

Renewable Energy Sector

Overweight (↔)

Power Home with Solar

Executive Summary

- Energy Commission has introduced the CREAM framework to boost community participation in RE generation.
- We are positive on CREAM, as it provides greater financial accessibility with no upfront CAPEX for homeowners, directly supporting Malaysia's goal of 70% RE capacity by 2050.
- Rooftop solar adoption remains underpenetrated, representing ~13% of Malaysia's 269GW solar resource potential. Combined with incentives like SOLARIS rebates, SELCO standby charge reduction, and record-low solar module prices (US\$0.09/W), we see CREAM as another catalyst to accelerate adoption.
- We maintain an Overweight stance on the RE sector, backed by clear policies under the NETR. Rooftop-focused EPCC players are well-positioned to benefit. Our top picks include PEKAT (BUY; TP: RM1.43), SLVEST (BUY; TP: RM2.03), and SAMAI DEN (BUY; TP: RM1.71).

CREAM. Energy Commission has introduced guidelines for the Community Renewable Energy Aggregation Mechanism (CREAM) framework aimed at enhancing community participation in RE generation. Through the framework, residential homeowners can lease their rooftop spaces to LEGAs (solar PV developer), whom will install and operate solar PV systems. The electricity generated is then supplied to local consumers via the existing distribution network.

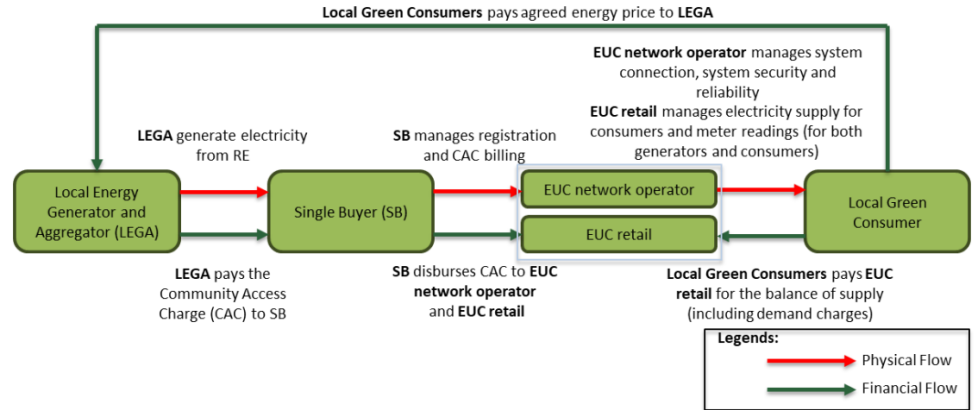
Under the CREAM framework, there are four key parties:

1. **Local Energy Generator and Aggregator (LEGA).** Developer and operator of solar PV systems who owns, installs, and maintains the solar plant.
2. **Local Green Consumer (LGC).** Residential or commercial electricity user who purchases green energy directly from the LEGA.
3. **Electricity Utility Company (EUC).** Namely TNB, responsible for managing the electricity distribution network, including metering, billing, and supply reliability.
4. **Single Buyer.** Administers registration under the NEDA mechanism, issues and collects Community Access Charges (CAC), and monitors energy flow between LEGA, LGC, and EUC.

Conditions of the framework.

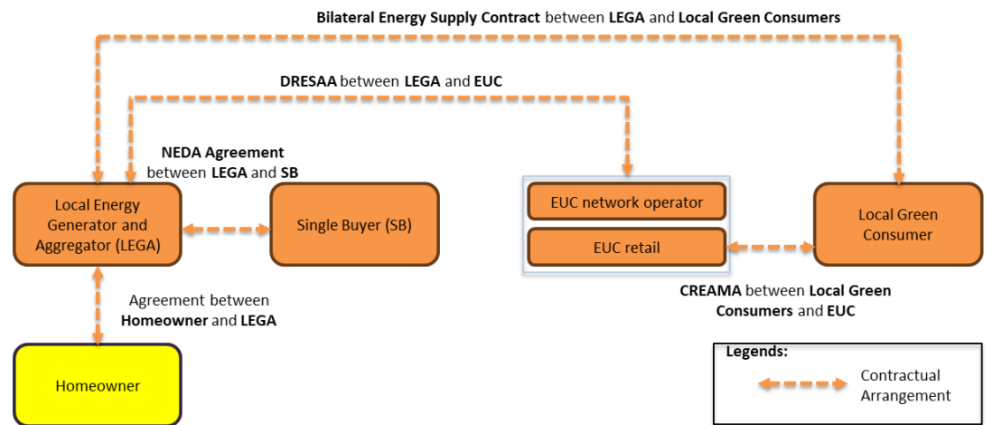
- I. LEGA signs a rooftop lease agreement with homeowners to install solar PV systems.
- II. LEGA must be at least **51% Malaysian-owned** and is responsible for the development, operation, and maintenance of the rooftop solar PV systems.
- III. Installed solar PV capacity must be between **100kWp and 2MWp per 11kV feeder**, connected to the LV distribution network.
- IV. A LGC can be:
 - (i) An **existing or new customers of TNB**,
 - (ii) A **LV~MV users** and
 - (iii) Located within **~5 km radius** from the solar generation source.
- V. LEGA is allowed to contract with multiple LGCs, and conversely, an LGC **may source electricity from multiple LEGAs**.
- VI. LEGA is required to pay a **CAC of 15 sen/kWh** to the Single Buyer for utilising TNB's distribution network.
- VII. Any **excess energy** (i.e., energy not consumed by LGCs) can be **exported** to the grid via the **NEDA** mechanism at a **rate of 8 sen/kWh**, with no CAC applicable.
- VIII. RECs generated under CREAM belong to the LEGA but may be transferred to LGCs by mutual agreement under the bilateral energy supply contract.
- IX. LEGA may also act as an LGC, utilising its own solar-generated electricity.

