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## RE sector entering 'supercycle'

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KUALA LUMPUR: Malaysia's renewable energy (RE) sector is expected to enter a "multi-decade supercycle" as the country accelerates its energy transition.

Hong Leong Investment Bank (HLIB) Bhd expects more ambitious RE targets in Malaysia's upcoming Nationally Determined Contribution (NDC) submission.

It said Malaysia last submitted its updated NDC on July 26, 2021 with the upcoming NDC submission expected to introduce new 2035 targets, alongside further commitments in RE expansion and carbon pricing mechanisms.

According to HLIB, the rollout of Large Scale Solar 5 (LSS), LSS5+, and LSS6 is set to drive a massive RM15-18 billion engineering, procurement, construction, and commissioning (EPCC) contract pipeline over the next 24 months, "marking the largest wave of large scale solar projects in Malaysia's history."

It noted that concurrently, transmis-

sion and distribution upgrades under Regulatory Period 4 (RP4) 2025-2027, supported by a record RM42.8 billion allowable capital expenditure, will fortify the national grid, enabling it to handle increased renewable energy capacity and support long-term growth. "The scale-up in RE capacity coincides with rising electricity demand, driven by data centre expansion, electric vehicle adoption, and Malaysia's progression toward high income nation status, all of which point to sustained growth in power consumption," said the investment bank in a note.

HLIB noted that the global delay in NDC submissions underscores the challenges in securing strong climate commitments, especially amid political uncertainties. The slow progress from major economies raises concerns about achieving the Paris Agreement's 1.5°C target, it said.

"For Malaysia, momentum is building. The country has shown strong policy



direction with RE expansion and its planned carbon tax, positioning itself as a regional leader in energy transition. As the world watches the next phase of NDC submissions unfold, Malaysia's ability to balance economic growth with climate action will be crucial in shaping its low-carbon future," it said.

Additionally, HLIB said as Malaysia is set to host the ASEAN Summit this year, its leadership in driving regional energy transition efforts will be closely watched, underscoring the nation's commitment to balancing economic growth with climate action. -Bernama