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Jentayu signs 40-year power purchase agreement for Sabah hydro project



KUALA LUMPUR (April 14): Jentayu Sustainables Bhd's (KL:JSB) 70%-owned subsidiary Oriole Hydro Padas Sdn Bhd (OHP) has signed a 40-year power purchase agreement with Sabah Electricity Sdn Bhd (SESB) for a 162-megawatt (MW) run-of-river hydroelectric project at Hulu Sungai Padas, Sipitang, Sabah.

Jentayu said all necessary land and resource approvals for the RM2.8 billion project have been obtained from the state government.

The project — a private domestic direct investment — represents one of the largest renewable energy initiatives in Sabah to date.

In a bourse filing on Monday, Jentayu said the agreement outlines a 40-year concession period under a build-own-operate-transfer structure, with operations scheduled to start on June 1, 2029 — slightly later than the original date of Dec 31, 2028, as outlined in the initial letter of notification issued by the Energy Commission of Sabah on Sept 4, 2024.

Once operational, the project is expected to generate about RM300 million in annual recurring revenue for the group, the filing read.

Under the terms of the agreement, SESB will purchase up to 868,894 megawatt-hours (MWh) annually — referred to as the Annual Firm Energy Quantity (AFEQ) — at 31.5 sen per kilowatt-hour (kWh).



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Additional energy generated beyond the AFEQ, but within the Maximum Annual Allowable Quantity (MAAQ) of 950,222MWh, may also be sold at the same rate, subject to a willing-buyer, willing-seller arrangement.

Any output exceeding the MAAQ can be sold at a lower rate of eight sen per kWh, also based on mutual agreement between the parties.

In addition to energy sales, renewable energy certificates valued up to RM10.1 million will accrue to OHP, with any surplus value to be equally shared with SESB.

Meanwhile, Jentayu also announced that the engineering, procurement, construction and commissioning contract for the project has 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 follows 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.

OHP, the project's special purpose vehicle, is majority owned by a subsidiary of Jentayu, which holds a 70% effective stake. The remaining equity is shared between subsidiaries of SESB (20%) and Yayasan Sabah (10%).



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