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Incentives for RE players

VSOLAR Bhd and Amcorp Properties Bhd are among companies in the renewable energy (RE) sector.

Last year, four utility companies – Tenaga Nasional Bhd (TNB), Malakoff Corp Bhd, Mudajaya Group Bhd and Integrated Logistics Bhd – were given the green light by the Energy Commission (EC) to develop large-scale solar photovoltaic plants.

According to The Boston Consulting Group (BCG) partner and managing director Asheesh Sastry, the industry is still evolving and more players are expected to enter the fray.

“Existing players need to focus on the following priorities to stay competitive. First, they need to be relentlessly on top of the latest developments in their part of the RE value chain to improve their cost competitiveness,” says Asheesh.

“Second, they need to take calculated bets to develop new projects and build scale and assume forward-looking cost improvements.

“Finally, they need to create an innovation culture and be plugged into the broader RE technology ecosystem to take advantage of new developments.”

However, some RE players are facing challenges as reflected in their results.

Amcorp Properties saw an 18.14% decline in revenue from its renewable energy and contracting division to RM19.4 mil for the second quarter ended Sept 30, 2016 from RM23.7 mil a year ago.

However, VSolar managed to reduce its net loss to RM707,000 for the first quarter ended Sept 30, 2016 from RM733,000 a year earlier. It attributed the loss to higher administrative expenses arising from professional fees incurred for the preceding year.

At the same time, there are other companies eyeing the RE sector but have yet to take off. One is Comintel Corp Bhd which had entered into an RE power purchase agreement with TNB in November 2013. However, it could not meet the scheduled feed-in-tariff (FiT) commencement date and sought an extension from Sustainable Energy Development Authority of Malaysia (Seda).

While there are financial incentives in place for industry players and interested parties, iFAST Capital Sdn Bhd senior research analyst Lee Tien Xiang says most stakeholders might not be aware of them.

“Aside from that, support for research and development expenditures, either from the finance or technology perspective, should also be provided from time to time, to promote technology advancements that will bring down the entry cost for potential players,” Lee tells **FocusM**.

He also says Seda should educate the public on the advantages of RE as this might prompt traditional energy users to switch to RE. This would in turn create greater opportunities for RE providers.