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PETALING JAYA: The utilities sector and renewable energy (RE) subsector continue to benefit from structural policy tailwinds, driven by Malaysia's ambitious decarbonisation goals under the National Energy Transition Roadmap.

MBSB Research said solar remains a multi-year growth engine, on top of the incoming battery energy storage system (Bess) requirements, which will benefit engineering, procurement, construction and commissioning (EPCC) players such as Solarvest Holdings Bhd, Samaiden Group Bhd, Pekat Group Bhd, Sunview Group Bhd and Northern Solar Holdings Bhd.

Tenaga Nasional Bhd will be the key beneficiary in the asset ownership space from both RE capacity expansion and grid upgrade investments.

"As of July 2025, Malaysia achieved an operational RE capacity of 4.57GW, making up about 17% of the country's current installed capacity. This was led predominantly by solar at 4.24GW," MBSB Research said in a report yesterday.

The evaluation process for large scale solar (LSS) 5+ has been completed and winning bidders will be notified soon.

Notably, the programme is divided into Package A with a quota of 1.5GW for land-based solar power plants, while Package B is for the remaining 500MW, specifically for floating solar.

This will add another 2GW of solar capacity by 2027.

"We expect further news flow surrounding this in the next few weeks.

"Following this, we also expect the Energy Transition and Water Transformation Ministry, or Energy Commission, to announce LSS6, which may add another 2GW of solar capacity, coupled with Bess requirements," the research house said.

MBSB Research said it previously estimated that solar would be dominant, accounting for a 25%, 39%, 52% and 58% share of the capacity mix in 2035, 2040, 2045 and 2050, respectively, growing at a compound annual growth rate of 14% between 2025 and 2050.

"This underpins a multi-year growth story for solar EPCC companies and also asset-owners, through power generation over the long-term," it said.

Further, MBSB Research said the Energy Transition and Water Transformation Ministry is expected to announce a new version of the net energy metering (NEM) programme this month.

The research firm said it was hinted that this could be a hybrid mechanism of NEM and self-consumption, or an entirely new programme.

"The ministry is in the midst of finalising the new programme, which will be aligned with the new tariff structure and designed in a way that gradually shifts away from subsidy dependency."