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The Malaysian Reserve, Malaysia

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The opportunities stem from NEEAP 2.0 which aims to reduce energy demand by 11.6% against business-as-usual projections by 2035

by TMR

MALAYSIA'S push to improve energy efficiency could open up an estimated RM9.1 billion in industrial and commercial private investment opportunities, with mechanical, electrical and process utilities (MEP) contractors among the potential beneficiaries, according to MBSB Research.

The opportunities stem from the National Energy Efficiency Policy and Action Plan 2026-2035 (NEEAP 2.0), which aims to reduce energy demand by 11.6% against business-as-usual projections by 2035. The plan involves an estimated RM36.6 billion in investments across the industrial, commercial and domestic sectors over the next decade, of which RM36.04 billion, or 98.5%, is expected to come from private investment.

Of the total private investment, RM26.9 billion is allocated to the domestic sector, RM7.11 billion to industry and RM2.03 billion to commercial buildings.

MBSB Research said the RM9.1 billion industrial and commercial investment pool includes spending on industrial utilities, high-efficiency motors, automation, heating, ventilation and air-conditioning (HVAC) systems, heat recovery, mechanical and electrical retrofits, and district cooling.

NEEAP 2.0, together with the Energy Efficiency and Conservation Act 2024 (EECA), establishes a regulatory framework to systematically reduce energy use across factories, commercial buildings and households.

The industrial sector is expected to

Public and private investment for NEEAP 2.0



account for about 69% of cumulative energy savings under NEEAP 2.0, followed by commercial buildings at 21% and households at 10%.

Within the RM7.11 billion in industrial private investment, the largest allocations include RM1.68 billion for energy-efficient utilities, RM1.62 billion for high-efficiency motors, RM1.22 billion for digitalised production and RM952 million for recommissioning and retro-commissioning.

Other measures include thermal insulation, lighting, energy management systems, heat recovery, energy source rationalisation and solar thermal preheating.

For commercial buildings, NEEAP 2.0 targets a 13.1% to 13.2% reduction in energy demand by 2035. The RM2.03 billion private investment allocation covers office buildings, hotels, hospitals and retail outlets, where air-conditioning is typically the largest electricity load.

MBSB Research said key cooling-related investments include RM450 million for high-efficiency chillers, RM450 million for

waterside and airside improvements, RM500 million for four proposed district-cooling systems and RM122 million for retro-commissioning works.

The research house said physical upgrades to existing mechanical and electrical infrastructure could benefit MEP contractors, identifying Critical Holdings Bhd, KJTS Group Bhd, Solar District Cooling Group Bhd, AWC Bhd and BM Greentech Bhd as potential beneficiaries.

Solar engineering, procurement, construction and commissioning (EPCC) players such as Solarvest Holdings Bhd, Pekat Group Bhd and Samaiden Group Bhd could also benefit by cross-selling energy-efficiency and management solutions alongside solar and battery energy storage systems (BESS), it said.

Implementation of the energy-efficiency measures is reinforced by EECA 2024, which gives the Energy Commission (EC) statutory powers to monitor compliance and enforce efficiency standards.

Under the Act, industrial and commercial facilities using at least 21,600 gigajoules (GJ)

over 12 consecutive months are required to appoint a registered energy manager, implement an energy management system, submit annual reports and undergo periodic energy audits. Failure to appoint an energy manager or establish an energy management system can result in fines of up to RM50,000.

However, MBSB Research cautioned that much of the projected RM36.6 billion in spending remains indicative rather than fully committed. As private investment accounts for 98.5% of the plan and most measures do not have blanket mandatory implementation, achieving the targeted savings will depend on project economics, corporate willingness to invest, financing availability and enforcement strength.

The domestic sector, which accounts for the largest share of private investment at RM26.9 billion, will primarily involve household adoption of, or replacement with, more energy-efficient appliances, which MBSB Research views as voluntary.

Stricter Minimum Energy Performance Standards (MEPS) for air-conditioners, refrigerators and new categories such as liquefied petroleum gas (LPG) cooking stoves could benefit appliance manufacturers and retailers including Fiamma Holdings Bhd, Khind Holdings Bhd, Sengheng New Retail Bhd, Pensonic Holdings Bhd, Panasonic Manufacturing Malaysia Bhd and Cuckoo International (M) Bhd.

Meanwhile, MBSB Research maintained its 'Neutral' stance on Tenaga Nasional Bhd (TNB), noting that NEEAP 2.0 is intended to moderate future electricity demand growth relative to business-as-usual projections rather than reduce absolute electricity demand.

Overall, NEEAP 2.0 targets cumulative energy savings of 815,382 terajoules (TJ) between 2026 and 2035, equivalent to RM85.2 billion in energy savings, according to MBSB Research.