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Solarvest and Samaiden to benefit from LSS5 plan

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PETALING JAYA: The renewable energy (RE) sector is poised for sustained growth till 2028, following the unveiling of the additional 2GW bid for the fifth large scale solar (LSS5) programme.

The Energy Commission had doubled the programme's total capacity to 4GW, four times the size of LSS4's capacity of 800MW.

According to Kenanga Research, this is a move by the government to urgently accelerate the RE capacity, aiming to achieve 40% capacity or 23GW by 2035.

The current capacity is 12GW.

Furthermore, the additional 2GW could fill a critical 9GW gap in the RE capacity, with solar power expected to contribute over 80% of the needed growth by 2035.

Under LSS5, developers could bid up to 500MW with operations scheduled to commence in 2027.

Shortlisted bidders will be revealed in July 2025 and bid rates are expected to be similar to LSS5, with winning rates between 14 sen per kWh and 18 sen per kWh, yielding an 8% project internal rate of return.

"We estimate at least RM5bil in additional engineering, procurement, construction and commissioning (EPCC) contracts for photovoltaic systems from LSS5.

"Currently, the total value of EPCC contracts in the market has risen to RM12.4bil, up from RM7.4bil, ensuring sustained sector activity through the end-2027," the research house noted.

The key beneficiaries of the LSS5 initiative include EPCC companies such as Solarvest Holdings Bhd, Samaiden Group Bhd and other players with strong market positions and proven track records in previous RE initiatives.

These companies are expected to capture at least half of the RM5bil contract opportunities.

"Additionally, asset owners from past LSS rounds are well-positioned to benefit given their proven track records.

"Notable past winners under our coverage include Tenaga Nasional Bhd, Solarvest, Samaiden, Tan Chong Motor Holdings Bhd and Uzma Bhd," it added.

On a separate note, the RE sector's momentum is further supported by low solar panel prices, which dropped by 26% in 2024 due to oversupply.

Although a recovery in prices is unlikely in the near term, EPCC players can benefit from favourable conditions including lower material costs and stable project IRRs of 8%.

Kenanga Research maintained an "overweight" call on the sector, with its top picks being Solarvest and Samaiden.