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"NETR brings new biz opportunities for utilities and renewable energy players"



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KUALA LUMPUR: Hong Leong Investment Bank (HLIB) research retains an 'overweight' call on the utilities and renewable energy sector, citing new business opportunities for utilities companies and renewable energy (RE) players under the National Energy Transition Roadmap (NETR).

HLIB Research expects a minimum of RM4.5 billion- RM4.7 billion engineering, procurement, construction and commissioning (EPCC) jobs in the pipeline accounting for the 1GW hybrid solar farm, 500MW of centralised LSS and residential solar.

The 2.5GW hybrid hydro-solar farm meanwhile could cost as much as RM10 billion HLIB Research said, and Solarvest Holdings (HOLD; TP: RM1.20) has the pedigree of executing Malaysia's largest floating solar farm.

"Though the 1GW hybrid solar power plant will be developed in collaboration with Itramas Corp (unlisted local solar EPCC & developer) and foreign players like China Machinery Engineering Wuxi Co Ltd & Hexa Renewables, other local players could still secure a slice of the pie," it said.

On the biomass front, intentions to develop biomass clusters could serve Samaiden Group well given its track record on this end.

"Nevertheless, we take note of the lack of execution timeline shared for these projects," HLIB Research said.

Existing utilities-co Tenaga Nasional and YTL Power are accelerating their investment into RE, transmission and grid (Tenaga only), data centre (YTL Power only) and preparing for RE exports (provides higher returns).

RE EPCC players also benefit from potentially higher demand for solar power installations.

Its top picks for utilities companies are Tenaga Nasional (BUY; TP: RM12.00) and YTL Power International (BUY; RM2.05), and for RE players is Samaiden Group (BUY; TP: RM1.43).

Yesterday, Minister of Economy, Rafizi Ramli launched the NETR comprising 10 flagship catalytic projects worth RM25 billion to be developed in collaboration with the private sector.

This sets in motion the longer term plans to lift RE capacity share from 25 per cent (present) to 70 per cent by 2050.

The announcement forms Part 1 of the NETR whereby Part 2 will focus on establishing the low carbon pathway, national energy mix & emissions reduction target as well as identifying key enablers.