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Energy & Utilities Sector

CRESS Charge Raised to 18 sen

Overweight (↔)

- Press reports indicate the EC has clarified the recent cut to the CRESS system access charge (SAC) by adding a second component, a 4 sen/kWh surcharge paid by the green electricity consumer that applies until end-2027 and is subject to review each regulatory period. That takes the firm-supply SAC to 18 sen, less than a month after the Acceleration Package cut it from 20 sen to 14 sen.
- The grid discount narrows but stays wide. At our RM3.0m per MWp base case, CRESS still undercuts the AFA-inclusive grid tariff by 24.5%, against 30.8% at the 14 sen SAC. Our base case assumes the buyer pays the 4 sen, which leaves the developer's equity IRR at 10.1%. If the developer absorbs it, its price falls below 30 sen, and at 25 sen the IRR is just 3.0%.
- Demand holds. Our channel checks show no pushback from offtakers on this news. The all-in cost still undercuts what UHV users pay, and data centres' RE requirements add further impetus. The 14 sen developer charge stays fixed for ten years, while the 4 sen is subject to regulatory review.
- Maintain OVERWEIGHT on the sector. TENAGA (BUY, TP: RM16.37) is the relative winner, as fewer users leave the grid. Among solar names, SLVEST (BUY, TP: RM5.11) remains our preferred CRESS exposure over SAMAIKEN (BUY, TP: RM3.99), as CRESS is upside to its LSS-backed order book rather than its base case.

What Changed?

A 4 sen surcharge on top of 14 sen. The Acceleration Package of 18 September cut the SAC for firm supply to 14 sen/kWh from 20 sen for ten-year contracts on projects operating by 31 December 2028. However, according to press reports, the Energy Commission (EC) has since clarified that the SAC has two parts, the 14 sen paid by the developer and an extra 4 sen/kWh charged to the green electricity consumer. Industry players tell us the split of the combined 18 sen between developer and buyer will be set in each supply contract. The 4 sen applies for the current regulatory period to end-2027 and is reviewed every three years. The effective SAC is now 18 sen, only 2 sen below the old rate. Reports do not say whether the 4 sen also applies to non-firm supply, which pays 40 sen.

Why it changed. The change was reportedly driven by concerns that too many industrial users would leave the grid. If this materialises, fewer customers would then pay for grid assets already built, pushing up base tariffs at the RP5 review for 2028 to 2030. We read this as the government putting the wider tariff base ahead of faster CRESS uptake.

Uncertainty. No guideline reflecting the 4 sen has been published, and EC has not said whether the 4 sen will continue after the RP5 review. Channel checks reveal that the 14 sen part is fixed for the ten-year contract, so reset risk sits on the 4 sen. The Updated CRESS Guidelines, in force since 1 March 2025, cap any SAC revision at the start of a new regulatory period at 15% of the prevailing charge. If that cap applies to the 4 sen on its own, two maximum increases would take it to about 5.3 sen by 2031, or 19.3 sen in total, still below the 20 sen standard rate. Who bears any rise depends on the supply contract.

Channel checks also point to intact demand, with industry players remaining positive on the package. Buyers still save about 2 sen/kWh against the old 20 sen SAC and get a fixed 14 sen charge for ten years, and offtakers have not pushed back since the 4 sen charge was introduced. Data centres' RE requirements also sustain the push for CRESS.

Stock	Rec.	Price* (RM)	Target Price (RM)
Solarvest Holdings Berhad	BUY	3.87	5.11
Samaiden Group Berhad	BUY	2.79	3.99
Pekati Group Berhad	BUY	2.68	3.42
Tenaga Nasional Berhad	BUY	12.98	16.37
Northern Solar Holdings Berhad	NR	1.14	NR
Kinergy Advancement Berhad	BUY	0.39	0.67
Sunview Group Berhad	NR	0.40	NR

