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Riding on the increasing demand for solar energy

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Soaring electricity bills due to a hike in oil, gas and coal prices globally have been a source of frustration for businesses. However, this has also led to higher demand for renewable energy (RE), especially solar panels.

Earlier this year, the Malaysian government announced a surcharge of 20 sen per kWh for medium-voltage (MV) and high-voltage (HV) electricity users from January to June.

"If you are a medium- to high-voltage electricity user, this will impact your bottom line. Since the increase in energy prices back in 2000, we have seen an increase in queries from companies looking to install solar (energy systems)," says Jasper Wong, managing director and head of sector solutions group at United Overseas Bank (Malaysia) Bhd (UOB).

The adjustment in electricity prices was triggered by Tenaga Nasional Bhd's Imbalance Cost Pass-Through (ICPT) mechanism, which allows the utility to reflect changes in fuel and other generation-related costs in the electricity tariff.

By installing solar panels, companies would use less energy from the grid and thus reduce their exposure to the higher electricity tariffs, says Wong.

To further boost the uptake of solar power in Malaysia, UOB recently launched its U-Solar 2.0 programme, which offers sustainable financing to solar engineering, procurement, construction and

commissioning (EPCC) players. Solar contractors and developers have the opportunity to buy from approved equipment suppliers under a more generous payment schedule.

"We launched this programme with three objectives. The first is to promote sustainability awareness. The second is to support the solar ecosystem players, including solar equipment suppliers and EPCC operators. The third and final objective is to simplify sustainable financing for industrial and residential clients. We want to ensure that we are covering the whole solar ecosystem," Wong says.

U-Solar 2.0 is an expansion of the bank's original U-Solar programme launched in 2019, which offered financing for businesses and individuals.

U-Solar 2.0 tackles the players higher up in the supply chain. It can help those in the industry who often have longer payment periods for projects but shorter payment terms from equipment suppliers, says Wong. This financing is intended to bridge the gap in working capital and address any cash flow issues.

Solar EPCC companies can get extended payment terms from UOB's approved equipment suppliers, which include Antai, Canadian Solar, Huawei, JA Solar, Jinko, LONGi, Fimar, Sungrow and Trina Solar.

The bank is also collaborating with local solar companies to offer financing to businesses and individuals who want to install solar panels. One of



its solar partners is EPCC firm Samaiden Group Bhd Malaysia.

"Installing a solar facility was widely thought of as a capital-intensive investment several years back. Given that the technology in this industry has been experiencing progressive growth, the cost of installing solar systems has declined significantly," says Samaiden group managing director Chow Pui Hee.

Many financial institutions also provide solar financing, but Wong is confident in the partners the bank has chosen for its U-Solar programme.

"We [UOB] have chosen to work with credible developers, EPCC operators and suppliers to ensure that our customers use tier-one quality products and established EPCC players with the relevant technical expertise," he adds.

According to UOB, it has invested close to RM1 billion in solar financing for corporates, small and medium enterprises (SMEs), and homeowners. It expects to boost its sustainable financing for solar energy by 50% in the next 12 months.

"The SMEs that we have spoken to have expressed that recovery from the pandemic is already challenging enough; the sustainability topic may be further at the back of their minds. Therefore, the U-Solar programme can help simplify sustainable financing for them," says Wong.

UOB is planning to roll out the Sustainability Innovation Programme 2023 in Malaysia to assist SMEs on this journey. ■

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Wong