

KERATAN AKHBAR

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NETR initiative to benefit power players

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PETALING JAYA: CGS-CIMB Research has retained its “neutral” stance on the utilities sector ahead of the launch of the National Energy Transition Roadmap (NETR) today, acknowledging that the initiative could be beneficial to power players in the industry.

The research firm believes the NETR could reignite domestic investments and broader economic development while also reviving interest in the utility sector, although it is still indifferent towards the prospects of gas companies in the country.

In a pre-emptive note published yesterday, CGS-CIMB Research said the NETR aims to outline key initiatives, regulatory reforms

and policies for the country to achieve Malaysia’s 70% renewable energy (RE) capacity target from the current 24%, alongside reaching carbon neutrality by 2050.

“The government guided that the programme would entail investments worth an estimated RM637bil. Key areas of focus include solar; hydro; hydrogen and ammonia; carbon capture, usage and storage; battery storage and building supply chain manufacturing capabilities domestically,” the research unit reported.

Phase 1 of the initiative will involve the announcement of 10 national flagship projects worth RM25bil to be developed with

participation of the private sector.

By leveraging on the country’s central location and abundance of natural resources, CGS-CIMB Research noted the government is aiming to take a leadership role in spearheading the energy transition agenda in the region. Greater RE adoption will necessitate grid and distribution network system upgrades to support two-way and alternating energy flow while maintaining voltage stability.

“As part of the reforms, the government intends to incorporate a grid upgrade fee into the RE tariff to lighten the capital expenditure burden on owners of the national grid,” it noted.