

TARIKH : 31 JULAI 2023  
AKHBAR : THE STAR – STARBIZ7  
MUKA SURAT : 16

## Solar EPCC players stand to benefit from opportunities in NETR Phase 1

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BY INTAN FARHANA ZAINUL

Local solar players are set to benefit from new business opportunities in the utilities sector, thanks to a landmark road map that aims to scale up the country's renewable energy (RE) capacity, with an emphasis on solar installation nationwide.

Phase 1 of the National Energy Transition Roadmap (NETR), launched by Economy Minister Rafizi Ramli last Thursday, sets out steps for conventional utility companies to further restructure and diversify their business portfolios to leverage the new economy of RE.

Analysts and market observers believe Tenaga Nasional Bhd and Sime Darby Property Bhd are clear winners.

Tenaga, for one, will be developing five centralised large-scale solar (LSS) parks with a total capacity of 500mw, or 100mw each, as well as 2.5gw of hybrid hydro-floating solar photovoltaic projects at its hydro dams in Tasik Kenyir and Sungai Perak. The national utility company has earmarked RM2 billion for investment in floating solar projects.

Tenaga operates two solar farms with 80mw of power under the government-led LSS programme. Its maiden LSS project is located in Sepang, Selangor, with a generation capacity of 50mw that has been in operation since 2018.

"NETR provides new business opportunities to the utilities sector, as the government provides a clear policy for conventional utility companies to further restructure and diversify their business portfolios to leverage onto the new economy of renewable energy," said Hong Leong Investment Bank Research in a July 28 report.

MIDF Research analyst Hafriz Hezry says his views on Tenaga have turned positive with the recent news, as the more aggressive stance on RE development serves to enhance capacity growth prospects and improve its environmental, social and governance profile.

"We learnt that these hybrid projects are being considered for export capaci-

ty to Singapore, which requires a rather demanding 75% load factor for clean energy supply.

"Tenaga is also investing some RM35 billion for grid development between 2025 and 2030, which it expects to recover via higher tariffs for RE export and green programmes for consumers," Hafriz says in a report last Friday.

He also believes solar engineering, procurement, construction and commissioning (EPCC) players stand to benefit from the NETR target to raise the country's solar capacity, with an estimated prospect of RM4.5 billion worth of installation jobs.

Among his top picks are Samaiden Group Bhd, Sunview Group Bhd and Pekat Group Bhd.

At the NETR launch last week, Khazanah Nasional Bhd's wholly-owned subsidiary UEM Group Bhd, in collaboration with local investor Itramas Corp Sdn Bhd, announced an ambitious plan to develop a 1gw hybrid solar plant in Malaysia that will be integrated with a RE industrial park.

Details of the project are scarce. A source reckons that it is likely to be located in Johor, considering the size of the land required to achieve the scale.

"To generate 1mw of solar energy, it takes about 1.5 to 2.3 acres to install the solar panels. A back-of-the-envelope calculation indicates that it would require at least 1,500 to 2,300 acres to install a 1gw solar farm," the source tells *The Edge*.

At present, there is no mega-solar farm of such size in Malaysia. The largest reported capacity is 100mw.

Malaysian Photovoltaic Industry Association president Davis Chong Chun Shiong reckons that the integrated RE zone and solar parks announced under the NETR will help further liberalise the country's energy market.

"An open market will foster greater participation and innovation in the RE sector, encouraging independent power producers to invest and ultimately benefiting consumers.

"Additionally, we applaud the decision to scale up the installation of solar systems

in government buildings and the development of green townships," Chong, who is also group CEO and executive director of Solarvest Holdings Bhd, said in a statement last Friday.

### Rooftop solar a low-hanging fruit

An aim of the NETR is for solar panels to be installed on rooftops nationwide, covering homes, offices, multi-purpose halls and factories, according to Rafizi.

"The road map is designed to break the mould and make clean energy a financially relevant option to most households today," he said at the launch.

To expedite the installation of solar panels among households, the government is looking to have large-scale integrated urban housing developments include solar rooftops in their pricing packages.

Rafizi said the rooftop solar programme for residential properties will incur no cost to the government, as property developers will manage the leasing of the rooftop from homeowners, installation and power storage, which he hopes will turn into a self-contained RE generation township.

"People tend to underestimate solar rooftops; they can even take large-scale utility-size solar panels. If you look at certain states in Australia and Germany, solar rooftops have even surpassed those [large] installations. That is what we have not really tapped in Malaysia, owing to limitations such as land size and cost," said Natural Resources, Environment and Climate Change Minister Nik Nazmi Nik Ahmad.

Sime Darby Property has been appointed to take on a pilot project under the NETR to expedite residential solar capacity.

Sime Darby Property group managing director Datuk Azmir Merican was reported as saying that the company was now exploring rooftop solar solutions with 1,000 residential landed units in its City of Elmina development in Shah Alam, leading the way for green townships and further carbon emissions reduction.

He said the property developer could generate about 150mw from 15,000 rooftops in Elmina's residential landed units

over the next five years. "This is not just about energy generation; it is about creating an ecosystem in which supply from previously unutilised rooftops of homes built by Sime Darby Property is harnessed to meet the increasing demand for green energy," he added.

Under the scheme, Sime Darby Property will lease rooftops from homebuyers and install solar solutions on them. The power generated from the solar rooftop will then be sold in the township, potentially to high-demand users from the commercial or industrial sectors.

Azmir said the group has also envisaged developing ground-mounted solar farms on an estimated 404.7ha of its land bank in Johor and Kedah.

CGS-CIMB Research points out that with Sime Darby Property's cash coffers of RM1 billion and net gearing of 0.2 times as at end-December 2022, it believes the group can easily fund the solar initiative.

"Management guided that the current rate to build a 10kw residential rooftop solar panel is in the range of RM20,000 to RM30,000 per residential unit. Thus, the initial proposed 1,000 units will cost up to RM30 million to build.

"We are positive on the initiative, as it supports the government's vision to achieve 70% renewable energy generation capacity by 2050," the research house said in a July 28 note to clients.

Aside from increasing solar installation capacity, Phase 1 of the NETR lays out a total of 10 initiatives: an efficient switch to encourage energy efficiency; a RE zone; a utility-scale energy storage system; energy security in Sabah; green hydrogen in Sarawak; co-firing of hydrogen and ammonia led by Tenaga in collaboration with Petroleum Nasional Bhd; biomass demand creation; future mobility; future fuel; and carbon capture and storage.

Under the NETR, Rafizi estimated that the country's energy transition could open investment opportunities of RM435 billion to RM1.85 trillion by 2050. He said the main challenge of the RE capacity rollout was the capability of the national grid to take on more RE sources. ■