



30 MAY, 2026

RAM maintains positive outlook on power sector amid energy transition progress

Borneo Post (KK), Malaysia



RAM maintains positive outlook on power sector amid energy transition progress

KUCHING: RAM Ratings has maintained a positive outlook on Malaysia's power sector, citing continued progress in the country's energy transition agenda supported by regulatory frameworks and growing renewable energy (RE) capacity.

In a special commentary titled *Power Insight: Advancing Sustainable Energy Transition*, RAM said Malaysia's execution of its net-zero ambitions is gaining momentum under national and state-level energy transition roadmaps.

Senior vice president of infrastructure and utilities ratings, Chong Van Nee, said renewable energy accounted for 12 gigawatts (GW), or 31 per cent, of Malaysia's total installed power generation capacity as at end-December 2025.

"As of end-December 2025, renewable energy (RE) constituted 12 GW or 31 per cent of total installed capacity, putting the country on track towards its interim targets of 40 per cent by 2035 and 70 per cent by 2050.

"Sustained progress will hinge on policy continuity, disciplined execution, effective stakeholder coordination, and continued access to long-tenured financing," he said.

RAM noted that the renewable energy segment is expanding rapidly, driven mainly by utility-scale solar photovoltaic projects and the deployment of grid-scale battery energy storage systems to improve grid reliability and address intermittency challenges.

The rating agency said new gas-fired power plants are expected to provide firm generation capacity as coal-fired facilities are progressively retired.

It added that studies on emerging low-carbon energy sources, including nuclear power, could further diversify the country's electricity generation mix.

Around 20 GW of new power generation capacity is scheduled for commissioning nationwide by 2030, according to RAM.

The agency also highlighted the role of Malaysia's debt capital market in supporting renewable energy expansion and grid infrastructure investments.

In 2025, the power sector raised RM9.2 billion through green, social, sustainability and sustainability-linked (GSS+) bonds and sukuk facilities, bringing outstanding issuances to RM20.9 billion as at end-December 2025.

"We expect strong participation from the RE segment for debt financing as utility-scale projects expand and investment momentum builds.

"Given its depth and established yield curves, the Malaysian bond market is particularly well-suited to fund these long-tenured infrastructure and other capital-intensive assets in the power sector," Chong added.

RAM said its rated power portfolio has remained largely stable, with 87 per cent of outstanding ratings carrying AA3 or higher as at early May 2026, reflecting strong debt-servicing capacity among rated entities.