

## **TNB gets invitation for 1MDB plant takeover**

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Tenaga Nasional Bhd (TNB) has received a letter of invitation from Energy Commission (EC) to submit its proposal to take over 1MDB's 70 percent stake in the RM11 billion Project 3B coal power plant (Jimah East).

"EC in consultation with the government has accepted TNB's participation as the lead developer in the project for the development of 2x1000MW coal fired power plant in Jimah in consortium with Mitsui Co Ltd (Mitsui)," TNB said in a filing with Bursa Malaysia last Friday as reported by The Sun Daily.

The statement was made one day after TNB claimed last Thursday that it has yet to receive any official notification from the government.

Energy, Green Technology and Water Minister Maximus Ongkili (photo) claimed the cabinet has approved the takeover. Following the minister's statement, TNB's share plunged 6.5 percent.

TNB has defended the deal and denied it was a move to bail out 1MDB.

"Based on financial analysis, the project is expected to have a positive impact on the earnings of TNB. It is not a bailout of 1MDB," said TNB president and CEO Datuk Seri Azman Mohd .

### **Subject to terms and conditions**

1MDB owns 70 percent while Mitsui controls 30 percent of the project. The project is scheduled for commissioning in stages from Oct 1, 2018, the report said.

The take over will be subject to terms and conditions, namely the premise that TNB-Mitsui Consortium would undertake all obligations of Jimah East Power Sdn Bhd (JEP) as a developer, said TNB.

"The firm and final levelised tariff shall not exceed 26.67 sen/kWh. No further adjustments to the levelised tariff will be allowed for any reason whatsoever," it added.

1MDB, whose board of advisers is chaired by Malaysian Prime Minister Najib Abdul Razak, has some 15 power and desalination plants in five countries.

Its crown jewel is Project 3B that it and Mitsui won the rights to build in February 2014, though 1MDB's liquidity problems have put its ability to build the plant in question.

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