



19 MAY, 2024

Renewable energy export a welcomed addition

The Sunday Post (Kuching), Malaysia



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Renewable energy export a welcomed addition

WHILE the framework on renewable energy (RE) exports in Malaysia is still a work-in-progress, industry analysts have been increasing optimistic on the future of the sector given the strong government push as evidenced from the various government initiatives such as the National Energy Transition Roadmap (NETR) and the Corporate Green Power Programme (CGPP).

Moreover, the SEZ is expected to significantly help Singapore in its own energy transition journey as the land scarce country is dependent on RE imports to achieve its carbon-reduction goals.

“Singapore has announced a target of up to 4GW of low-carbon electricity imports or circa 30 per cent of Singapore’s electricity supply by 2035. Currently, the existing Plentong-Woodlands Interconnector can facilitate bidirectional electricity flow of circa 1 GW between Malaysia and Singapore, and an MoU is in place to explore the technical feasibility of a second interconnector,” Maybank IB research shared.

With that in mind, the JS-SEZ is expected to have easy access

to RE, possibly through new RE capacity which would benefit local solar EPCC players like Solarvest and RE asset owners like Tenaga Nasional Bhd (TNB).

A double-edge sword for local EMS players

Historically, Johor’s tech sector has primarily focused on labour-intensive consumer electronics manufacturing (EMS) by acting as ‘feeder’ plants for larger MNCs in Singapore and Penang.

And with the upcoming SEZ, Maybank research reckons that this focus on EMS services in the state will continue as they believe the SEZ will be most conducive for MNCs seeking to establish ‘feeder’ plants in Johor for more cost-effective operations.

“This could serve as a double-edged sword for home-grown EMS players already operating in the region, like VS Industry Bhd, SKP Resources Bhd, and Cape EMS Bhd.”

While opportunities may

emerge from collaborations with Singaporean partners to expand customer bases regionally, the research arm laments that

competition for highly-skilled talent could also intensify from new MNC entrants looking to relocate their manufacturing hubs away from China amidst trade ware considerations with

the US.

Data centre spillover from SG to benefit Johor

Demand for data centre (DC) capacity in the ASEAN region is projected to grow at a compound

annual growth rate (CAGR) of 19 per cent over 2021 to 2026 thanks to the rise of generative AI.

However, Singapore who is the currently leading DC market

in Asia with 53 per cent of the Asean capacity has capped its new data centre builds at 60MW of new capacity per year to address their land and power constraints.

As a result, Johor and Indonesia’s Batam has emerged as satellite data centre hubs catered to pick up the spill-over demand from Singapore due to the proximity to the Island state.

Johor especially, has enjoyed a boom in DC investments in recent years with the state becoming Malaysia’s new DC hub as it managed to attract RM51.1 billion or 72 per cent of the nation’s DC investment in 2022.

With better physical and connectivity infrastructure and potential tax breaks and easy permits from the upcoming SEZ, DC demand in Johor is likely to see a stark surge in the near to medium-term.

Maybank IB Research opined that Johor DC demand could expand at a CAGR of 43 per cent over 2021 to 2030, reaching a peak of 1.9GB by 2030.

Currently, Johor already has 13 data centres with an aggregate capacity of 47MW while five are still under construction.



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