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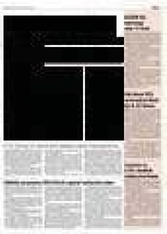

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Non–solar renewable energy gets fresh boost

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New 250MW FiT quota may unlock RM3bil investment

ENERGY

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>
> TA Research

PETALING JAYA: The country's renewable-energy (RE) push has received another shot in the arm with the government opening a fresh 250MW feed-in-tariff (FiT) quota covering biogas, biomass and small hydropower.

The development comes on the back of recent improvements to the Corporate Renewable Energy Supply Scheme (Cress), which saw a 30% reduction in system access charges (SAC) and a minimum 10-year contract period between RE developers and corporate offtakers.

For 2027, the FiT quota comprises 30MW for biogas, 120MW for biomass and 100MW for small hydropower projects.

E-bidding is scheduled to open on Feb 3 next year and close on March 24, with the approved RE projects expected to be commissioned as early as 2030.

Although the 2027 FiT quota of 250MW is smaller than the 300MW offered in 2026, TA Research views the latest allocation as a "positive catalyst" for the RE sub-sector.

It also does not rule out a larger eventual award, depending on the projects submitted during the e-bidding process.

"To recap, 341MW of FiT capacity across 40 projects was awarded under the 2026 e-bidding cycle, exceeding the initial 300MW quota. The announcement came earlier than expected and confirms our expectation of further FiT allocations for 2027," TA Research said in a report.

The research firm said the 250MW quota on offer translated into RM3bil of potential investment, providing a catalyst for project developers, engineering, procurement, construction and commissioning and supply chain players involved in biogas, biomass and small hydropower projects.

It noted that among listed players, Malakoff Corp Bhd, Jentayu Sustainables Bhd and Kinergy Advancement Bhd have track records in, or are in the midst of developing, small hydropower projects.

Meanwhile, Cypark Resources Bhd, Samaiden Group Bhd and Kinergy are potential developers or bidders in the biomass and biogas segments.

An industry player told *StarBiz* that with electricity demand rising, including from the rapid growth of data centres (DCs), there is a need to accelerate the deployment of RE capacity across different technologies.

He said while solar will remain an important part of the mix, biogas, biomass and small hydro can provide generation at different times of the day and help support the grid as more intermittent renewable capacity comes online.

"The opening of the 2027 FiT quota by the Sustainable Energy Development Authority underscores the continued role of non-solar renewables in supporting Malaysia's growing electricity demand," the industry player added.

On Cress, TA Research said the 30% reduction in the SAC for firm RE supply to 14 sen per kilowatt-hour should meaningfully improve the attractiveness of the mechanism, particularly for heavy industrial users and DCs that are more exposed to higher automatic fuel adjustment surcharges.

Meanwhile, the minimum 10-year contract tenure should improve cash flow visibility and ultimately, bankability of Cress projects.

Meanwhile, RHB Research expects more agreements to be signed in the coming months, with Tenaga Nasional Bhd (TNB), Solarvest Holdings Bhd and Samaiden Group Bhd seen as the main beneficiaries of the Cress Acceleration Package.

It noted that earlier this month, TNB signed an agreement to explore supplying up to 1.5GW of power to DayOne Data Centre, which we estimate could provide an 8% upside to earnings per share.

Solarvest is also collaborating with Canadian investment firm Brookfield to potentially develop up to 1.5GW of Cress projects.

"We retain our base-case assumption of 300MW-500MW of Cress project awards for Solarvest by end 2026, while rolling forward the valuation base year to financial year 2028 ending March 30 to derive a new target price (TP) of RM4.30 (from RM3.64).

"Meanwhile, we raise our TP for Samaiden to RM3 after imputing a 100MW order-book replenishment assumption from Cress, with a 50% battery ratio.

"Supported by a RM3.5bil tender book, of which 70% comprises Cress projects, further job wins could provide upside potential to our new RM3 TP," RHB Research said.

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