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RE sector gains momentum, says firm

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BACKED BY UPCOMING LSS CONTRACTS

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KUALA LUMPUR: The renewable energy (RE) sector is expected to continue gaining traction, supported by the pipeline of large-scale RE programmes, such as the remainder of the fifth large-scale solar (LSS5) programme, LSS5+, MyBeST and LSS6, for which bids are expected to be called soon.

Hong Leong Investment Bank Bhd (HLIB Research) said the potential value of engineering, procurement, construction and commissioning (EPCC) contracts from these programmes could reach between RM10 billion and RM15 billion.

It said there was upside to such estimates since LSS6 could feature battery energy storage system (BESS) integration.

“The slew of programme rollouts is expected to grow order books in the RE segment over the next 12 months.

“Adding to this, there are 190 megawatt (MW) FiT small hydro and bioenergy bids to be called later in the year and could translate into EPCC contracts for bioenergy players.”

HLIB Research said it considered Solarvest’s goal of achieving an RM2 billion order book by financial year 2026 to be conservative, given its consistent track record of securing 30 to 40 per cent of large-scale solar projects.

HLIB Research said the Corporate Renewable Energy Supply Scheme had logged a modest uptake since its launch in the third quarter of financial year 2024 due to the high

system access charge, which ranges between 25 to 45 sen per kilowatt hour.

It said only two major sign-ups were recorded during this period: Bridge Data Centres with 400 MW and DayOne with 500 MW.

Recent electricity tariff hikes under Regulatory Period Four (RP4) could drive stronger interest.

It said that according to Tenaga Nasional Bhd, data centres, now classified as Ultra High Volt-

age time-of-use customers, would face a 14 per cent increase in electricity costs compared with RP3, or around 60 sen per kilowatt hour.

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HONG LEONG INVESTMENT BANK BHD