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Speed and scale of financing key to energy transition

The Edge, Malaysia



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BY **RAVINYAA RAVIMALAR**

Malaysia is seeking to attract investment in energy-intensive industries such as data centres, semiconductors and advanced manufacturing, increasing the need for reliable, competitively priced and lower-carbon electricity.

Renewable energy (RE) and storage can help reduce exposure to fuel-price shocks, while energy efficiency can lower operating costs. Meanwhile, stronger grids can support the expansion of new industries and the integration of more clean power.

However, the scale of investment required to drive a nationwide energy transition and phase out coal means public resources alone will be insufficient. Mobilising private capital, attracting foreign investment and expanding access to sustainable financing will therefore be critical.

These were some of the key themes at *The Edge*-HSBC Renewable Energy Forum 2026, held at KLGCC Convention Centre in Bukit Kiara on Oct 26.

Organised in collaboration with HSBC Bank Malaysia and supported by Sime Darby Property, the forum, themed "The Energy Transition Accelerated", drew 206 in-person participants from various industries and nearly 120 online.

Datuk Ho Kay Tat, CEO and group publisher of The Edge Media Group, said the US-Iran war, which began in February and remains unresolved, had triggered a fuel crisis and driven oil and gas prices sharply higher.

The conflict in the Middle East elevated risks to the global economic landscape. The near-total closure of the Strait of Hormuz, a critical artery for roughly 20% of global energy flows and a range of essential inputs, has disrupted global supply chains.

The prolonged conflict weighs heavily on global growth, exacerbating inflationary pressures and adding to financial market volatility, with adverse spillovers to many economies, Bank Negara Malaysia said in its 1Q2026 Quarterly Bulletin, in an article titled "Navigating the Great Commodities Disruption: Macroeconomic Implications of the Middle East Conflict to Malaysia".

Rising fuel prices have placed additional financial pressure on households, businesses and governments worldwide, reinforcing the need to diversify energy sources and reduce exposure to external shocks.



LOW YEN YENG / THE EDGE

Ho acknowledged the impact of rising fuel costs on business earnings and commended the government's management of the unexpected crisis.

"As business leaders yourselves, you will know what impact this sudden spike has on your profit and loss, and I must give credit to the government for managing this unexpected crisis fairly well. What we are going through now underscores the urgent need for Malaysia to diversify our energy sources into more renewable forms," he said in his opening address.

The National Energy Transition Roadmap (NETR), launched in 2023, serves as the main blueprint for decarbonisation. Its catalyst projects span RE, energy efficiency, hydrogen, bioenergy, green mobility, and carbon capture, utilisation and storage (CCUS), providing pathways to test and scale different technologies needed for the energy transition.

Ho said the country has made progress since the road map was introduced, with RE's share of installed capacity reaching 32% as at June, close to the 35% target for 2030.

"[Through the forum] we hope to review the path laid out by the road map and assess whether we need to accelerate the transition, in view of recent developments and technological advancements."

Echoing this view, Deputy Minister of Natural Resources and Environmental Sustainability (NRES) Syed Ibrahim Syed Noh said in his address that the country's various frameworks and road maps were complementary and necessary to accelerate the energy transition.

"While the energy transition addresses how we produce and consume energy, stronger climate governance and adaptation planning help ensure that our development remains sustainable and resilient," he said.

He said the NETR provides a strategic direction for accelerating the country's transition towards a cleaner energy system. Through RE, energy efficiency, green mobility and emerging technologies, the road map seeks to strengthen energy security while creating new opportunities for economic growth.

"At NRES, we are also strengthening the policy and regulatory foundations necessary for Malaysia to fulfil its climate commitments. One of our key priorities is the proposed National Climate Change Bill, or RUUPIN. It aims to strengthen emissions management, transparency and accountability, while providing greater regulatory clarity and confidence to investors," he added.

Besides RUUPIN, Syed Ibrahim said the ministry is de-

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veloping the National Adaptation Plan (MyNAP) to strengthen resilience across climate-sensitive sectors, including agriculture, infrastructure, forestry and public health.

Policy support and private-sector financing key to meeting energy targets

Delivering on these ambitions, however, will require translating policies into viable projects that can attract investment.

HSBC Bank Malaysia CEO Datuk Omar Siddiq said a key priority is ensuring that capital reaches viable RE projects as quickly as possible.

"It is clear that there are investors around the world looking for bankable, resilient assets that offer reasonable returns. For Malaysia, the priority is to expand the universe of investable projects, with credible economics, predictable revenues, clear risk allocations and the permits and infrastructure needed to proceed," he said.

The NETR's 10 flagship catalyst projects are expected to attract more than RM25 billion in investment, create 23,000 jobs and cut greenhouse gas emissions by more than 10,000 gigagrams of CO_2 equivalent a year.

Another policy framework, the National Carbon Market Policy, launched in April this year, includes a Marginal Abatement Cost Curve, which plots the cost per tonne of abating greenhouse gases by various solutions against the total emissions reduction potential, allowing stakeholders to prioritise low-cost, high-impact domestic interventions.

However, identifying potential projects and emissions reduction measures is only part of the challenge. Financing structures must also enable private capital to flow at scale, with greater speed and certainty, Omar said.

