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THE announcement this week of a massive renewable-energy (RE) corridor in Johor – valued at a staggering US$6bil – has jolted Malaysia's energy sector.

The Southern Johor Renewable Energy Corridor (SJREC), backed by the World Bank's International Finance Corp (IFC), Johor's investment arm Permodalan Darul Ta'zim (PDT), and RE developer Ditrolic Energy, is easily the most ambitious solar-plus-storage undertaking ever proposed in the country.

Its scale dwarfs not just the largest large-scale solar (LSS) projects to date, but surpasses the capital cost of any gas or coal plant in Peninsular Malaysia.

The only project that comes close is Sarawak's Bakun hydroelectric dam, initially estimated at US$5bil.

Even then, SJREC's mix of multi-gigawatt solar, multi-gigawatt-hour storage, grid infrastructure and cross-border power-export ambition places it in a category of its own.

What also sets SJREC apart is IFC's direct involvement, a rare signal in Malaysia's RE landscape.

While financing terms have not yet been finalised, Ditrolic Energy CEO Tham Chee Aun confirms that IFC will play a material role in the project's capital structure.

"IFC is expected to play a significant role in the project's development financing, which may include debt and other financial instruments," he says, noting that terms will be finalised following due diligence and regulatory clearances.

For many, the emergence of Ditrolic Energy as the anchor developer, is a major surprise.

Known primarily for its commercial and industrial (C&I) solar portfolio across South-East Asia, Ditrolic has roughly 300MW of completed projects, which is respectable but modest compared with other local RE players.

Ditrolic is now positioned at the centre of a 4GWp solar and 5.12GWh energy-storage development.

Tham says Ditrolic's role spans master planning, project development and offtaker engagement.

"Ditrolic will jointly develop the master development plan for SJREC, invest in and build the first catalytic project, and secure both local and export offtakers for green electricity," he explains.

- While financing terms have not been finalised, IFC will play a material role in the project's capital structure
- The 4GWp project has received more than 90% subscription in terms of letters of intent and term sheets from domestic and non-domestic users

The SJREC's emergence also reconfigures Johor's RE landscape.

Two years ago, UEM Group and Itramas announced a multibillion-ringgit Green Renewable Energy Industrial Park that was touted as a game-changing solar-plus-storage project.

But that initiative has seen little visible progress since its launch.

PDT's involvement in the SJREC is substantial.

"PDT will jointly design and develop the master development plan, facilitate engagement with government stakeholders, support state and federal licensing processes, and ensure alignment with state priorities," Tham points out.

Tham: All parties play complementary roles in technical, financing and policy development.

Ramlee: The SJREC was conceived as the cornerstone of the Johor Green Development Policy 2030.

According to PDT president and group chief executive Datuk Ramlee A Rahman, the SJREC was conceived as the cornerstone of the Johor Green Development Policy 2030, to unlock the immense solar potential of the Kota Tinggi and Mersing districts.

This level of state participation, paired with IFC's technical and policy advisory support, positions SJREC as Johor's de facto flagship RE platform, effectively eclipsing prior mega-park proposals.

The cooperation is structured on a consortium basis, with a formal joint venture (JV) in the works. "The project is being developed on a consortium basis and is in the process of setting up a JV company," Tham confirms.

The headline cost, Tham explains, reflects detailed technical and financial scoping.

"The US$6bil project value is based on a comprehensive assessment that includes land acquisition, EPC, grid reinforcement, storage systems, and related infrastructure such as transmission lines and substations," he explains.

This suggests a fully integrated, corridor-wide development – not just solar farms, but an entire supporting ecosystem.

But the SJREC does not fall under any single existing Malaysian RE scheme such as LSS, Corporate Renewable Energy Supply Scheme (Cress) or self-consumption (Selco).

According to Tham, it will operate under a hybrid regulatory model.

"SJREC is envisioned to operate under a combination of regulatory schemes, including Cress, Selco, direct power purchase agreements, and any special provisions that may arise," Tham says, adding that the framework is designed to be flexible as Malaysia's energy policies evolve.

However, the mega project will need to obtain licensing and approval and will follow the usual processes.

"All necessary approvals will be sought from the Energy Commission and relevant authorities," he says, adding that his team is actively engaging with regulators to ensure the corridor operates within the appropriate legal and regulatory frameworks.

Strong offtake interest

The question remains if the corridor requires federal-level endorsement for grid injection or export to Singapore, or does Johor have autonomy through the Johor-Singapore Special Economic Zone (JS-SEZ) framework. Tham explains that the project is being developed in close coordination with federal and state authorities.

"While Johor's JS-SEZ framework provides strategic advantages, federal endorsement remains essential for grid injection and cross-border export, and all necessary approvals will be pursued," he notes.

One of the most striking revelations is the level of offtake interest, which has been overwhelming. Tham shares that there has been strong and diverse interest from hyperscale data centres, multinational manufacturers and major corporate players.

"The 4GWp project has received more than 90% subscription in terms of letters of intent and term sheets from domestic and non-domestic users," he reveals.

For domestic deliveries, Ditrolic expects to utilise Malaysia's third-party access (TPA) and Cress framework.

"Selling power to data centres within Johor does require paying TNB wheeling charges under TPA or Cress," Tham notes, adding that Selco and other arrangements may become available as regulations evolve.

The model is still being shaped for exports to Singapore.

"Export arrangements are being developed with Malaysian and Singaporean authorities. The final framework will depend on regulatory guidance," he explains.

While Ditrolic is not traditionally viewed as a mega-scale developer, Tham argues that the company, working in tandem with PDT and IFC, is fully equipped.

"Ditrolic brings years of experience in full-cycle project development across multiple renewable technologies.

"Together with PDT and IFC, all parties play complementary roles in technical, financing and policy development," he highlights.

Beyond power generation, SJREC is designed as an economic catalyst: a source of up to 125,000 jobs, a magnet for high-value foreign investment, and a key element in positioning Johor as South-East Asia's next digital and industrial hub.

It is also a strategic energy play, embedding Johor within the Asean Power Grid and potentially enabling RE exports to Singapore at a large scale.