*As of 14/10/2026

Earnings Summary			
Solarvest Holdings Berhad	BUY	TP: RM 5.11	
FYE Mar (RM m)	FY26	FY27F	FY28F
Revenue (RM m)	757.1	1,220.4	2,375.4
PATAMI (RM m)	79.8	109.4	208.3
CNP (RM m)	72.1	109.4	208.3
Core EPS (sen)	7.5	11.4	21.7
P/E (x)	51.5	33.9	17.8

Samaiden Group Berhad	BUY	TP: RM 3.99	
FYE Jun (RM m)	FY26	FY27F	FY28F
Revenue (RM m)	364.5	626.2	957.5
PATAMI (RM m)	39.1	60.7	84.6
CNP (RM m)	36.0	60.7	84.6
Core EPS (sen)	6.4	10.8	15.1
P/E (x)	43.5	25.8	18.5

Pekati Group Berhad	BUY	TP: RM 3.42	
FYE Dec (RM m)	FY26F	FY27F	FY28F
Revenue (RM m)	723.8	993.5	1,091.0
PATAMI (RM m)	63.1	96.5	105.7
CNP (RM m)	61.4	96.5	105.7
Core EPS (sen)	8.7	13.6	14.9
P/E (x)	34.4	21.9	20.0

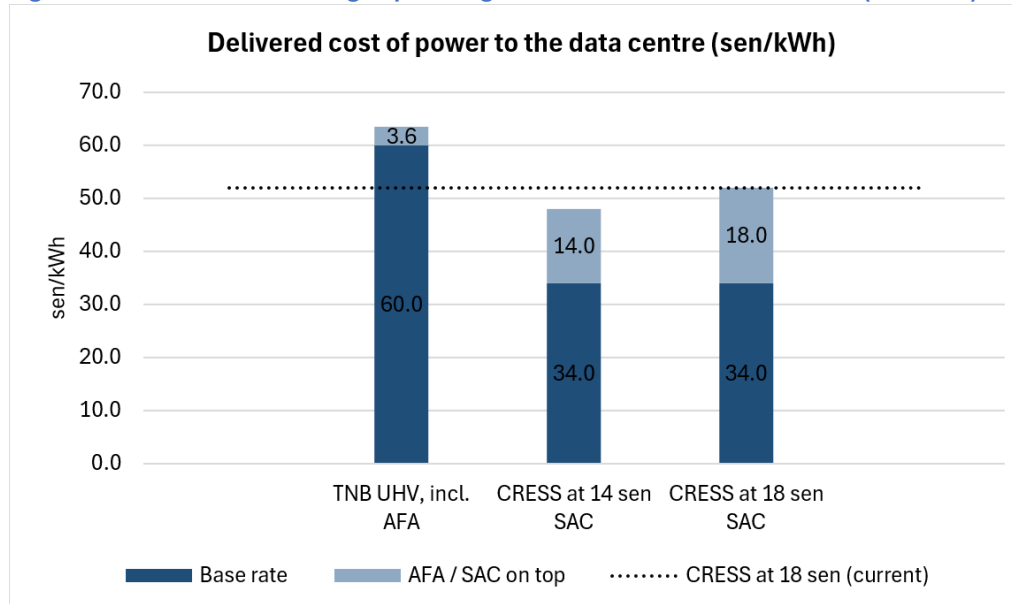
Tenaga Nasional Berhad	BUY	TP: RM 16.37	
FYE Dec (RM m)	FY26F	FY27F	FY28F
Revenue (RM m)	69,502.5	72,659.5	77,804.7
PATAMI (RM m)	4,580.6	4,684.4	5,738.7
CNP (RM m)	4,580.6	4,684.4	5,738.7
Core EPS (sen)	78.6	80.4	98.4
P/E (x)	16.2	15.8	12.9

Kinergy Advancement Berhad	BUY	TP: RM 0.67	
FYE Dec (RM m)	FY26F	FY27F	FY28F
Revenue (RM m)	527.9	553.9	650.0
PATAMI (RM m)	41.2	47.6	64.2
CNP (RM m)	41.2	47.6	64.2
Core EPS (sen)	1.9	2.2	2.9
P/E (x)	21.7	18.8	14.0

