



02 JUL, 2026

Kenyir HHFS project to enhance TNB's RE capacity



The Star, Malaysia

Kenyir HHFS project to enhance TNB's RE capacity

PETALING JAYA: Analysts view Tenaga Nasional Bhd (TNB) as a primary beneficiary of Malaysia's energy transition plans, expressing strong confidence in the power utility's ability to achieve its 70% renewable energy (RE) capacity mix target by 2050.

The group's 595 megawatts (MW) hybrid-hydro floating solar (HHFS) project at Kenyir, Terengganu, is seen as a strategic undertaking to help TNB establish the technical and commercial foundation for future large-scale RE expansion under the National Energy Transition Roadmap (NETR).

UOB Kay Hian (UOBKH) Research noted the HHFS project is a pioneer Corporate Renewable Energy Supply Scheme project signed with DayOne Data Centres 11 Sdn Bhd, once operational in 2028.

It will account for 25% of Malaysia's target for floating solar under the NETR.

According to analysts, TNB has identified several critical areas where upgrades and future developments will be necessary to sustain the RE journey.

Grid strengthening is one area. According to TNB, Peninsular Malaysia's grid currently accommodates 4.5GW of RE, and it must be further strengthened once RE capacity reaches 6GW to ensure the integrity of the system.

Furthermore beyond the 6GW threshold, the grid will increasingly rely on Battery Energy Storage Systems (Bess) to stabilise the system, requiring 0.5GW of Bess for every 1GW of additional RE capacity.

Hydro life extension is another scope

TNB intends to undertake: Its Sultan Mahmud Power Station (400MW) is scheduled for a hydro life extension programme starting in the third quarter of 2028.

The move will extend the plant's useful life by another 40 years.

The company is also exploring expanding solar coverage to 50% to 60% of Kenyir lake's surface, which would require significant capital expenditure to scale solar capacity up to 7.5GW.

TNB is also investigating the development of pumped hydro storage to manage peak demand using surplus solar energy.

TA Research and UOBKH Research maintained their "buy" call on TNB with a target price of RM18 a share and RM16.30 a share, respectively.