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Kenanga Investment Bank Bhd estimates at least RM5 billion in additional engineering, procurement, construction and commissioning contracts for solar photovoltaic systems from the large-scale solar Petra 5+ programme. NSTP FILE PIC

MORE LARGE-SCALE SOLAR PROJECTS

'Overweight' stance maintained on RE sector

KUALA LUMPUR: Kenanga Investment Bank Bhd (Kenanga Research) has maintained an "overweight" call on the renewable energy (RE) sector, citing positive prospects as the government raises its RE capacity target to 40 per cent, or 23 gigawatts (GW), by 2035, up from the current 27 per cent (12GW).

It said in a note solar energy was expected to account for more than 80 per cent of the 11GW growth needed by 2035.

To support this transition, it said the government had launched large-scale solar (LSS) projects, including an additional

2.0GW of capacity under the LSS Petra 5+ (LSS5+) programme.

Developers can bid for up to 500 megawatts (MW), with operations expected to commence in 2027.

The short-listed bidders will be announced in July, and the bid rates are anticipated to be similar to the fifth large-scale solar (LSS5) programme, ranging between 14 sen per kilowatt-hour (kWh) and 18 sen per kWh, and yielding an estimated project internal rate of return of eight per cent.

"We estimate at least RM5 billion in additional engineering,

procurement, construction and commissioning (EPCC) contracts for solar photovoltaic systems from LSS5+," it said.

Kenanga Research said the total value of EPCC contracts had risen to RM12.4 billion from RM7.4 billion, ensuring sustained activity through the end of 2027.

It highlighted near-term opportunities, particularly in EPCC contracts linked to the corporate green power programme, which are expected to see increased awards in the coming months.

These will be followed by the 2GW LSS5 and the LSS5+ projects.

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