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KOTA KINABALU: Malaysian Rating Corporation Berhad (MARC) remains committed to supporting Sabah's renewable energy aspirations through its expertise in credit ratings, green financing and investment facilitation, said Group Chief Executive Officer Arshad Mohamed Ismail.



"Together, let us position Sabah as Malaysia's premier renewable energy hub," he said, at the Sabah Renewable Energy Conference (SAREC) 2025: Corridor to Transform Vision to Reality at Shangri-La Tanjung Aru Resort, recently.

Arshad said Sabah has long been a key contributor to Malaysia's economy but the State's energy sector faces significant challenges that threaten its long-term sustainability.

"Electricity supply remains constrained, as reflected in Sabah's lower reserve margin compared to Peninsular Malaysia, underscoring the urgent need to expand generation capacity.

"The situation is further compounded by the State's heavy reliance on fossil fuels, with 86 per cent of power generation currently dependent on natural gas — a resource that is finite in the long term.

"Despite having an estimated 101GW of renewable energy potential, particularly in hydro, solar and biomass, only 7.3pc of Sabah's current energy mix is derived from renewable sources. This highlights the need for the State to move towards cleaner, more sustainable energy solutions."

Arshad said the launch of the Sabah Energy Roadmap and Master Plan 2040 (SE-RAMP 2040) marks a bold vision to achieve reliable, accessible, affordable and sustainable energy by 2040.

With ambitious targets — 50pc renewable installed capacity by 2035, universal rural electrification by 2030 and carbon neutrality by 2050 — achieving these goals demands substantial investment and robust public-private partnerships.

"In this context, I am proud to share how MARC is uniquely positioned to support Sabah's sustainable energy goals.

"At MARC, we envision ourselves as your key partner in transforming today's challenges into tomorrow's opportunities. Our primary focus is on enabling a secure and sustainable energy future for Sabah by providing professional financial

expertise to support these critical transitions," he said.

According to him, MARC is able to provide rigorous assessments of renewable energy projects. "By meticulously rating green and sustainability-linked bonds and sukuk, we reinforce investor confidence and validate Sabah's strong AAA domestic credit profile. This robust foundation is essential to unlocking the capital required for large-scale renewable energy projects."

Pioneering in financing is at the heart of MARC's strategy, he said, adding the corporation is actively involved in rating and assessing innovative financial instruments such as Green Bonds, Sukuk and Loans, which channel investments directly into clean energy projects; Sustainability-Linked Bonds, Sukuk and Loans, where the terms of funding reward strong environmental performance; and Blended Finance Models, effectively combining public and private funds to reduce risk and optimise returns.

To attract investors and drive the growth of its renewable energy sector, Arshad said Sabah must establish three key enablers. First, regulatory clarity is crucial — investors seek a stable and predictable policy environment. In this regard, the devolution of electricity and energy regulatory powers from the federal government to the Energy Commission of Sabah (ECoS) marks a significant step forward. This enables Sabah to take greater ownership of its energy resources and craft regulations that are better tailored to its specific needs and development goals.

Second, infrastructure readiness plays a crucial role. The expansion of transmission lines, particularly the 275kV Southern Link, will improve grid stability and enable higher renewable energy penetration.

Lastly, innovative financial instruments such as green sukuk, ESG-linked loans and blended finance models can offer alternative funding mechanisms.

Arshad said Sabah's vast solar, hydro, and bioenergy resources, makes it an ideal destination for renewable energy investments.

"By aligning investment opportunities with national sustainability goals, Sabah can firmly establish itself as a leader in the green economy.

"Transitioning to renewable energy is more than an environmental commitment — it is an economic opportunity. The time to act is now."