

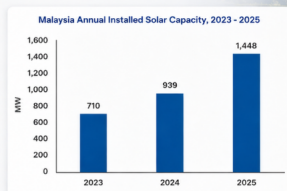
# Malaysia Solar Energy Market Expected to Reach MYR 5.04B in 2026 as LSS6 Accelerates Solar and Battery Storage

*Malaysia solar energy market reaches MYR 5.04 billion in 2026 as LSS6 advances solar, battery storage, private investment and capacity growth.*

MUMBAI, MAHARASHTRA, INDIA, August 17, 2026 /EINPresswire.com/ -- Malaysia's solar energy market is entering a more infrastructure-intensive phase as rapid capacity additions, battery energy storage integration, data-centre demand, green financing, and cross-border power opportunities reshape investment priorities across the country's renewable energy landscape.

## Malaysia Solar Energy Market

LSS6 pairs 2.5GW of solar with 1.25GW of battery storage as installed capacity rises and utility-scale renewables move into a more storage-led growth phase.



Malaysia Annual Installed Solar Capacity rose from 710 MW in 2023 to 939 MW in 2024 and 1,448 MW in 2025, as LSS6 pairs 2,500 MW of solar with 1,250 MW of battery storage to accelerate utility-scale renewable energy growth.

[According to Makreo Research, the Malaysia Solar Energy Market](#) is expected to generate approximately MYR 5.04 billion in revenue in 2026, following a CAGR of 31.23% from 2023 to 2026E. Malaysia's installed solar capacity increased from 4,329 MW in 2024 to 5,777 MW in 2025, representing approximately 33% year-on-year growth and signalling stronger market maturity. Annual solar additions also rose from 710 MW in 2023 to 939 MW in 2024 and 1,448 MW in 2025, underscoring the pace of market expansion.

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Malaysia's solar market is shifting from capacity addition to infrastructure quality, with LSS6, storage integration and cross-border trade redefining investment priorities through 2031.”

*Ruchika Rana*

LSS6 Shifts the Market Towards Solar Plus Storage - A major development in 2026 is LSS6, which is expected to strengthen the role of battery energy storage within Malaysia's next phase of utility-scale solar expansion. Malaysia's Ministry of Energy Transition and Water

Transformation, PETRA, announced 2,500 MW of solar capacity together with 1,250 MW of

battery energy storage system capacity, alongside a separate 150 MW solar allocation for Bumiputera companies in Peninsular Malaysia.

The programme is expected to mobilise approximately RM13 billion to RM15 billion in private investment. Its significance extends beyond additional generation capacity, as storage capability, grid flexibility, project financing, site economics, and supply-chain strength are becoming increasingly important considerations in project evaluation. This combination of solar and storage also reflects the growing need to align renewable energy expansion with power-system requirements.

#### Grid Flexibility Becomes a Core Investment Consideration -

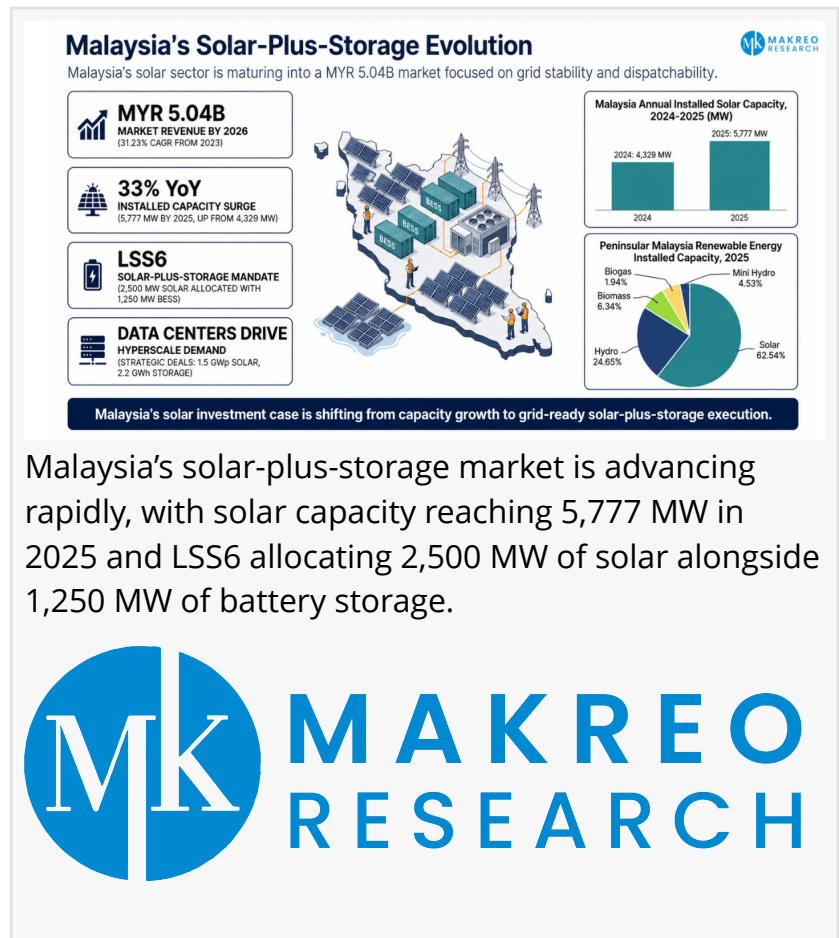
Malaysia's solar capacity expanded rapidly through 2025, while storage deployment did not increase at the same pace. This imbalance has heightened the need for solutions capable of managing daytime generation, supporting grid stability, and improving dispatchability as renewable penetration increases.