CRESS Economics

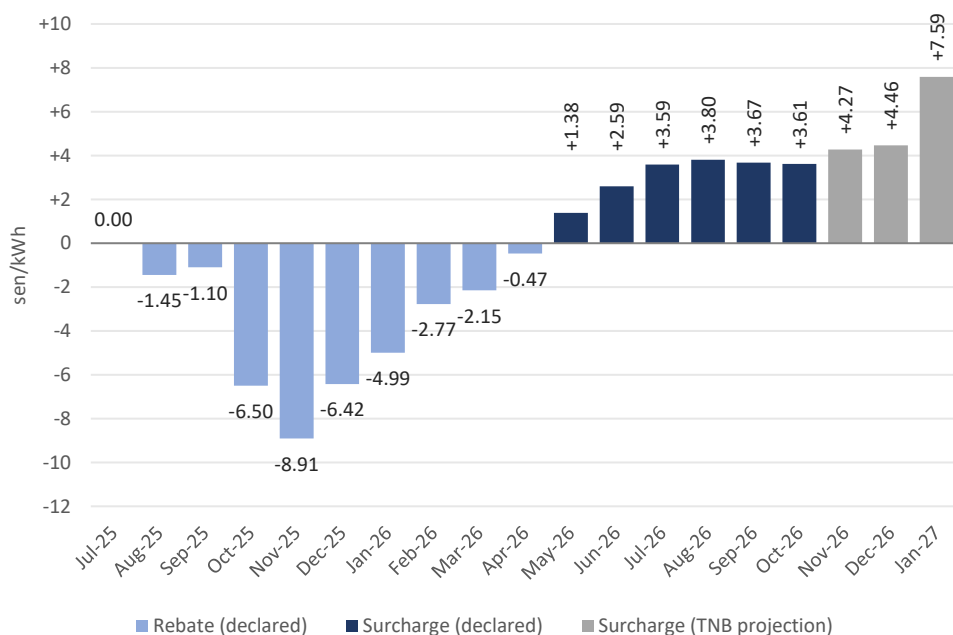
The grid discount narrows but stays substantial. On our estimates, a data centre on the Ultra High Voltage (UHV) tariff pays 63.6 sen/kWh, made up of a 60 sen base rate and the October 2026 AFA of 3.6 sen. The EC's tariff schedule gives a base of 58.6 sen for a flat load at a 95% load factor, so our 60 sen allows for a lower load factor. At our RM3.0m per MWp base case, the developer needs 30 sen/kWh to earn a 10.1% equity IRR, which puts the buyer's all-in cost at 48 sen under the 18 sen SAC, against 44 sen at 14 sen. That trims the saving against the AFA-inclusive TNB rate to 24.5%, from 30.8%. Stripping out the AFA, which moves with fuel costs (Figure 2), leaves 20.0% against 26.7%. Either way the gap stays wide enough to keep CRESS competitive.

Figure 1: Delivered cost of TNB grid power against CRESS at 14 and 18 sen SAC (sen/kWh)



Source: TNB, EC, Apex Securities

Figure 2: Declared and projected AFA rebates/surcharges by month (sen/kWh)



Source: TNB, EC, Apex Securities

Figure 3: CRESS savings against the grid at a 10.1% equity IRR, by capex per MWp

Capex per MWp (RM m)	All-in tariff at SAC 14 sen (from grid)	All-in tariff at SAC 18 sen (from grid)	TNB UHV, nothing added (no AFA, no GET)	TNB UHV incl. AFA	TNB UHV incl. GET premium	Saving vs TNB base, SAC 14 (%)	Saving vs TNB base, SAC 18 (%)	Saving vs TNB incl. AFA, SAC 14 (%)	Saving vs TNB incl. AFA, SAC 18 (%)	Saving vs TNB incl. GET, SAC 18 (%)
2.50	0.390	0.430	0.600			+35.0%	+28.3%	+38.7%	+32.4%	+31.7%
3.00	0.440	0.480	0.600	0.636	0.630	+26.7%	+20.0%	+30.8%	+24.5%	+23.8%
3.50	0.490	0.530	0.600			+18.3%	+11.7%	+23.0%	+16.7%	+15.9%

