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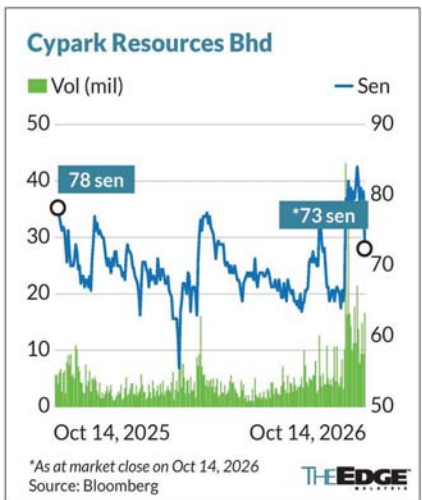
KUALA LUMPUR (Oct 14): Malaysia's renewable energy stocks took a hit on Wednesday as investors were rattled by news of higher cost of green electricity from a mandatory levy.

Northern Solar Holdings Bhd (KL:NORTHERN), which installs rooftop panels and builds solar farms, fell as much as 30.5 sen or 24% to 96.5 sen and triggered a suspension in intraday short selling of its shares. The stock recovered partially to close at RM1.14.

Other related stocks also fell. Samaiden Group Bhd (KL:SAMAIDEN) declined 9% to RM2.79 while Cypark Resources Bhd (KL:CYPARK) shed seven sen to 73 sen.

The sell-off followed a clarification by the Energy Commission on Tuesday that the system access charge under the Corporate Renewable Energy Supply Scheme, also known as CRESS, comprises two components, which are the previously announced 14 sen/kWh payable by developers, and an additional four sen/kWh borne by green electricity consumers.

The additional charge applies during the



current regulatory period ending in 2027 and is subject to review every three years.

CRESS allows renewable energy developers to sell electricity directly to corporate customers using the national grid operated by Tenaga Nasional Bhd (KL:TENAGA).

In a research note, CGS International said the latest clarification would raise the estimated overall cost of electricity supplied under CRESS by 8% to 9%, to between 48 sen and 50 sen/kWh, from its previous estimate of 44 sen to 46 sen/kWh.

The research house said the higher cost could dampen demand from commercial and industrial users outside the data centre segment, including electrical and electronics manufacturers, hospitals and shopping malls.

It estimated that an additional seven to eight gigawatts of potential electricity

demand from these customers could become less certain, as the revised CRESS tariff is now broadly comparable with conventional electricity tariffs before fuel cost adjustments.

Nevertheless, CGS International expects data centres to remain a key source of demand for CRESS, given that the revised green electricity tariff is still below the approximately 60 sen/kWh paid by large data centres for conventional electricity, excluding automatic fuel adjustments.

The research house maintained its 'overweight' rating on Malaysia's utilities sector, with Tenaga, Malakoff Corp Bhd (KL:MALAKOF) and YTL Power International Bhd (KL:YTLPOWR) as its preferred picks.



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