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TNB's Aussie RE platform to spur growth

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PETALING JAYA: Tenaga Nasional Bhd (TNB) is set to see its Australian renewable energy (RE) platform, Spark RE, play a larger role in its long-term growth strategy as the group accelerates its transition towards cleaner energy.

Hong Leong Investment Bank Research (HLIB Research) said Spark RE will become an increasingly important lever for TNB's RE expansion outside Malaysia, while also serving as a critical learning platform to support the country's net-zero 2050 ambitions.

"Spark RE has been an important leverage for TNB to diversify its RE assets.

"At present, Spark RE's contribution is immaterial, as its only operational asset is the 100MW Bomen Solar Farm," it said.

TNB acquired Spark RE in September 2023 for RM1.2bil as part of its internationalisation strategy, complementing its investment in Vantage RE Ltd in the United Kingdom.

While current earnings contribution remains minimal, the research house said the growth

pipeline is substantial.

Spark RE is developing several large-scale projects in Australia, including the 1GW Dinawan hybrid solar, wind and battery energy storage system (Bess), the 530MW Wattle Creek solar and Bess project, and the 500MW Mallee wind and Bess project which are all targeted for completion by 2028.

HLIB Research noted these developments align with Australia's broader energy transition, where coal-fired generation is expected to be phased out by around 2037 and replaced with renewable sources, supported by storage technologies and expanded grid infrastructure.

Australia's transition strategy places significant emphasis on distributed energy resources, including rooftop solar systems, household batteries and electric vehicles, allowing consumers to actively participate in electricity generation.

Beyond asset expansion, Spark RE also offers TNB exposure to more advanced electricity market

structures, including Australia's competitive wholesale markets, it noted.

"The platform allows TNB to understand RE implementation and power sector structures in more advanced countries," the research house said, adding that insights gained could be applied to Malaysia's own energy transition.

The group is also leveraging Spark RE for talent development and knowledge transfer, with staff secondments supporting capability building in renewable energy technologies, financing structures and regulatory frameworks.

HLIB Research highlighted environmental, social and governance practices embedded in Spark RE's projects such as biodiversity conservation, community engagement and sustainable land use, could serve as benchmarks for Malaysia.

Despite near-term modest contributions, the research house remains positive on TNB's outlook.