



06 JAN, 2025

Renewable energy to power 2025

The Star, Malaysia



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Flagship jobs under NETR, LSS5 programme catalysts

UTILITIES

PETALING JAYA: The renewable energy (RE) industry will continue to take centre stage this year with the execution of some flagship catalyst projects under the National Energy Transition Roadmap (NETR) and the fifth round of the large-scale solar five (LSS5) programme.

For one, RE players can expect to see earnings recognition from the engineering, procurement, construction and commissioning (EPCC) works on the 800MW Corporate Green Power Programme (CGPP) projects.

Additionally, EPCC awards for the two GW capacity under LSS5 will provide further opportunities for order-book replenishment for RE pure-plays, said Maybank Investment Bank Research (Maybank IB).

"The Energy Commission (EC) recently informed shortlisted bidders for the two GW projects under the LSS5 programme and expects EPCC contracts to be awarded from the second half of 2025 (2H25) onwards with an estimated value of around RM7bil.

"This will sustain momentum for solar order-book replenishment opportunities for RE pure plays in 2025 and beyond," the research firm said in a report.

LSS5 projects are slated for commercial operations in 2026 and 2027.

Meanwhile, the oversupply of solar PV modules has kept prices low, boding well for RE players.

Citing data from the International Energy Agency (IEA), Maybank IB said global solar manufacturing capacity is expected to exceed 1,100GW by 2024 – more than double the projected solar PV demand in 2024.

Additionally, the recent United States-imposed tariffs on solar panel imports from China and four South-East Asian countries, namely, Malaysia, Cambodia, Vietnam and Thailand, may create price

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Maybank Investment Bank Research

pressures across the global supply chain.

"Despite this, the IEA expects China to maintain its lead in solar production while continuing to drive demand.

As a result, the IEA anticipates that the average price of the solar modules will remain low in the coming years.

Among solar EPCC players, Maybank IB has Solarvest Holdings Bhd as its top stock pick. "We are optimistic on Solarvest's prospects for its growing order book and asset base amid strong demand for RE over the medium to long term.

"Solarvest currently trades at 20 times 2025 earnings per share.

"We believe Solarvest deserves a premium valuation due to its leading market share in the solar industry, with the largest order book among solar players," said the research firm.

Maybank IB, which is confident Solarvest will secure EPCC contracts for new LSS5 projects, given its strong historical win rate, has a RM2.14 target price on the stock.

Solarvest shares closed at RM1.72 last Friday.

Apart from the LSS5, the government had introduced several new policies on RE in 2024, which will serve as the seeding catalysts for significant growth and development in the sector from this year.

This include the new Low Carbon Energy

Generation Programme for non-solar renewable resources.

A total quota of 400MW is available with participation on a "first come, first served" basis.

However, since its launch in February 2024, uptake has been limited, with only 0.4MW of the quota applied so far. This may be due to lower demand for non-solar resources compared to solar energy, said the research firm.

Another significant development was the establishment of the Energy Exchange Malaysia in April 2024, aimed at facilitating cross-border electricity sales to neighbouring countries.

The first phase offers a capacity of up to 300MW using the existing interconnection between Malaysia and Singapore.

Last month, Tenaga Nasional Bhd and Singapore's Sembcorp Power signed an agreement for Malaysia's first RE export to Singapore, supplying 50MW of electricity from December.

However, the pricing and additional details remain undisclosed.

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