Source: Apex Securities

Capex matters more than the charge. Every RM0.5m per MWp of capex trims the buyer's saving by 7.8 to 8.4%. At the 18 sen SAC, the discount to the AFA-inclusive grid runs 32.4% at RM2.5m, 24.5% at our RM3.0m base case and 16.7% at RM3.5m. The savings hold across that range, so capex pressures developer returns rather than the case for switching. Holding the buyer at 48 sen, a 17% overrun would take the equity IRR from 10.1% to 4.1%, which makes cost discipline, not the charge, the swing factor for developers.

Figure 4: Equity IRR at 14 sen SAC, by all-in tariff and capex per MWp

All-in tariff / capex per MWp	2.25	2.50	2.75	3.00	3.25	3.50	3.75
0.34	5.4%	1.6%	-1.5%	-4.1%	-6.3%	-8.2%	-9.9%
0.39	14.7%	10.1%	6.3%	3.0%	0.3%	-2.1%	-4.1%
0.44	23.4%	18.3%	13.9%	10.1%	6.9%	4.1%	1.6%
0.49	31.5%	25.9%	21.1%	16.9%	13.3%	10.1%	7.3%
0.54	39.1%	33.0%	27.9%	23.4%	19.5%	16.0%	12.9%
0.59	46.2%	39.8%	34.3%	29.5%	25.3%	21.6%	18.3%
0.64	53.0%	46.2%	40.4%	35.3%	30.9%	26.9%	23.4%

Source: Apex Securities

Who absorbs the 4 sen decides returns. Figures 4 and 5 quote the all-in tariff the buyer pays, so subtract the SAC to get the developer's price. That is why 44 sen in Figure 4 and 48 sen in Figure 5 give the same IRR, as both are a 30 sen developer price. The developer's IRR depends on its own price, not on the SAC, so if the buyer pays the surcharge the base case holds at 10.1%. If the developer absorbs it, its price falls below 30 sen. At 25 sen, the 43 sen row in Figure 5, the equity IRR is just 3.0%. With the buyer's saving still at 24.5%, we expect most contracts to pass the charge on rather than test that outcome. For scale, a 8% overrun costs 3.2% at an unchanged tariff, against 7.1% for a 5 sen cut in the developer's price.

Figure 5: Equity IRR at 18 sen SAC, by all-in tariff and capex per MWp

All-in tariff / capex per MWp	2.25	2.50	2.75	3.00	3.25	3.50	3.75
0.38	5.4%	1.6%	-1.5%	-4.1%	-6.3%	-8.2%	-9.9%
0.43	14.7%	10.1%	6.3%	3.0%	0.3%	-2.1%	-4.1%
0.48	23.4%	18.3%	13.9%	10.1%	6.9%	4.1%	1.6%
0.53	31.5%	25.9%	21.1%	16.9%	13.3%	10.1%	7.3%
0.58	39.1%	33.0%	27.9%	23.4%	19.5%	16.0%	12.9%
0.63	46.2%	39.8%	34.3%	29.5%	25.3%	21.6%	18.3%
0.68	53.0%	46.2%	40.4%	35.3%	30.9%	26.9%	23.4%

Source: Apex Securities

Valuation and Recommendation

Maintain OVERWEIGHT on the sector, Target Prices (TP) unchanged. The September cut drove SAMAIEN up 63.1%, PEKAT up 41.2% and SLVEST up 34.8% from the 18 September close to their 29 September peaks, and the three have since given back 12.3%, 10.1% and 13.8% to 14 October. The revision takes back two-thirds of that cut, and the shares have already given back part of the rally, though the savings on offer remain substantial. We keep our TPs for now, as the deadline still forces projects to sign within months and firm supply still undercuts the grid.

