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KUCHING: Malakoff Corporation Bhd's (Malakoff) gas power plant extensions are seen as long-awaited positive news as it addresses the group's declining earnings trajectory that stemmed from the original mid-2027 power purchase agreement (PPA) expiry dates.

The group had on Jan 30 received approval from the Energy Commission (EC) to extend PPAs for three gas-fired independent power producers (IPPs) until Dec 31, 2029.

The plants involved are Segari Energy Venture (1,303MW), GB3 (429MW) and Prai Power Plant (350MW).

The latest extensions fall under Project Category 1 of the competitive bidding exercise for brownfield IPPs in Peninsular Malaysia for the 2025–2029 period.

Prai Power completed a one-year PPA extension in September 2025, while GB3's original PPA expired in December 2022. SEV's initial 21-year PPA was due to expire in June 2027.

Kenanga Investment Bank Bhd (Kenanga Research) in a note on Tuesday said while returns under the extended PPAs are expected to be lower than the previous terms, the plants are already fully depreciated.

"With minimal capital expenditure required to sustain operations, these extensions are highly value-accretive," it said in a note on Tuesday.

TA Securities in a separate note said it is keeping its earnings estimates unchanged for now pending PPA signing with Tenaga Nasional Bhd and further disclosure on expected capacity payments.

However, it noted an upward bias with preliminary estimates suggesting a 4 to 14 per cent upside to FY26 to FY27 net profit.

For context, SEV's annual capacity payment fell from RM742 million under its original PPA to about RM140 million–RM170 million during its first 10-year extension. TA Securities expects the upcoming extension to follow a similar lean-margin profile.

TA Securities also highlighted that the EC's request for proposal comprised two categories, Category 1 for short-term PPA extensions, and Category 2 for greenfield developments.

The latter, which has yet to be awarded, is expected to be a more meaningful earnings and valuation catalyst due to longer concession periods.

It estimates that every 1GW greenfield combined-cycle gas turbine (CCGT) capacity win could lift annual earnings by 33 per cent and valuations by 23 per cent.

Separately, the Tanjung Bin Energy (TBE) plant has resumed operations on Jan 28, 2026, following a fire at its flue gas desulfurisation facility in October 2025.

Management indicated that as the incident occurred during a scheduled outage, capacity payments are likely unaffected while repair costs are expected to be largely covered by insurance.