"Government, regulators, utilities, businesses, technology providers and financiers must work together to move promising solutions from pilot stage to commercial scale," he added.

Deputy Minister of Economy Datuk Seri Mohd Shahar Abdullah said in his closing speech that certain policy decisions, especially on energy pricing, would be challenging, but the government and industry must accelerate the energy transition.

"Achieving our 2050 targets requires an estimated investment of RM637 billion, an undertaking that the public sector cannot sustain alone.

"To the leaders of HSBC, our institutional investors, and banking executives in this room, the government is building the policy framework and de-risking early capital, but we rely on your balance sheets to deploy long-term, bankable financing at scale," he said.

Omar said financial institutions had an important role to play in translating Malaysia's transition goals into investments by helping businesses develop transition plans, structure projects, assess risks and connect with international investors and expertise.

HSBC offers a range of sustainable and green financing solutions to help businesses fund environment-friendly projects and support their transition towards more sustainable operations.

These include green loans for eligible green projects, sustainability-linked loans that tie borrowing costs to environmental, social and governance (ESG) targets and green trade financing for environmentally sustainable trade activities.

"Through HSBC Amanah, we can also support suitable projects with Islamic financing alongside conventional solutions," said Omar.

Energy transition hinges on unlocking private capital

The forum also featured two expert panel sessions. In the first, titled "How can Malaysia accelerate its energy transition?", panellists said balancing energy security, affordability and sustainability requires grid modernisation, bankable projects and clear carbon pricing frameworks.

They stressed the need to maintain a long-term policy direction while allowing flexibility in the pace of technology adoption amid geopolitical instability and fuel price fluctuations.

"The government has set a very clear policy and vision that is the compass and pathway towards energy transition. By having this clear vision, [for] the initiatives and measures that come after that, it is incumbent upon the private sector in particular to work hand-in-hand with the government to identify projects that we need to drive, scale and accelerate," said Omar, who was part of the first panel.

He said the challenge was not necessarily a lack of capital, but the need for closer collaboration between the government and private sector to advance projects.

Tenaga Nasional Bhd chief strategy and ventures officer Dr Mohd Fadzil Mohd Siam stressed that accelerating the transition requires attention to the entire energy value chain, including grid readiness and changing customer demand.

"Can we accelerate? Yes, and we need to do it. Under the current regulatory period, we have ensured system readiness — that the grid must be ready and that we should be the right enabler to allow RE developers to connect.

"But at the same time, as more demand comes in, how do we address it? We have energy-efficiency [solutions] but in terms of more electric vehicles, for example, how do we ensure that the charging points are available? Those are some of the things that need to be done," said Mohd Fadzil.

True energy security means not depending on foreign fuel

In the second panel, titled "What's next for Malaysia in the energy transition?", panellists called for a resilient, diversified energy system to strengthen energy security and meet growing electricity demand.

Moderated by HSBC Amanah Malaysia CEO Raja Amir Shah Raja Azwa, who is also chief sustainability officer of HSBC Bank Malaysia, the panel comprised Clean Energy Xpeditions Sdn Bhd (Cenergy) managing director Dr Azrudi Mustapha, Gentari head of renewable energy for Malaysia Syed Malek Faisal Syed Mohamad, Forever Sabah and LEAP chief executive facilitator and board director Cynthia Ong and Solarvest Holdings Bhd CEO of business and asset management Jack Tan Qi Jie.

"True energy security is when you don't have to depend on foreign fuel. We're talking about importing gas, importing coal ... that's not true energy security," said Azrudi.

"We need to develop our own domestic technologies, because energy security is not just about energy, it's about the technology to produce that energy, and without that, we're still going to be dependent on foreign geopolitical dynamics."

Azrudi, whose company develops small modular nuclear reactor technology, advocated nuclear power as another option for diversifying the energy mix.

Panellists also identified solar power and battery energy storage systems (BESS) as technologies that can be deployed immediately.

"Solar is still the one that we can deploy the fastest in Malaysia, because we started with solar more than 10 years ago. Second is energy storage — how it is important to integrate [it with] solar to provide stability and a firm supply, particularly when you have demand [from] data centres, manufacturing industries and so on," said Syed Malek.

Solarvest's Tan said the efficiency and reliability of energy sources, particularly RE, would be key considerations in the energy transition. He added that BESS would play a major role in managing energy supply and integrating RE into the existing electricity system.

Solarvest is currently developing two of Malaysia's largest utility-scale solar projects under the Large Scale Solar 5 (LSS5) programme.

Forever Sabah's Ong highlighted the lack of energy access among rural communities in Sabah.

"We operate in a very different reality. In the spirit of being honest about the situation on the ground, we work from the bottom up, in collaboration with civil society organisations, often addressing gaps in service delivery," she said.

"There are 400 communities in Sabah that remain without electricity, the largest number of unelectrified rural communities in Malaysia. The terrain in Sabah is particularly challenging, meaning the national grid is unlikely to reach these areas."

Ong said the organisation identified RE mini grids as a viable solution to rural electrification, but said scaling them up to reach 400 villages in Sabah's most remote areas remains a challenge.

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