ENERGY SHIFT INSTITUTE

Press Release

Investors may be mistaking renewables growth for genuine transition in Asia's power utilities

Hazel Ilango & Christina Ng | May 2026

Most of the 10 major utilities in five countries display discordant strategies that lower the credibility of their transition intent and present a murky picture to investors

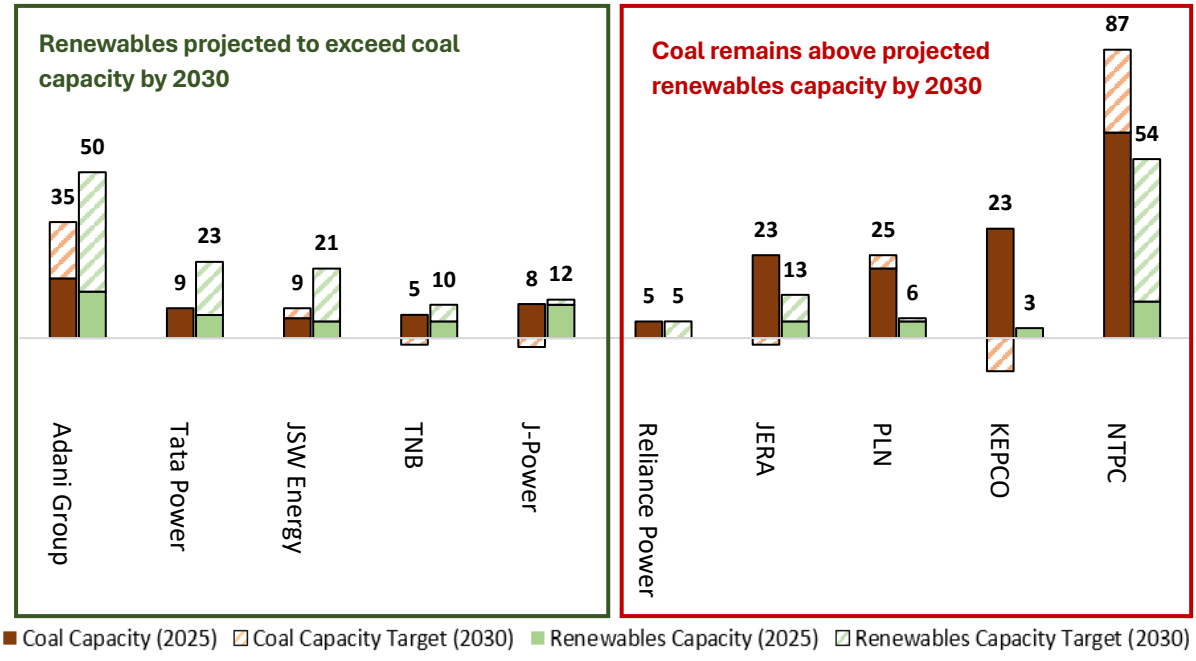
KUALA LUMPUR, 15 May 2026 – Major power utilities in Asia are developing renewable energy while clinging on to fossil fuels, often without clear distinctions in the narratives put to investors, the Energy Shift Institute says in its inaugural flagship analysis of coal-fired generation providers.

The discordant strategies exist in each of the 10 utilities in the analysis, albeit to varying degrees. They pose complex risk profiles that require investors to tease out mixed signals in the energy transition in order to tell genuine decarbonisation plans from cosmetic rebranding, Energy Shift says.

At stake is competition for transition finance, which may be misallocated to firms that obscure continued coal dependence at the expense of true transition leaders – those making meaningful structural changes and offering investors first-mover advantages as the energy sector decarbonises.

"Markets may reward headline climate commitments or claims of renewable energy development even when the companies hold fast to coal or gas," says Hazel Ilango, report co-author and Energy Shift's principal and coal transition lead.

