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## PBAPP breaks ground on Penang's first BOT water treatment plant



THE Penang Water Supply Corporation (PBAPP) is set to commission a new 80 million litres per day (MLD) water treatment plant (WTP) in South Seberang Perai (SPS) by mid-2027, marking another major milestone in strengthening the state's long-term water supply security.

To put its capacity into perspective, the plant will be capable of producing enough treated water every day to fill about 35 Olympic-sized swimming pools or approximately 53.3 million 1.5-litre bottles of drinking water.

PBAPP chief executive officer Datuk K. Pathmanathan said the RM216 million Sungai Kerian WTP would be developed under a build-operate-transfer (BOT) model, the first of its kind for a water treatment plant in Penang.

"Its raw water source is Sungai Kerian, the river that forms the natural boundary between Penang and Perak in South Seberang Perai," Pathmanathan said during the groundbreaking ceremony for the project in Sungai Kerian today.

The ceremony was officiated by Chief Minister Chow Kon Yeow, who is also PBAPP chairman.

Pathmanathan said the Sungai Kerian BOT WTP would become Penang's 11th water treatment plant and the first to be constructed on Penang soil under a 30-year BOT agreement.

"Currently, all 10 of Penang's existing water treatment plants are owned and operated by PBAPP.

"This 11th plant, however, will be built, owned and operated by Inya Water Engineering (M) Sdn Bhd (Inya), which has been appointed by PBAPP to undertake the project.

"Inya has signed an agreement with PBAPP to design, build and operate the facility, producing up to 80 MLD of treated water daily using conventional river water treatment technology.

"Upon the expiry of the 30-year BOT agreement in 2057, ownership of the plant will be transferred to PBAPP," he said.

Under the agreement, PBAPP will purchase treated water from Inya at an agreed starting price of RM0.98 per cubic metre (m<sup>3</sup>), or RM0.00098 per litre, beginning in 2027.

Pathmanathan stressed that the purchase price covers only the treated water and excludes raw water abstraction charges, treated water storage, distribution and pumping costs, as well as other ancillary expenses, all of which will continue to be borne by PBAPP.

"The treated water produced by this plant will be supplied to high-demand areas in South Seberang Perai and Central Seberang Perai, including residential neighbourhoods, commercial centres, industrial parks and the upcoming Batu Kawan Industrial Park 3 (BKIP3)," he added.

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"The Sungai Kerian BOT WTP is a strategic project that will enhance Penang's treated water production capacity while benefiting residents in both South Seberang Perai and Central Seberang Perai.

"Although the RM216 million project adopts conventional water treatment technology, the BOT approach represents an important innovation in the development of Penang's water supply infrastructure.

"Through this model, PBAPP will not bear the construction and operational costs of the plant. Instead, it will purchase treated water from the facility at a starting rate of RM0.98 per cubic metre from 2027, with price revisions every five years in accordance with the agreement," he said.

Chow noted that the additional 80 MLD capacity represents only about 6.6 per cent of the 1,208 MLD of treated water produced by PBAPP in 2025.

"As such, PBAPP will absorb the cost of purchasing the treated water as part of its operating expenditure for the first two years.

"This means the operation of the Sungai Kerian BOT WTP will not affect Penang's water tariff rates in 2027 and 2028.

"This approach demonstrates that strategic infrastructure projects can be implemented in a more innovative and sustainable manner without placing an additional financial burden on the people," he said.

He added that the experience gained from the Sungai Kerian BOT WTP would provide a valuable foundation for PBAPP to pursue more strategic collaborations in the future, including the development of seawater desalination projects to further enhance Penang's long-term water resilience.

Also present during the groundbreaking ceremony today were Entrepreneur Development and Cooperatives Minister and Bukit Mertajam MP Steven Sim Chee Keong, Penang Financial Officer Datuk Zairi Mat Ali, Penang Rural, Agrotechnology & Food Security and Entrepreneurship Development Committee chairman Datuk Rashidi Zinol, Bank Rakyat chairman Datuk Mohd Irwan Mohd Mubarak and Inya Water Engineering Sdn Bhd chief executive officer Tan Yen Sing.