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TNB and IOI team up for mega-solar project

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Venture to build long-term value in green power

ENERGY

PETALING JAYA: Tenaga Nasional Bhd (TNB) plans to inject up to RM424.4mil into a joint venture (JV) with IOI Corp Bhd and a consortium of small and medium enterprises (SMEs) to develop a 500-megawatt (MW) solar power project with a battery energy storage system (Bess) in Bahau, Negri Sembilan.

In a Bursa Malaysia filing, TNB – which will be the biggest shareholder in this JV – said its unit TNB Renewables Sdn Bhd (TRe) signed a shareholders' agreement with IOI Corp's unit, Luminous Aspect Sdn Bhd, and CSP 500MW Sdn Bhd yesterday.

The project comprises a 500MW alternating current (MWac) solar photovoltaic facility and a 250MW/1,000 megawatt-hour Bess under the Corporate Renewable Energy Supply Scheme (Cress).

TRe will hold 70% of the JV, with Luminous and CSP holding 25% and 5%, respectively, through Bahau Energy Ventures Sdn Bhd.

The consortium of SMEs consists of 12 SMEs that have incorporated and registered CSP as a special purpose company to participate in and undertake the development of the solar power plant project.

"The investment in the project is expected to be financed through a combination of shareholders' equity and third-party project financing," TNB said.

"The agreement provides that the debt-to-equity ratio for the renewable energy developer shall be up to 80% of debt and 20% equity, or such other ratio as may be determined based on prevailing market conditions and availability of funding," the firm added in the filing.

The JV's maximum equity capitalisation is RM606.2mil, comprising RM424.4mil from TRe, RM151.5mil from Luminous and RM30.3mil from CSP.

The project will be supported by TNB's long-term renewable energy offtake agreement with DayOne Data Centres Ltd, a leading global digital infrastructure platform headquartered in Singapore.

> "The prospects of the project are supported by the increasing demand for renewable energy among corporate consumers, Malaysia's energy transition agenda and the implementation of the Cress framework."
>
> Tenaga Nasional Bhd

Under the agreement, DayOne is expected to procure up to 500MWac of renewable energy over a 21-year period to support its data centre operations in Malaysia, as announced by the parties on June 11, 2025.

IOI group managing director and chief executive Datuk Lee Yeow Chor said in a statement: "IOI is pleased to participate in the development of one of the country's largest solar and energy storage projects under the Cress framework, together with an experienced renewable energy company as our partner.

"Supported by an offtake agreement with a reputable data centre company, we are optimistic that the project will yield stable long-term recurring income for IOI, both as a shareholder in the renewable energy developer and as the lessor of the project site."

TNB said TRe would serve as the project's asset manager and oversee engineering and procurement arrangements.

"From a financial perspective, the project is expected to create long-term value through participation in green electricity generation and supply to corporate customers and consumers."

Moreover, the utility group said the project would support its renewable energy expansion and Malaysia's energy transition agenda.

"The prospects of the project are supported by the increasing demand for renewable energy among corporate consumers, Malaysia's energy transition agenda and the implementation of the Cress framework," it said.

On financial implications, the firm said: "The transaction is also not expected to have any material effect on TNB Group's earnings per share, net assets per share or gearing for the current financial year."

It added that the eventual financial impact would depend on the final project cost, funding arrangements and commercial operations.

Meanwhile, IOI said this strategic partnership represents an opportunity for it to participate in the development of large-scale renewable energy infrastructure in Malaysia and contribute to the country's transition towards a low-carbon energy future.

"It aligns well with our Five-Year Strategic Roadmap (2025 to 2029) to expand our renewables business portfolio, which comprises palm wood manufacturing and processing of paper pulp from empty fruit bunch fibres," IOI noted.

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