TENAGA (BUY, TP: RM16.37). TENAGA is the relative winner. The revision was reportedly made to stop large users leaving the grid, which protects the tariff base that funds its RM78.4bn regulated asset base at a 7.3% return. Fewer defections also ease pressure on base tariffs at the RP5 reset from 2028, when its allowed return is set again. The near-term earnings effect is small, as network revenue is trued up for sales volumes. Its own CRESS supply deal with DayOne, signed in June 2025 to deliver 500MW of solar over 21 years, would face the same 4 sen buyer charge if it moves onto the Acceleration Package, though data centres are exactly the buyers for whom the economics of CRESS still make sense. Hence, we retain our **BUY** recommendation and **TP of RM16.37**.

SLVEST (BUY, TP: RM5.11). SLVEST is the least exposed, with c.92% of its RM2.4bn order book in utility-scale projects, mostly LSS5 and LSS5+, so CRESS is upside rather than its base case. We

estimate that 300MW to 500MW of CRESS capacity could be signed by end-2026, and our channel checks show no offtaker pushback. The headroom is thinner, but the remaining savings still justify switching, so we leave forecasts unchanged. We maintain our **BUY** recommendation with an unchanged **TP of RM5.11**.

PEKAT (BUY, TP: RM3.42). PEKAT is less exposed than its solar label suggests. Solar makes up 54.6% of 1H FY26 revenue but only 32.7% of FY25 segment profit, with switchgear, earthing and lightning protection (ELP) and trading earning the rest. The order book tilts further away from solar. The outstanding order book stood at RM936m in early September after the latest solar and data centre wins, with power distribution equipment (EPE) at 37%, ELP at 29%, solar at 33% and trading at 1%, so about two-thirds of the book sits outside solar. EPE also sells into Tenaga's grid buildout and ELP into data centres, and neither depends on CRESS. A charge that keeps users on the grid will also support EPE's orders. On CRESS, our base case 30 sen developer price delivers power at 48 sen at the 18 sen SAC, 24.5% below the grid with AFA, which holds unless the AFA swings to a 12 sen rebate. We cut FY26F revenue to RM723.8m from RM914.2m and core net profit to RM61.4m from RM80.6m, correcting our earlier estimates to better reflect the RM343m first half while FY27F and FY28F remain unchanged. We also expect performance to remain stable for the rest of the year and into next year, as Pekat looks to secure CRESS projects of its own. Hence, we maintain our **BUY** recommendation with an unchanged **TP of RM3.42**.

SAMAIDEN (BUY, TP: RM3.99). SAMAIDEN is the most exposed, with CRESS making up as much as 70% of its RM3bn tender book excluding LSS6. Its gross gearing of about 1.03x makes storage funding ahead of milestone payments the item to watch, though cash of about RM300m against borrowings of RM314m at end-June 2026 leaves net gearing close to zero. Its earnings are the most sensitive to the charge in our coverage, though the savings on offer to its buyers remain substantial. Hence, we see little effect on its ability to sign offtakers for its CRESS projects. We maintain our **BUY** recommendation with an unchanged **TP of RM3.99**.

Key Risks

Further changes to the charge. The all-in SAC has moved twice in a month. A further 4 sen rise would trim the buyer's saving to 18%, from 24.5%, or to 13% against the grid rate before AFA, which would still leave CRESS ahead of the grid. A surcharge kept past 2027 would hold savings at today's narrower level for the full contract.

Capex overruns. At an unchanged 48 sen all-in tariff, the equity IRR falls from 10.1% at our RM3.0m per MWp base case to 6.9% at RM3.25m and 4.1% at RM3.50m. Oversized first-generation batteries are the main watch item, though the buyer's saving holds at 16.7% even at RM3.50m.

Deadline slippage. Projects not operating by 31 December 2028 lose the Acceleration Package rate and pay the SAC in force at the time, which is currently 20 sen for firm supply.

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 + dividend yield

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.

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(a) nil.
