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# Mestron gets nod for biogas plant expansion

The Malaysian Reserve, Malaysia

## Mestron gets nod for biogas plant expansion

MESTRON Holdings Bhd has secured approval to expand its biogas plant in Gua Musang, Kelantan, and sell electricity at higher tariffs under a new 21-year framework beginning Aug 17, 2029.

The steel pole manufacturer said the Sustainable Energy Development Authority (SEDA) Malaysia granted the approval to its indirect wholly owned subsidiary Liziz Biogas Sdn Bhd.

The plant's approved net electricity export capacity will increase 18% to 2.36 megawatts (MW) from 2MW, while approved installed capacity will rise 13% to 3.12MW from 2.76MW.

Under the new feed-in approval, the electricity tariff will rise from the existing 39.75 sen per kilowatt-hour (kWh) to 45 sen per kWh for the first 10 years and 43 sen per kWh for the subsequent 11 years.

The revised framework is subject to the applicable approval conditions.



The plant's approved net electricity export capacity will increase by 18% to 2.4MW from 2MW

Mestron plans to procure and install an additional 1.5MW gas engine generator to support the expansion and improve operating efficiency. It did not disclose the investment cost.

Once the expanded operations are completed and fully commissioned, the company estimates that the facility could generate total annual revenue of about RM7.5 million, subject to generation performance, plant availability and operating conditions.

"With higher approved electricity export capacity and an enhanced tariff structure, we are strengthening the commercial foundation of our biogas operations and creating greater visibility for long-term revenue generation," MD Por Teong Eng said in a statement.

The plant began supplying electricity to Tenaga Nasional Bhd (TNB) in March 2023.

It captures methane-rich biogas from palm oil mill effluent and converts it into electricity for the national grid, reducing emissions that would otherwise arise from open waste decomposition.

Biogas generation can operate around the clock, subject to feedstock availability and plant scheduling, complementing solar generation in Malaysia's renewable energy (RE) mix.

Por said RE provides an avenue for diversification beyond Mestron's established steel pole manufacturing business.

"Our focus is on developing commercially viable energy assets that can contribute more consistently to the group's earnings and create sustainable long-term value for our shareholders," he added.

The group said it would continue exploring solar and biogas opportunities while maintaining a disciplined approach to capital allocation. — *TMR*

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