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'Ulu Padas dam project not a failure'

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# 'Ulu Padas dam project not a failure'

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**KOTA KINABALU:** The state government is committed to ensuring the Ulu Padas hydroelectric dam project is fully implemented for the sake of the people of Sabah and is not a failure, said Chief Minister Datuk Seri Hajiji Noor.

He denied allegations that the company, Kerjaya Kagum Hitech JV Sdn Bhd, had failed to carry out the project.

Hajiji told the State Assembly sitting here on Monday that the delay of the project was due to a long process including shareholding changes, rigorous technical studies, delays by the Federal and State governments and the Covid-19 pandemic.

He said the project had been awarded to the company by the Federal government on July 13, 2015, with equity holdings consisting of 60 percent for Kerjaya Kagum Hitech JV Sdn Bhd, 20 percent for Sabah Electricity and the remaining 20 percent for the state government.

However, after Sabah Electricity rejected the shareholding, the state government on June 9, 2016 had appointed SEC as a 40 percent shareholder representative through a Special Purpose Vehicle (SPV), Upper Padas Power Sdn Bhd, to ensure the full involvement of the state government in this project.

Before the project commenced, a due diligence exercise was carried out on the developer from June 2015 to March 2017, which found a need for the engineering data to be updated and optimised.

From June 2017 to June 2019, in-depth studies including Special Environmental Impact Assessments (SEIA), mineral clearance, soil investigation

and land surveys were carried out.

On October 1, 2018, the project's implementation was postponed by the federal government through the Ministry of Energy, Science, Technology, Environment and Climate Change.

The state government gave approval to Upper Padas Power Sdn Bhd to continue the project on July 25, 2019, and subsequently, the federal Cabinet also gave its permission on February 13, 2020.

The project was delayed yet again from March 18, 2020 to November 1, 2021, when the Covid-19 pandemic hit and the Movement Control Order (MCO) came into effect.

On January 28, 2022, the developer received an Initial Letter of Notification (ILON) from the Ministry of Energy and Natural Resources, confirming the initial tariff rate for the project.

Two years after on January 3, the regulatory authority for electricity supply in Sabah was transferred from the Energy Commission to the Energy Commission of Sabah (ECoS), with efforts to ensure compliance with energy regulations continued including the process of setting energy tariffs and compliance with legal procedures set by the authorities.

Finally on September 2, 2024, ECoS issued a Letter of Notification (LON) for the final tariff after receiving approval from the Sabah Energy Council on August 22 the same year.

Currently, meetings and discussions on the Power Purchase Agreement (PPA) with Sabah Electricity Sdn Bhd is underway and is expected to be finalised in June 2025.

Meanwhile, the financial close is expected to be achieved in September 2025, while project completion is scheduled for

December 2030 by EcOS.

The Chief Minister assured that the state government is committed to ensuring the Ulu Padas hydroelectric dam project can be fully implemented for the sake of the people of Sabah.

He stressed that the issue of terminating the contract of the appointed company does not arise because it is not the main contractor of this project, only holding a 15 percent shareholding in Upper Padas Power Sdn Bhd.

Hajiji said as the majority shareholder, Gamuda Berhad, which has a strong track record in implementing large-scale infrastructure projects, is the main developer and is responsible for leading the entire implementation of this project.

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# Delayed project a failure, solution must be swiftly implemented – Bung

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"The state government cannot interfere as this is a business deal between Kerjaya Kagum and Gamuda. The former had already given 40 percent equity and is left with 15 percent.

"We are not delaying this project on purpose, and we cannot simply cancel a company which was awarded the project from the federal government.

"However, we will take into account all suggestions and will make sure that the project is continued for the benefit of the rakyat," he said when replying to a question from Datuk Seri Bung Moktar Radin (BN-Lamag).

Bung Moktar had called for all parties to accept the fact that the delay of the project is a failure, and a solution must be swiftly implemented.

He questioned what is so special about Kerjaya Kagum Hitech JV Sdn Bhd until it is able to still carry out this project despite 10 years having already passed.

He queried why not give the opportunity directly to the Sabah Energy Corporation (SEC) without an equity officer, highlighting

that now the rakyat are disputing this project. The Umno Sabah chief also questioned the six million litres per day (mld) that the dam is said to be able to produce once completed, claiming that this amount of water is able to not only supply Sabah but the whole country.

"Do researches and studies. Such matters require them. Don't let us be embarrassed by certain parties. Whatever is not relevant, we do not need to defend.

"Integrity must be transparent. In managing the government, we must solve any problems that come up. The rakyat of Sabah need reality, not rhetorics," he said when posing an additional question during the sitting's question-and-answer session.

Before he could continue, he was interrupted by Kuamut assemblyman Datuk Masiung Banah, who asked the Speaker what exactly was the question posed by Bung.

The Kinabatangan Member of Parliament then looked around with a puzzled expression, wondering who had interjected his floor: "Who was that?"

"Kuamut here, my brother,"

replied Masiung.

Bung then sniggered before giving a snarky response.

"Oh, I thought it was a cat. Pitiful. Go and learn first before whining.

"Speaker, please reprimand him. If I do it myself, he would suffer," he said.

This was followed by Bung's reiteration of his additional question, which was whether Sabah's future will be based on transparency, where appointed construction companies that have failed in their projects are cancelled and slapped with fines.