AUTHOR: No author available SECTION: BUSINESS TIMES PAGE: 7 PRINTED SIZE: 393.00cm²
REGION: KL MARKET: Malaysia PHOTO: Full Color ASR: MYR 13,063.00 ITEM ID: MY0067419708

13 JAN, 2026

ACTIVE ENERGY SECTOR SEEN

New Straits Times, Malaysia

2026 OUTLOOK

# ACTIVE ENERGY SECTOR SEEN

## Key programmes expected to drive RE initiatives and gas-powered plant expansions

**KUALA LUMPUR**

THE energy sector is set for an active 2026, driven by renewable energy (RE) initiatives and gas-powered plant expansions, said RHB Investment Bank Bhd (RHB Research).

Key programmes, such as the Corporate Renewable Energy Supply Scheme (CRESS), Large-Scale Solar 6 (LSS6), Solar Accelerated Transition Action Programme (ATAP) and gas plant extensions are expected to shape the sector's news flow.

According to RHB Research, the government's decision in September 2025 to reduce system access charges for CRESS by 11 to 20 per cent is expected to boost project viability.

Launched in July 2024, CRESS allows third-party offtakers to purchase electricity directly from RE developers.

The lower charges mean that offtakers can pay a fixed energy cost over 21 years with no exposure to rising grid prices while ensuring a 100 per cent green energy supply.

RHB Research estimates that CRESS projects with battery storage, assuming rates of 62 sen, around five per cent above current grid prices, could generate an internal rate of return of nine to 12 per cent.

The firm said with access charges now finalised, more CRESS project announcements are anticipated in 2026.

In the gas sector, Tenaga Nasional Bhd (TNB) won a bid in November 2025 to extend power supply for three gas-fired plants totalling 1.3 gigawatts (GW), which are expected to begin commercial operations between mid-2026 and 2030.

Given an anticipated 4GW-5GW shortfall in power demand by 2030, the government may extend the tenures of additional gas plants in the first half of 2026.

RHB Research identified 4.3GW of existing gas capacity potentially eligible for extension, which could deliver four to eight per cent earnings per share upside for TNB and Malakoff Corporation Bhd.

The government is expected to announce winners of the 6GW-8GW new gas-fired plant tender in the first quarter of 2026, with TNB, YTL Power International Bhd and Malakoff as frontrunners.

Scenario analysis suggests that if TNB were to win a 2,800MW gas plant project with RM9.8 billion in capital expenditure and 70 per cent debt funding, the project could deliver a 12 per cent internal rate of return and add RM1.66, or 11 per cent, to the company's target price.

Meanwhile, the LSS6 tender, expected in the first half of 2026, could generate up to RM10 billion in engineering, procurement, construction and commissioning opportunities for solar contractors.

At the same time, the Solar ATAP programme is expected to replenish order books for companies such as Solarvest Holdings Bhd and Samaiden Group Bhd.

RHB Research has maintained an "overweight" rating on the energy sector, with top picks including TNB, YTL Power, Solarvest and Samaiden.

*A hybrid hydro floating solar and green hydrogen hub project at the Sultan Mahmud Power Station in Terengganu. The LSS6 could generate up to RM10 billion in engineering, procurement, construction and commissioning opportunities for solar contractors.* NSTP FILE PIC