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Big bets on Bess

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AS the market awaits the award of the large scale solar 5+ (LSS5+) programme, strong interest is also building around the country's inaugural tender for battery energy storage systems (Bess), which was launched late last year.

Dubbed MyBeST, the initiative is structured as a two-stage bidding process and targets 400MW of battery power capacity with 1,600MWh of energy storage, slated to begin full operation by 2026/2027.

According to sources, the initial stage of the tender process attracted interest from over 70 prospective bidders, signalling strong appetite for entry into Malaysia's nascent energy storage market.

Around half have been short-listed to submit full proposals by the July 31 deadline.

It is likely that some parties submitted more than one proposal, either directly or through different consortium structures.

While this means the number of unique entities could be lower, overall competition remains robust as only four winning bids will be selected – each responsible for deploying 100MW of bat-

tery power capacity and 400MWh of energy storage.

The awarded projects will be tied to specific grid locations or injection points.

The estimated value of each 100MW/400MWh MyBeST project could reach up to RM500mil, according to reports.

Sources say the financing model and choice of technical partners could play a decisive role in the evaluation process.

An industry player notes that the strong interest reflects growing recognition of Bess as a key enabler of grid stability – especially as more solar projects come online through initiatives like LSS5+.

Bess enables the storage of renewable energy (RE), such as solar power.

"Malaysia doesn't have wind resources, and hydro is limited – so it's banking on harnessing the sun.

"Right now, renewables still make up a small share of the energy mix, and battery storage may not seem immediately relevant.

"But as solar ramps up, the need for flexible storage will grow and developers are positioning to gain first-mover advantage as the market evolves," he says.

■ **Malaysia's first competitive Bess tender said to have drawn strong interest**

■ **Bidders likely positioning to gain first-mover advantage as the market evolves**

■ **Tenders for LSS6 may be called in the 2H25 and include Bess in selected packages**

He adds that the eventual winners of the tender will offer valuable insight into the capabilities of local players and serve as a testbed for commercial models and technical configurations that could shape future policy frameworks.

The cost of battery storage has also declined significantly in recent years, making large-scale deployment more economically viable.

A director of a RE company explains that much like the LSS programme, the MyBeST tender is structured as a competitive bidding process aimed at driving down prices through market competition.

While LSS developers earn through fixed tariffs for electricity sold to the grid, Bess operators are expected to be paid based on capacity and availability – essentially, being on standby to supply stored energy or provide grid services when needed.

They also receive an energy service tariff, which reflects the utilisation of Bess in dispatching energy to the grid and charging Bess from the grid.

"The public tender framework will encourage developers to bid competitively for the lowest possible compensation while still ensuring reliable performance.

"The idea is to create a transparent benchmark for Bess-related costs, similar to how LSS auctions helped bring solar tariffs down over successive rounds," the director explains.

Taking a cue from China's experience, a recent large-scale Bess supply tender by state-owned enterprise PowerChina drew strong interest, with an average bid of US\$66.30 per kWh.

This figure included installa-

tion, maintenance, 20-year servicing, and the purchase of lithium iron phosphate battery cells.

There are ongoing large-scale Bess projects in Malaysia.

One example is the project in Lahad Datu, Sabah, undertaken by Sabah Electricity Sdn Bhd, which is 80% owned by Tenaga Nasional Bhd (TNB).

TNB is also undertaking a similar-scale project with UEM-backed Nur Power Sdn Bhd.

These two projects, however, are likely focused on immediate grid support and are tied to direct utility procurement – rather than a competitive process that can establish transparent pricing, test commercial models and signal the strategic viability of Bess as a long-term asset class, industry players note.

Other listed companies have also joined the race to participate in Malaysia's emerging Bess market.

For instance, BM Greentech Bhd, which counts agricultural giant QL Resources Bhd as a major shareholder, has indicated its intent to explore opportunities in grid-scale energy storage.

Another is Citaglobal Bhd, a bumiputra-owned company that has launched Malaysia's first locally developed Bess as part of its broader push into RE and grid services.

Going forward, bids for LSS6 may be called in the second half of 2025 (2H25), with a massive quota of at least 2GW of capacity and the inclusion of Bess in selected packages.

However, to ensure commercial viability and investor confidence, industry players stress that clear policy frameworks, well-structured payment mechanisms and robust grid planning must evolve in tandem.

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