10 Asian Utilities' Projected Coal and Renewables Capacity by 2030 (GW)



Source: Energy Shift Institute

“We see some bright spots, though – a handful of companies that are starting to differentiate themselves through more decisive transition action,” adds Christina Ng, report co-author and managing director of Energy Shift.

The report, “Asia’s coal-fired utilities: Putting transition credibility to the test”, seeks to cut through the noise by assessing 10 power generation providers across India, Indonesia, Japan, Malaysia and South Korea that are peers of one another.

Energy Shift considers a coal-fired utility as making a more credible transition when it reduces the fossil fuel materially over time, predominantly in favour of low-carbon or renewable sources.

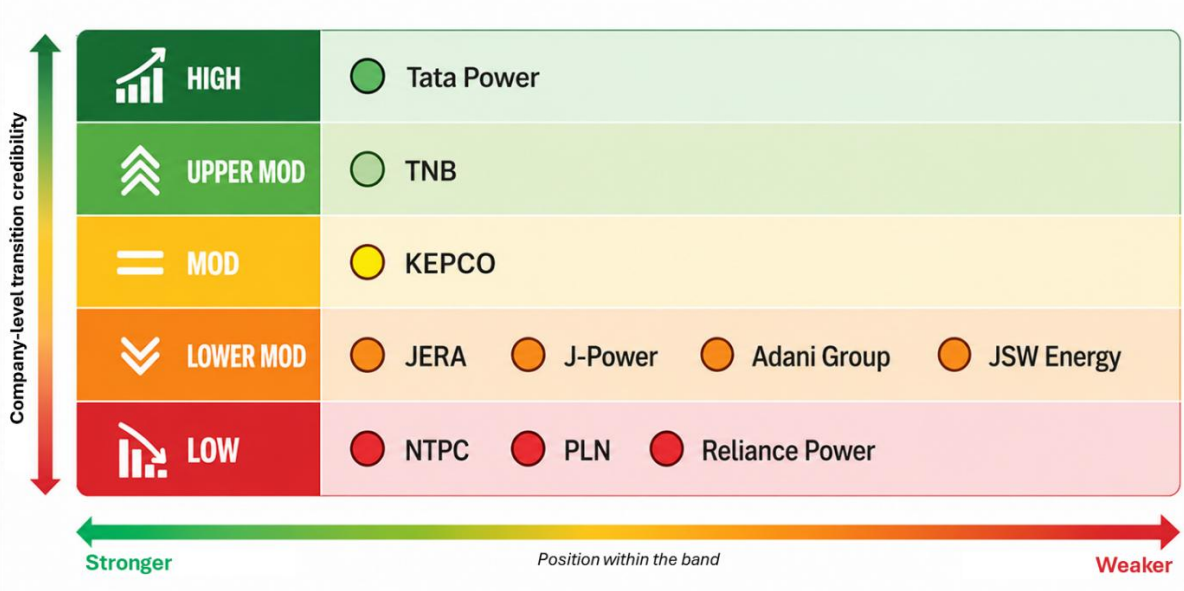
Credibility suffers when the utility merely adds renewables to a portfolio still laden with fossil fuels, or lacks the transparent disclosures or capital allocations that prove its transition progress to investors.

Actions that lower credibility include coal capacity additions, selective coal decline in only a fraction of the fleet, and the use of gas or so-called clean technologies that fire coal together with ammonia or hydrogen, which locks in more carbon.

Clear leaders and laggards emerging

In its analysis, Energy Shift finds that transition quality diverges widely. The institute has constructed a five-band credibility classification to present the differences.

ESI’s Transition Credibility Assessment by Utility



Source: Energy Shift Institute

One of the main findings is that coal is deeply entrenched in eight of the utilities, rendering them low to moderate in transition credibility. Particularly, the Adani Group, JSW Energy, and National Thermal Power Corporation (NTPC) of India, as well as Indonesian firm Perusahaan Listrik Negara (PLN), continue to expand coal capacity.

Even as most of these utilities are also developing renewables, the growth remains insufficient to drive genuine transition outcomes because coal plants are used at far higher rates. This practice makes coal likely to continue dominating actual electricity generation.

