

TNB to buy 1MDB stake in Jimah for RM47m
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Tenaga Nasional Bhd (TNB) has signed a share sale and purchase agreement with 1Malaysia Development Bhd (1MDB) to acquire 70 percent stake in Jimah East Power Sdn Bhd for RM46.98 million.

In a statement today, TNB said the signing of the agreement came after it submitted the letter of acceptance to the Energy Commission's addendum to the letter of award which was issued to the utility company on June 29, 2015.

Upon completion of the acquisition, it said, Jimah East Power will become a subsidiary of TNB and add an additional 2,000 MW generation capacity once Jimah East Power's power plant achieved its scheduled commercial operation date in June and December 2019, respectively.

"The project will enhance TNB's generation capacity, make clear commercial sense, have a positive impact on its earnings and add long-term value for its shareholders," it said.

It said the project was expected to have a positive impact on the earnings of TNB over the life of the project and will generate returns over and above TNB's hurdle rate and thus was value creating.

The project will also increase its generation market share from the current 53.3 percent to 57.7 percent by 2020, it said.

Jimah East Power was incorporated by 1MDB and Mitsui and Co Ltd on July 5, 2013, as the special-purpose vehicle company for the development of two 1000MW coal fired power plants in Mukim Jimah.

1MDB owned 70 percent equity in Jimah East Power while Mitsui, via 3B Power Sdn Bhd, owned 30 percent.

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