The 100 MW and 400 MWh Santong Battery Energy Storage System in Terengganu represents an important step in this transition. PETRA has positioned the project as a large-scale, grid-connected storage development capable of storing surplus electricity, supporting frequency stability, and strengthening system reliability. For developers, utilities, battery suppliers, and technology providers, this creates opportunities across energy management systems, power electronics, system integration, grid engineering, and long-term operations.

#### Data-Centre Growth Expands Corporate Renewable Energy Demand -

Malaysia's data-centre expansion is creating an additional layer of renewable energy demand and increasing the importance of reliable low-carbon electricity supply. In June 2026, DayOne signed bilateral energy-supply agreements with TNB Renewables and TNB Power Generation involving approximately 1.5 GWp of solar capacity and 2.2 GWh of battery storage in Malaysia.

The development reflects a broader shift in which hyperscale data-centre operators require renewable power that is not only available, but also reliable and scalable. This is increasing the strategic importance of solar plus storage, grid access, power purchase structures, and high-



quality electricity supply in project planning and investment assessment.

#### Large-Scale and Floating Solar Projects Broaden the Pipeline -

Malaysia's project pipeline is expanding across both ground-mounted and floating solar, widening the range of deployment models available to developers and investors. Solarvest announced an EPCC role for a 690 MWp LSS5+ solar project in Larut and Matang, Perak, with a contract value of approximately RM1.06 billion.

In Selangor, construction also began in 2026 on the 300 MWac Bestari floating solar project. The development demonstrates how Malaysia is increasingly using reservoirs and water bodies to expand renewable energy capacity while reducing pressure on land availability. Together, these projects highlight the growing scale and diversity of solar infrastructure across the country.

#### Green Finance Supports Larger Project Economics -

The financing environment is evolving alongside project scale and the capital requirements of solar and storage development. In May 2026, TNB Kuala Muda Solar issued RM1.05 billion of ASEAN Green Sustainable and Responsible Investment sukuk, with proceeds intended primarily to part-finance a 500 MWac solar photovoltaic facility in Kuala Muda, Kedah.

Such transactions indicate that dedicated green capital-market instruments are becoming increasingly relevant as solar and storage projects require larger pools of long-term capital. They also reinforce the importance of financing structures capable of supporting larger renewable energy assets while maintaining project bankability.

#### Cross-Border Electricity Trade Adds a Regional Growth Dimension -

Malaysia's solar energy market is also gaining a potential export dimension. In August 2026, Singapore's Energy Market Authority granted conditional approval to two projects proposing to import a combined 900 MW of electricity from solar and battery assets in Johor.

Although these projects remain subject to regulatory, financing, and development milestones, they reinforce Johor's strategic position at the intersection of solar investment, battery deployment, data-centre growth, and Singapore-Malaysia power connectivity. The development also highlights the potential role of cross-border electricity trade in broadening commercial pathways for renewable energy projects.

#### Malaysia Solar Energy Market Outlook to 2031 -

Makreo Research expects Malaysia's solar energy market to remain supported by rising electricity demand, renewable energy policy, corporate decarbonisation, utility-scale project execution, rooftop adoption, and continued investment in battery storage and grid infrastructure.

Malaysia's electricity consumption is projected to grow at approximately 2.3% annually to around 200 TWh by 2030, while solar power is projected to contribute approximately 14% of the

country's electricity by 2030 and 25% by 2035. These trends indicate that solar is expected to play an increasingly important role within Malaysia's future electricity mix.

The investment question is therefore shifting from how much solar capacity Malaysia can add to where new capacity can be developed with the strongest combination of grid access, storage capability, offtaker quality, cost competitiveness, and financing resilience. As market complexity increases, these factors are becoming more relevant to project viability, competitive positioning, and long-term investment decisions.

Makreo Research and Consulting's Malaysia Solar Energy Market and Forecast to 2031 analyses market performance, capacity growth, pricing, policy, competition, investment activity, regional potential, and opportunities across utility, residential, and commercial applications.

Organisations assessing solar investment, market entry, or demand can also explore Makreo's solar energy reports and consulting services for decision-ready intelligence across [global renewable energy markets](#).

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