Importantly, investors who focus on "green" portfolios at project level – rather than entity level – may miss the broader picture: that coal-heavy companies still carry significant risk despite a strong renewables business.

Secondly, clear transition leaders and laggards are emerging. Indian utility Tata Power stands out as the only company to have halted coal growth while increasing renewables. It accelerated renewables capacity from 16% in 2015 to 44% in 2025, has made no meaningful coal expansion in the last six years, is forecast to have much more renewables capacity than coal by 2030, and has announced a transition away from its coal portfolio by 2045. The utility demonstrates a clearly credible low-carbon pathway, provided it does not return to major coal addition.

Malaysia's Tenaga Nasional Berhad (TNB) shows similar strategies, but continues to expand gas.

At the other end of the spectrum is Reliance Power of India. The utility is persisting in coal dominance in its fuel mix amid weak execution and visibility of renewables progress, given that phase-out targets, disclosures and capital allocation are all found wanting.

Thirdly, some of the utilities are using gas and "clean coal", rather than renewables, to bridge the transition. Examples include TNB, Korea Electric Power Corporation (KEPCO), and Japanese players JERA and Electric Power Development (J-Power).

The report says that utilities may profess commitment to coal phase-outs, net-zero targets and plans for renewables – but none of these suffice as evidence of transition if, at the same time, company strategies are only partially committed to letting go of fossil fuels.

"Not all coal displacement is equal," Ng says. "The fact that coal remains in the fuel mix makes it only slightly better than a full exit from fossil fuels." She adds that directional intent is key.

Capital allocation is another indicator of genuine intent. In this aspect, Tata Power and the Adani Group show high credibility as both direct most of their capital expenditure towards renewables, the report finds. TNB also demonstrates meaningful commitment, though its lower allocation share suggests a less aggressive shift.

"KEPCO stands out for its very low share of capex alloted to renewables, indicating continued priority to non-renewables investments," Ilango notes.

The report acknowledges that the home markets of the utilities can restrict renewables deployment through fossil fuel support, slow procurement systems, weak grid integration, and land and approval obstacles.

However, Ilango argues that market conditions alone do not explain the differing pace of transition among utilities. In India, for example, Tata Power has outperformed its peers Adani Group, JSW Energy, NTPC and Reliance Power despite their shared country and policy environments.

Under more supportive environments such as Malaysia, coal reduction is directionally encouraged, making transition pathways more achievable. Thus, TNB is well positioned to deliver on its transition within the country policy framework.

Japan and South Korea are moderately enabling in the sense that structural frameworks for transition exist but are enforced inconsistently amid grid limitations. That being said, KEPCO's financial challenges and muted renewables ambition, as well as the partial coal phase-down and modest renewables progress of J-Power and JERA, suggest priority gaps.

Indonesia represents even less support. Structural barriers are pronounced, shaping outcomes at state-owned entities such as PLN. Still, unabated coal growth and weak renewables execution indicate limited strategic direction, the report says. "Corporate alignment with policy can mask weak commercial transition signals," Ilango adds.

What this means for investors

In the final analysis, Energy Shift encourages investors to see not just whether a transition plan exists, but whether it is credible across corporate strategies, market conditions and financial capacity.

Utilities that continue to expand or extend coal operations while seeking capital should face greater investor scrutiny. Ng warns that the financial risk of coal and gas projects will climb as climate policies tighten, more economical low-carbon technologies evolve, and energy systems decarbonise faster than expected.

"Investors who can accurately identify and allocate capital to true transition leaders are likely to benefit from the stronger long-term growth, better resilience and first-mover advantages," she says.

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About ESI

Energy Shift Institute is an independent energy finance think tank that analyses Asia's energy transition from within the region. Energy Shift Institute aims to help position Asia for its future economic leadership by facilitating a more aggressive energy transition, through innovation in strategic finance and policy, while also exploring technology opportunities and risks.