

Headline	Solar panels poised to be sunrise industry of 2024		
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Solar panels poised to be sunrise industry of 2024

Companies are seeking to reduce electricity bills

ENERGY

PETALING JAYA: The power sector in is expected to see a proliferation of solar projects this year, as households and companies seek to lower their electricity bill and reduce carbon footprint.

This will benefit solar engineering, procurement, construction and commissioning (EPCC) companies such as Tenaga Nasional Bhd (TNB), Pekat Group Bhd, Solarvest Holdings Bhd and Samaiden Group Bhd.

According to AmInvestment Bank (AmInvest) Research, the demand for solar systems would likely come from the rooftop segment, solar farms and data centres.

"We reckon that demand for solar rooftop systems will increase as commercial and industrial companies seek to reduce electricity bills and carbon footprint.

"Solar EPCC companies are expected to benefit from the rollout of solar projects in 2024," it said.

It noted that under phase one of the Corporate Green Power Programme (CGPP), 563MW of solar capacity was awarded to various companies and these were expected to be commissioned at the end of 2025.

AmInvest Research said it expected profit margins of solar projects to improve as the cost of solar panels had declined.

As such, there was potential for companies to register a decent return under CGPP, it added.

"The cost of solar panels is estimated to be 18 US cents per kilowatt-hour (kWh) currently compared with the high of 31 US cents per kWh in 2022.

"Off-takers are expected to be sister companies of the winners," it said, pointing to Sime Darby Plantation Bhd, which would

"Solar engineering, procurement, construction and commissioning companies are expected to benefit from the rollout of solar projects in 2024."

AmInvest Research

be selling green energy under the CGPP to Sime Darby Bhd or Sime Darby Property Bhd, as an example.

Overall, AmInvest Research maintained its "overweight" stance on the power sector, citing the sunny prospects for most power companies under its coverage, namely TNB, Malakoff Corp Bhd, Mega First Corp Bhd and YTL Power International Bhd.

The brokerage projected electricity demand in Peninsular Malaysia to rise by 2% in 2024.

It said tariff surcharge for electricity users would likely continue through the first half of 2024, but at a lower rate, as coal and gas costs were still higher than the reference rates stipulated in the Regulatory Period 3 or RP3.

RP4, covering 2025 to 2027, would likely be unveiled by the end of 2024, it said.

With waste-to-energy (WtE) plants gaining interest, AmInvest Research said the outlook for waste management industry in the country was positive as the volume of waste was forecast to increase to 19 million tonnes in 2050 from 14 million tonnes in 2021.

"Kedah, Pahang and Johor will be launching the bidding process for WtE plants in 2024," it said, adding that Malakoff and YTL Power would likely be

bidding for the projects.

Meanwhile, AmInvest Research said it expected the exports of electricity from Peninsular Malaysia to Singapore to commence in the first half of 2024, while Sarawak would likely be exporting hydroelectricity to Singapore in 2032.

"A successful trial run is expected to pave the way for more electricity exports from Peninsular Malaysia to Singapore," it said, noting that YTL Power Seraya would be the electricity importer for the two-year trial to import 100MW from Malaysia.

Singapore planned to import up to 4,000MW of low-carbon electricity by 2035, making up to 30% of the country's electricity supply.

AmInvest Research said TNB would be receiving a freewheeling charge for the usage of its grid network and inter-connectors.

Separately, the brokerage said TNB would also benefit from the higher number of data centres in Malaysia, as electricity demand from data centres is recurring.

It said electricity demand from data centres would likely exceed 5,000MW in 2035, noting that TNB had signed electricity supply agreements with eight data centre players amounting up to 2,000MW.