

KERATAN AKHBAR

TARIKH : 31 JULAI 2023
AKHBAR : THE STAR
MUKA SURAT : 2 (STARBIZ)

New business opportunities in RE

New business opportunities in RE

Power companies to gain from energy transition drive

UTILITIES

PETALING JAYA: The prospects of power utility companies and renewable energy (RE) players have improved further with the launch of the National Energy Transition Roadmap (NETR), according to analysts.

The blueprint would not only accelerate the energy transition in the country but also generate growth opportunities within the sector, they said.

The NETR is divided into phase one and two.

In a report, Hong Leong Investment Bank (HLIB) Research said the NETR could boost the growth of local power utility companies and RE players.

"NETR provides new business opportunities to the utilities sector as the government provides a clear policy for companies to further restructure and diversify their business portfolios to leverage onto the new economy of RE," the brokerage explained.

It pointed out the likely beneficiaries of the blueprint included Tenaga Nasional Bhd (TNB) and YTL Power International Bhd.

"Existing utilities companies, namely TNB and YTL Power are accelerating their investment into RE, transmission and grid, data centre and preparing for RE exports," HLIB Research said.

"RE engineering, procurement, construction, and commissioning (EPCC) players will also benefit from potentially higher demand for solar power installations.

"Overall, we are upbeat on the catalytic projects announced in the NETR," it added.

"Companies, namely TNB and YTL Power, are accelerating their investment into RE, transmission and grid, data centre and preparing for RE exports."

Hong Leong Investment Bank Research

HLIB Research remained "overweight" on the local power sector.

At the launch of the NETR last Thursday, Economy Minister Rafizi Ramli revealed that phase one would focus on 10 flagship catalyst projects worth RM25bil to be developed in collaboration with the private sector.

Phase two of the blueprint, likely to be unveiled at the end of next month, was expected to focus on establishing a low-carbon pathway, national energy mix and emissions reduction target as well as identifying key enablers.

Similarly "overweight" on the power sector, RHB Research said the NETR would pave the way to expedite energy transition in the country, lifting the potential returns of RE projects via energy exports.

The brokerage said TNB would play the key role in driving NETR.

"We believe TNB is one of NETR's key beneficiaries, largely from the potential earnings upside from higher transmission and distribution assets and potential strong ramp-up in domestic RE presence," it said, adding that TNB had planned RM35bil in investments in 2025 to 2030 for the grid.

Solar EPCC contractors such as Solarvest Holdings Bhd, Samaiden Group Bhd, Sunview Group Bhd and Pekat Group Bhd are also direct beneficiaries of the NETR, while sub-contractor and mounting structure providers such as Reservoir Link Energy Bhd will benefit from increased job flows, according to RHB Research.

Meanwhile, MIDF Research said it maintained its "positive" stance on the utilities sector, premised on a firm policy layout on energy transition, which, the brokerage noted, should drive improved growth and the environmental, social and governance profile of companies.

It said solar EPCC companies would benefit significantly from the NETR, given the blueprint's solar-heavy focus.

As such, EPCC sub-sector players namely Samaiden, Sunview and Pekat were the brokerage's top picks.

"We also turned positive on TNB as the more aggressive stance on RE development should pave way for it to accelerate decarbonisation of its generation portfolio and improve its environmental, social and governance profile," the research house said.