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## Solar surge ahead for RE developers

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Stronger pipeline and pricing favour key players

### ENERGY

**PETALING JAYA:** Renewable energy (RE) developers who were unsuccessful in the bid for the large-scale solar (LSS) projects in the previous programmes could benefit under LSS5+ where the requirement for bumiputra participation rate is set higher.

Kenanga Research sees strong chances for companies like Cypark Resources Bhd, Malakoff Corp Bhd, SD Guthrie Bhd, Sunview Group Bhd, Jaks Resources Bhd and Solarvest Holdings Bhd to secure LSS5+ awards, given their previous unsuccessful bids in LSS5 and their likely continued interest in the programme.

“The higher bumiputra participation this time (versus only 25% in LSS5), should improve the chances for Malakoff, Cypark and SD Guthrie,” the research house noted in a sector report.

Kenanga Research believes up for grabs are sizeable allocations of up to 500MW (high versus LSS5 of up to 30MW) and assuming awards mirror the 100MW blocks seen in LSS5, it estimates around 15 awards remain to be won.

“With the current solar panel prices, we expect winning tariffs to land between 14 sen/kWh and 18 sen/kWh, supporting a project internal rate of return (IRR) of roughly 8%,” said the research house.

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Kenanga Research

The other big winners of the LSS5+ will be the engineering, procurement, construction and commissioning (EPCC) contractors like Solarvest.

Kenanga Research stated that solar EPCC players’ order books are hitting all-time highs as they race to deliver Corporate Green Power Programme projects before the end-2025 deadline.

At the same time, 4GW worth of LSS5 and LSS5+ contracts are about to hit the market, with completions targeted by end-2027, unlocking at least RM10bil in solar EPCC value, it stated.

The research house projected the average price of solar modules to dip slightly as Tier-1 manufacturers flood the market.

“Given the low IRR of about 8% in LSS jobs and rising cost risks, we remain bullish on EPCC contractors over asset owners.

“In this space, we see market leader, Solarvest, stands out as a key beneficiary,

expected to grab at least 30% of the EPCC market share,” Kenanga Research stated.

Its top sector picks, however, are niche players like Pekat Group Bhd and Swift Energy Bhd, which stand out as profitability-focused RE players and offer cheap proxies to the RE play.

RHB Research also favours the EPCC space within the RE sector, expecting the announcement of shortlisted bidders for LSS5+, which will introduce an additional 2GW, to take place in the coming months.

The timeline will allow asset owners to further take advantage of the currently low solar panel prices – a trend that is expected to continue through to the end of the year.

LSS6 is also anticipated to be launched in the second quarter of 2025, potentially adding another 2 GW of capacity.

Both Kenanga Research and RHB Research are “overweight” on the RE and power utility sectors.