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WORTH UP TO RM18B

New Straits Times, Malaysia



DRIVING SOLAR POWER ADOPTION

Malaysia is set to roll out up to RM18 billion worth of large-scale solar projects over the next two years — the largest deployment in the country’s history.

» REPORT BY **FAIQAH KAMARUDDIN AND DIYANA ISAMUDIN** ON **PAGES 4-5**



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LARGE-SCALE SOLAR PROJECTS

NEW LSS PROJECTS TO UNLOCK CONTRACTS WORTH UP TO RM18B

These will sustain engineering, procurement, construction, and commissioning activities for solar companies through 2027

MALAYSIA'S upcoming large-scale solar (LSS) projects, including LSS5, LSS5+, and LSS6, are projected to unlock contracts valued between RM15 billion and RM18 billion over the next 24 months, driving robust activity across the solar energy sector.

Analysts said this marked the largest rollout of LSS projects in the nation's history, keeping solar players occupied with engineering, procurement, construction, and commissioning (EPC) works through 2027.

Hong Leong Investment Bank Bhd (HLIB Research) analyst Tan Kai Shuen said transmission and distribution upgrades under the fourth regulatory period (2025-2027) would strengthen the national grid, supported by a record RM42.8 billion in allowable capital expenditure (capex).

"These enhancements will enable the grid to accommodate increased renewable energy (RE) capacity and support long-term growth.

"The expansion of RE capacity aligns with increasing electricity demand, fueled by the growth of data centres, the adoption of electric vehicles, and Malaysia's transition toward high-income nation status.

"Against this backdrop, and with more ambitious RE targets expected in the upcoming nationally determined contributions, we see Malaysia's RE sector entering a multi-decade super cycle as the country accelerates its energy transition," he added.

Tan said major landowners like SD Guthrie Bhd could capitalise on the expansion of LSS farms, especially in rural areas where extensive landbanks could be leveraged for RE projects.

"With Malaysia set to take the stage during its Asean chairmanship and 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," Tan added.

Meanwhile, Kenanga Investment Bank Bhd (Kenanga Research) analyst Nigel Ng said EPC players could still benefit from lower solar panel prices, with an estimated gross profit margin in the low mid-teens for LSS5+.

"With the current prices, we expect winning rates to fall between 14 sen/kWh and 18 sen/kWh, yielding an eight per cent project internal rate of return," he said.

Ng said Solarvest Holdings had a strong market position, execution track record, clientele and value proposition of its photovoltaic system financing programme.

He said the company's strong earnings visibility backed by sizeable outstanding order and tender books, as well as recurring incomes from a growing portfolio of solar assets.

As for Samaliden Group Bhd, Ng said the company focuses on residential and commercial projects, which typically fetch higher margins.

The company stood out for providing complete solutions, including financing for its customers and had strong earnings visibility due to a large outstanding order and tender book, he added.

RE SECTOR GEARS UP FOR GROWTH
Solarvest Holdings Bhd executive director and group chief executive officer Davis Chong said the company — which has a 30 per cent market share and completed 1.3 gigawatt (GW) of RE

projects — was well-equipped to handle complex projects.

He said this was due to its strong technical expertise, financial strength, and execution capacity.

Headed that the partnerships with investment and landbank owners further position the company to capitalise on emerging opportunities in the solar market.

On the challenges front, Chong said competition intensified as new entrants emerge, while the sector was facing a shortage of experienced contractors and labour, hence the need for workforce upskilling.

He called for government support in upgrading grid infrastructure to handle the increasing RE capacity.

He said the decreasing tariffs for LSS projects posed a risk to project financials, underscoring the importance of securing project bankability.

However, Chong was optimistic about the opportunities arising from the LSS programme, as the expansion would provide Solarvest with more EPC contract opportunities.

By focusing on large, high-value projects, he said Solarvest planned to minimise competition with smaller players.

"The integration of battery storage and smart grid technology will be instrumental in shaping the future of the RE sector. Solarvest is well-positioned to leverage these innovations for long-term growth."

ACE Market-bound Pekat Group Bhd's subsidiary, Pekat Teknologi Sdn Bhd, is one of the mid-cap companies that are preparing for the upcoming LSS6 bidding in the second quarter while participating in the ongoing LSS5+ round.

Pekat Teknologi director of business development Jia-Sheen Sim said the company was positioning itself to take full advantage of the expansion of the LSS programme.

With the LSS5+ opening up bids for a combined 4GW of solar energy capacity and the anticipated LSS6 in less than a year, the industry is poised for further infrastructure development.

LEVERAGING TNB'S CAPEX BOOST
Chong said Tenaga Nasional Bhd's (TNB) investment in grid infrastructure upgrades was a crucial enabler for Malaysia's energy transition, providing critical support for the expansion of the large-scale solar sector in several ways.

He said the investment enhanced grid capacity that reduces intermittency issues, facilitating smoother RE integration and improving the feasibility of large-scale solar adoption.

"Stronger grid resilience ensures higher energy uptake, sustaining long-term demand for solar projects. Greater infrastructure support encourages more large-scale solar deployments, creating a more robust pipeline of opportunities for Solarvest."



Chong suggested that TNB enhance grid data transparency by sharing insights on infrastructure development, including new RE zone substations, EV infrastructure network planning, and standalone utility battery storage integration, which are critical for effective energy transition planning.

Meanwhile, Sim said the increased capex ensured better stability and

higher RE integration.

"With increased access to the grid, this will open up more LSS project options and opportunities for all participants in the industry."

Sim, however, said challenges like grid connectivity constraints and financing remained key factors that required strategic planning and collaboration with relevant stakeholders.