AUTHOR: No author available SECTION: CORPORATE PAGE: 14 PRINTED SIZE: 979.00cm² REGION: KL
MARKET: Malaysia PHOTO: Full Color ASR: MYR 18,304.00 ITEM ID: MY0067700383

02 FEB, 2026

National Gas Roadmap to overhaul gas policy amid tightening supply, coal phase–out by 2044

The Edge, Malaysia

National Gas Roadmap to overhaul gas policy amid tightening supply, coal phase–out by 2044

Malaysia's National Gas Roadmap (NGR), slated for release by the third quarter this year, is shaping up to be the most consequential reset of the country's natural gas ecosystem since liberalisation began almost a decade ago. It is expected to redefine how natural gas is priced, supplied and regulated nationwide, as well as align federal and state policies across Peninsular Malaysia, Sabah and Sarawak.

At the centre of the road map is a long-standing structural issue: Malaysia's gas reserves and infrastructure are unevenly distributed, and state rights — particularly in Sabah and Sarawak — are not peripheral factors but core determinants of policy direction.

Newly minted Economy Minister Akmal Nasrullah Mohd Nasir says the NGR will formalise Malaysia's shift towards natural gas as both a transition fuel and a strategic resource.

While the National Energy Transition Roadmap (NETR) projects coal to be "close to fully phased out" by 2050, the minister has committed to a faster timeline.

"We are targeting to reduce half of the [coal] capacity by 2035 and there will be no more coal generation by 2044," Akmal tells *The Edge* in an interview. "So far, that would be the timeline we are looking at ... that's the commitment."

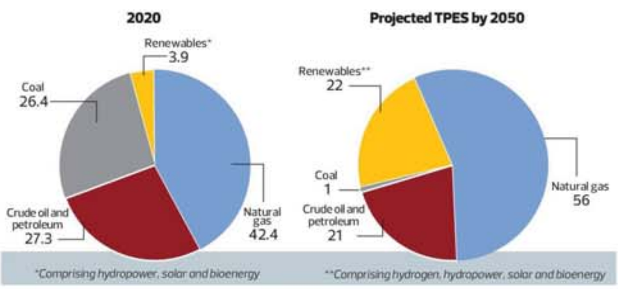
The road map will determine whether Malaysia can balance that coal exit against shrinking gas reserves, rising demand and the need to diversify supply — including preparing Peninsular Malaysia and Sabah for higher liquefied natural gas (LNG) imports — while preserving competitiveness and managing the realities of state-federal energy governance.

Tightening supply outlook

Malaysia's gas reserves are declining at a rate that raises long-term security concerns, with sharper depletion in Peninsular Malaysia and Sabah, where annual output has contracted by an estimated 7% and 4%, respectively, according to reports. In comparison, Sarawak — which accounts for about 59% of Malaysia's total gas reserves — has a high and stable supply.

NATIONAL ENERGY TRANSITION ROADMAP

Malaysia's total primary energy source (TPES) (%)



*Comprising hydropower, solar and bioenergy

**Comprising hydrogen, hydropower, solar and bioenergy

At the same time, the NETR projects natural gas to account for 56% of Malaysia's total primary energy supply by 2050, up from 43% in 2020. The combination of rising dependence and tightening domestic supply points to a structural conclusion: The country will need to increase LNG imports, particularly for Peninsular Malaysia and Sabah.

Akmal does not explicitly say Malaysia — now the world's fifth-largest LNG exporter after Russia, Qatar, Australia and the US — will become a net LNG importer, but his remarks indicate that the NGR is being designed with that trajectory in mind.

"When we talk about the security of the [gas] supply, we definitely need to look into the mechanism for third-party importers. And in order for it to happen, we definitely need to invest in our infrastructure. We need to upgrade the pipeline [network] and also the regasification terminals," he says.

Liberalisation a necessity, not a choice

The NGR is also expected to address a long-standing barrier to investment: domestic gas price controls. These controls were designed to preserve affordability but have had the unintended effect of dampening upstream and midstream investment. They have also discouraged new importers from supplying LNG to the domestic market.

"The known issue for our gas market is that the price control for the domestic [market] has not been viable or has not attracted investments," Akmal says.

Pressed whether this points towards the liberalisation of the domestic market, he says the matter "will be addressed in the NGR. What I can say is that we are looking into price controls and the need to upgrade the facilities".

He stops short of confirming full liberalisation but signals that structural reform is unavoidable.

Malaysia began opening its gas market in 2017 through third-party access (TPA), which allows licensed importers and shippers to use the country's gas facilities. Uptake, however, has been modest. Several LNG import and shipping licences have been issued since 2019, yet none of the licensees imported cargo until 2024, when E&H Energy secured a 20-year supply agreement with Mexico's Amigo LNG, a subsidiary of Singapore-based LNG Alliance.

The government has also ended regulated prices for the non-power sector, with the Malaysia Reference Price now serving as the market benchmark. While prices for the power sector remain regulated until at least end-2027, they are increasingly influenced by global price trends.

Existing long-term contracts between Petroliam Nasional Bhd and major power-sector buyers such as Tenaga Nasional Bhd (KL:TENAGA) and the independent power producers continue to limit incentives for these players to turn to alternative suppliers. This dampens competition even though the legal framework for TPA is already in place.

State alignment and the politics of gas

Sabah and Sarawak control most of Malaysia's remaining gas reserves and have expanded their authority over infrastructure and downstream development in recent years, making any national planning exercise impossible without their buy-in.

Akmal stresses that the road map was developed with both states involved through the National Energy Council and direct stakeholder consultations led by the ministry of economy.

Two long-running issues — Sabah's claims over revenue and Sarawak's control over gas distribution — continue to sit at the centre of state-federal negotiations. These matters, he says, are being addressed through the MA63 Implementation Action Council.

"The NGR is a comprehensive national road map that harmonises policies between the federal and state governments to ensure coordinated and effective implementation nationwide," he says. "Therefore, the implementation of NGR is expected to be meaningfully executed."

Investment needs add another layer of complexity. The NETR estimates RM1.2 trillion to RM1.3 trillion will be required for the overall energy transition by 2050, with RM630 billion earmarked for renewables alone, according to Akmal.

"We are on track with the targets we set, but the landscape is dynamic. The further we advance the energy transition, the more investments are being drawn to Malaysia."

The NGR will sit within that wider investment push and is expected to outline capital requirements for upstream competitiveness, expansion of regasification and pipeline capacity, and a more flexible, market-based downstream system. E