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Penang signs conditional treated water supply deal with Perak



Chief Minister Chow Kon Yeow said Penang Water Supply Corporation (PBAPP) had signed a conditional Bulk Water Supply Agreement with Prasarana Air dan Irigasi Perak Sdn Bhd under the Perak-Penang Water Project. - NSTP/AUDREY DERMAWAN

GEORGE TOWN: Penang has signed a conditional agreement to buy treated water from Perak to secure the state's water supply from 2032 to 2072.

Chief Minister Chow Kon Yeow said Penang Water Supply Corporation (PBAPP) had signed a conditional Bulk Water Supply Agreement with Prasarana Air dan Irigasi Perak Sdn Bhd under the Perak-Penang Water Project.

He said the agreement is subject to regulatory approval from the National Water Services Commission (SPAN) and approval by PBA Holdings Bhd shareholders.

Chow, who is also chairman of PBAPP and PBA Holdings, described the agreement as Penang's most significant water pact since the commissioning of the Muda River Water Scheme in 1973.

"Penang is a small state with no major in-state raw water resources left to tap in the 2030s.

"As a growing state, future population growth and socioeconomic development will require a more reliable water supply," he said after the signing ceremony today.

It was reported that at the closing ceremony of the northern region Madani Rakyat 2024 programme, Prime Minister Datuk Seri Anwar Ibrahim announced that the Sultan of Perak, Sultan Nazrin Shah, and the Perak government led by Datuk Seri Saarani Mohamad had agreed to supply treated water to Penang.

The water is expected to flow through the Kerian Integrated Green Industrial Park to Seberang Prai.

Under the first phase, it will serve Nibong Tebal and Sungai Bakap.

The project, spearheaded by the prime minister, is expected to provide Penang with access to a second major water source from the south, complementing Sungai Muda in the north.

It will also reduce the risk of water shortages during prolonged dry spells and help secure the state's water needs beyond 2030.

The federal government has reportedly allocated about RM1.7 billion for the Perak-Penang water supply project.

Originally known as the Sungai Perak Raw Water Transfer Scheme, the project forms part of the Penang Water Supply Initiative 2050, developed to address the state's long-term raw water supply risks.

It was proposed following an independent master plan study commissioned by PBAPP in 2009.

Chow said Penang's water consumption reached 865 million litres a day (MLD) last year and is projected to rise to at least 1,162 MLD by 2032, driven by industrial expansion and property development.

Under the agreement, Perak will supply between 300 MLD and 500 MLD of treated water through new infrastructure to be built, operated and maintained in the state.

He said the RM8.4 billion capital expenditure for the project, including a new 500 MLD water treatment plant, pumping stations, reservoirs and transmission pipelines, would be fully funded by PAIP Perak.

"PBAPP will not have to invest a single sen in the capital expenditure for developing the water supply infrastructure in Perak.

"PBAPP will also not incur raw water fees, land acquisition costs or operational expenditure to operate and maintain the infrastructure in Perak," he said.

Chow said the project would provide Penang with a second major water source while complementing, rather than replacing, Sungai Muda as the state's primary raw water source.

He said the additional treated water would primarily support growing demand in Seberang Prai Selatan and Seberang Prai Tengah.

Under the commercial terms, PBAPP will pay an annual capacity charge of RM210 million and a treated water charge of RM1.70 per cubic metre, subject to review every three years.

Chow said the state government is also exploring seawater desalination as a long-term complementary water source to strengthen Penang's resilience against climate change and prolonged dry spells.