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Sunview gains momentum on booming solar sector

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ENERGY

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ONG Hang Ping and his business partner, Chow Kian Hung, were just 29 years old when they bought into a solar power system contractor business almost a decade ago.

The company was Fabulous Sunview Sdn Bhd, which is now the heart of ACE Market-listed Sunview Group Bhd.

The acquisition in 2015 was a giant leap of faith for both Ong and Chow, considering that Malaysia's demand for solar energy then was very small and government policies for renewable energy (RE) were not as accommodative.

"Back then when we started, a solar power project of just 10 to 20 kilowatts (kW) was already considered big.

"That's similar to a rooftop solar panel system for a bungalow or shophouse," says the 38-year-old Sunview executive director and chief executive officer Ong.

Much has changed since then. To put it into perspective, the government's fifth large-scale solar (LSS5) scheme – scheduled to commence operations by 2026 – offers up to two gigawatts (GW) or two million kW in capacity.

LSS5 permits a quota of up to 500 megawatts (MW) per project.

In an interview with *StarBizWeek*, Ong says the Malaysian solar energy industry is still at the midpoint and that the industry has huge potential going forward.

"All the RE developments in Malaysia will create RM10bil in project opportunities for the market."

Riding on the potential, Sunview wants to position itself as the owner of solar farms, rather than just focusing on engineering, procurement, construction and commissioning (EPCC) like it did in the past.

Asset ownership provides stable recurring income for the long term. In the case of LSS4 projects, the power purchase agreements (PPAs) were signed for 21 years before being extended to 25 years.

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Group positioning itself as owner of PV farms

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projects. But for LSS5, we are going in as a developer that owns the solar farm.

"In addition, we will also continue to offer EPCC services for other solar farm developers," says Ong.

EPCC jobs

Sunview's clients are bidding for LSS5 projects worth 1.5GW in total capacity. Ong says the group is likely to provide EPCC services for these projects if the clients are successful in their bids.

On its own, Sunview is bidding for a 150MW solar farm project as a developer.

Ong says that LSS5 is expected to offer a "higher and reasonable" tariff as compared to LSS4, making it more attractive for the developers.

It is noteworthy that some LSS4 project owners faced difficulties in obtaining financial close due to lower tariffs, exacerbated by the surge in solar module prices that has since declined.

In the past, Sunview has completed eight projects under LSS2, LSS3 and LSS4.

The other key growth driver for Sunview will be the third-party access (TPA), expected to be implemented in September.

With TPA, independent power producers like solar power players can sell directly to customers, bypassing the need to purchase from Tenaga Nasional Bhd, the

country's primary electricity utility, but will need to rely on TNB's transmission lines.

"The price that we (sellers) can get under the TPA may be higher than what we get from LSS5 or the previous LSS cycles.

"This is because the price is decided on a willing buyer, willing seller basis.

"The boom in data centres will drive the demand via TPA. But the same goes to other industries as the demand for RE is increasing," says Ong.

He says Sunview is currently talking to several data centre developers to supply power via TPA.

"Some of the data centres are already up and running while some are under construction. These data centres are located in Cyberjaya and Johor."

Global ambitions

Despite the massive RE opportunities in Malaysia, Sunview is not limiting itself to the domestic market.

In recent times, the group has announced ventures into Uzbekistan (central Europe) and Bulgaria (eastern Europe).

In June, Sunview inked a development and cooperation agreement with Uzbekistan's energy ministry to develop two large-scale solar photovoltaic (PV) plants and battery energy storage systems (BESS).

One of the plants will have a capacity of 400MW, while the other will have a capacity of 200MW.

The parties are finalising the terms and conditions of the PPA, which is expected to be entered into in August 2024.

As for Bulgaria, Sunview announced in June that it had entered into an agreement with OKOP Solar EOOD for the EPCC works of a 20MW PV power plant.

When asked about the reason to venture into these two markets, Ong clarifies that the PPAs were more favourable as compared to those in South-East Asia.

"The ventures into Uzbekistan and Bulgaria are also attractive from the currency standpoint.

"We are able to sell (power) in US dollars and euros. This is one way to diversify the portfolio, in addition to the ringgit."

Ong also pointed out that the irradiance in Uzbekistan is better than in Malaysia.

Solar irradiance is the output of light energy from the sun that reaches the earth. It is measured in terms of the amount of sunlight that hits a square meter of a surface in one second.

To put it into context, the average irradiance in Malaysia is about 3.7 peak Sun hours. In comparison, in Uzbekistan, the average irradiance is about 4.5 to five peak Sun hours, says Ong.

"The difference is about 20%. So, if the PPA duration is 20 years, that makes a huge difference."

Ong added that Sunview is able to secure a higher internal rate of returns (IRR) from the projects in Bulgaria and Uzbekistan, compared to Malaysia.

"In Malaysia, if you have a solar farm, you will get a single-digit IRR of 7% to 8%. But in our foreign markets, it is 11% to 12%."

Looking ahead, Sunview is looking to enlarge its global footprint and is currently exploring markets like Cote D'Ivoire, Ivory Coast and Singapore.

In Cote D'Ivoire, the group has applied to develop a 15MW solar farm. Meanwhile, in Singapore, Sunview is looking at investing in rooftop solar projects, with the bigger focus to generate RE certificates (REC).

REC represents the delivery of 1MWh of RE to the grid, and all associated environmental benefits of displacing 1MWh of conventional power.

In simple terms, anyone holding an REC can reduce their carbon footprint as they can claim that they have purchased RE.

"The pricing of RECs in Singapore is one of the highest in Asia. We can sell the RECs to any companies in the world, including to companies in Malaysia," says Ong.

Given the tradability of RECs, Ong says Sunview is developing an online platform to facilitate the trade.

"We plan to complete the REC trading platform by year-end but it depends on the progress."

On another front, it is worth noting that Sunview's associate Winstar Capital Bhd is eyeing a listing on the ACE Market. Winstar is an aluminium extrusion firm.

Sunview's indirect wholly-owned subsidiary Vafe System Sdn Bhd owns a 30% stake in Winstar. Post-initial public offering, the stake will be reduced to 24.15%.

Sunview first emerged in Winstar back in September 2023 as part of its vertical expansion into the upstream business of the solar industry and to gain access to its own aluminium alloy solar mounting system.