Fig 1: Physical and Financial Framework for the CREAM



Source: EC

Fig 2: Contractual Framework for CREAM



Source: EC

CREAM vs CRESS. Both CREAM and CRESS are non-quota-based schemes, but they serve different segments. CREAM is designed to cater for small-scale, community-focused setups, with installed capacity limited to 100kWp to 2MWp rooftop solar PV systems, supplying LV/MV consumers within a 5km radius. Meanwhile, CRESS targets corporate users with high electricity demand, supporting ground-mounted or floating solar projects above 30MW. For grid access, CREAM users pay a CAC of 15 sen/kWh, which is significantly lower than the System Access Charge (SAC) under CRESS, set at RM0.25/0.45/kWh for non-firm and firm output respectively. CREAM opens for applications on 1 Jun 2025, while CRESS has been active since 2024.

Fig 2: Comparison between CREAM and CRESS

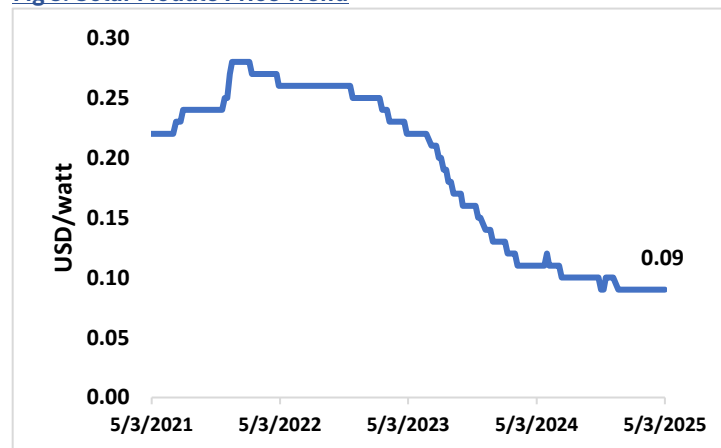
Parameter	CREAM	CRESS
Energy Source	Rooftop Solar PV	Ground-mounted or floating solar PV
System Size	100kWp to 2mWp per 11kV feeder	Minimum 30MW
Target Users	Residential or commercial, typically LV~/MV users.	Corporate consumers with high energy demand, typically HV users.
Grid Access Charges	CAC: 15 sen/kWh	SAC: RM0.25 (non-firm) / RM0.45 (firm) per kWh
Location Condition	Must be within ~5 km radius	No restriction

Source: Apex Securities

Our thoughts. We view this development positively, as it directly supports Malaysia's 70% RE target by 2050 while encouraging broader community participation. By removing upfront CAPEX for homeowners, rooftop solar adoption becomes more financially accessible. According to channel checks, Malaysia has an estimated 34GW of rooftop solar potential, representing approximately 13% of the country's total 269GW solar resource capacity. To unlock this potential, the Government has introduced several rooftop-focused initiatives. These include an additional 500MW quota under the NEM initiative, SOLARIS, which offers rebates of RM1,000/kWp (capped at RM4,000 per home), and enhancements to SELCO by reducing the standby charge from RM14/kWp to RM12/kWp for solar PV installations.

On the cost front, the global oversupply of solar modules has pushed prices down to US\$0.09/W, the lowest in recent years. This is expected to trigger a new wave of rooftop solar installations, driven by lower costs that improve IRR, shorten payback periods, and enhance affordability for both residential and commercial users. Overall, we maintain an **Overweight** outlook on the RE sector, supported by strong policy frameworks under the NETR. Under this environment, rooftop-focused EPCC players are well-positioned to benefit. Key beneficiaries under our coverage include **PEKAT (BUY: TP: RM1.43)**, **SLVEST (BUY: TP: RM2.03)**, and **SAMAIDEN (BUY: TP: RM1.71)**.

Fig 3: Solar Module Price Trend



Source: Apex Securities

Peers Comparison

Company	FYE	Market Cap (RM m)	Recommendation	Price (RM)	Target Price (RM)	Potential Upside	P/E (x)		Dividend Yield (%)		ESG Rating
							CY25	CY26	CY25	CY26	
Samaiden Group Bhd	Jun	445.3	BUY	1.06	1.71	61.3%	25.1	18.6	0.5%	0.6%	★★★
Pekato Group Berhad	Dec	722.4	BUY	1.12	1.43	27.7%	21.7	17.0	1.4%	1.8%	★★★
Solarvest Holdings Bhd	Mar	1,250.4	BUY	1.69	2.03	20.1%	28.1	20.8	0.0%	0.0%	★★★
Average							25.0	18.8	0.6%	0.8%	

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.
