents one of the largest renewable energy initiatives in Sabah to date.

Under the terms of the agreement,

Sabah Electricity will buy up to 868,894 MWh of electricity each year at RM0.315 per kWh. If more energy is generated, up to a maximum of 950,222 MWh, Sabah Electricity can also buy that extra amount at the same rate if both sides agree. Any energy produced beyond 950,222 MWh can be sold at RM0.08 per kWh if both parties agree.

Using a run-of-river cascading scheme, Project Oriole employs low-impact hydropower technology that generates renewable energy while preserving the natural flow of rivers. This approach minimises environmental disruption and supports the conservation of surrounding ecosystems while ensuring dependable power generation.

It was previously reported that Project Oriole involved the development of two hydropower plants in Sabah along Sungai Maligan and Hulu Sungai Padas. JSB said Project Oriole was expected to contribute significantly to the Sabah Renewable Energy Roadmap, supplying an estimated 16% of Sabah's peak load demand through reliable and sustainable hydropower.

JSB executive chairman Beroz Nikmal Mirdin (pic) said the agreement marked a pivotal milestone in JSB's mission to deliver impactful and future-ready renewable energy solutions and create jobs for Sabahans.

"As a proud Sabahan, I am deeply honoured to lead this landmark initiative – one that not only strengthens Sabah's energy resilience but also contributes meaning-

fully to the state's renewable energy roadmap and Malaysia's broader decarbonisation goals," he said.

"We are actively collaborating with local higher learning institutions to equip Sabahans with the niche technical expertise needed to operate and maintain hydropower infrastructure – capabilities that are essential for the future of the clean energy sector."

Beroz said JSB was exploring a joint venture with a world-class turbine manufacturer to establish a manufacturing facility in Sabah, adding that localising production and building technology capabilities locally would elevate Sabah's role in the regional energy value chain.

JSB also announced that the engineering, procurement, construction and commissioning contract for the project had been awarded to a consortium led by XD Power Transmission Sdn Bhd, a subsidiary of Xi'an Electric Engineering Co Ltd, together with PT Anhe Konstruksi Indonesia and Jawat Johan Sdn Bhd.

Xi'an Electric is one of China's largest and most established power transmission and distribution engineering contractors, with an international presence spanning over 40 countries.

Jentayu said the award followed a comprehensive international open tender process launched on May 10, 2023. A total of eight firms purchased the tender documents, with four bids ultimately submitted and evaluated. – FMT