



04 JUN, 2026

Malakoff chief: Balancing energy trilemma vital for nation

New Straits Times, Malaysia



ELECTRICITY MARKETS

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KUALA LUMPUR: Balancing energy security, affordability and sustainability is becoming increasingly complex as governments take a larger role in shaping electricity markets while countries accelerate their transition to cleaner energy.

Malakoff Corp Bhd group chief executive officer Syahrudin Samsudin said yesterday the energy trilemma should not be viewed as a choice between competing priorities, but as a structural reality that must be managed.

"From a private commercial developer's point of view, the trilemma exists as a current reality. I do not think we need to frame it as a choice."

He said this during a panel session titled "Beyond the Trilemma: Managing Complexity in the Age of Electrification" at the Tenaga Nasional Bhd (TNB) Energy Transition Conference.

"We have to live with it because economic prosperity and national well-being require us to balance the trilemma."

Syahrudin said the key challenge lies in sequencing and timing the energy transition so that it supports decarbonisation without undermining economic stability and national development.

He said this balancing act has become more difficult in recent years due to a structural shift in the power sector, where state intervention is increasingly influencing electricity generation economics.

"What has happened recently is that market forces are no longer solely determining the price of electricity generation and the cost of building power plants. State intervention is now influencing both."

He added that changes in gas pricing, fuel transportation costs and insurance costs have altered industry dynamics, creating greater uncertainty over project economics and capital costs.

This evolving landscape is particularly evident as developers expand renewable energy capacity beyond solar to include technologies such as biomass and, where feasible, hydroelectric power.

He said fossil fuels, particularly natural gas, remain a critical part of the energy mix to ensure system reliability during the transition.

He cited the example of building a new 1,400 megawatt (MW) combined cycle gas turbine (CCGT) plant, where develop-



Malakoff Corp's role, alongside Tenaga Nasional Bhd, is to act as a strategic transition developer bridging today's energy needs with future sustainability goals. NSTP FILE PIC

ers must contend with gas price volatility of up to 30 per cent in either direction while facing pressure on investment returns.

Despite these challenges, he said gas-fired generation remains essential to maintaining energy security, as it provides reliable and dispatchable power that can be called upon when renewable output fluctuates due to weather or system conditions.

He said affordability remains a key consideration, requiring financing structures that support adequate capacity payments while ensuring electricity tariffs remain manageable for consumers.

As the country pursues decarbonisation through a gradual shift from coal to gas and eventually to renewable energy, Syahrudin said all three pillars of the trilemma must be kept in balance.

He added that Malakoff's role, alongside TNB, is to act as a strategic transition developer bridging today's energy needs with future sustainability goals.

He stressed the need for greater collaboration across the energy value chain, involving regulators, financiers, insurers, power generators, transmission companies and grid operators.

He added that cooperation between the private sector, government and regulators is critical to achieving the long-term ambitions of the National Energy Transition Roadmap (NETR).

Meanwhile, Energy Commission of Sabah chief executive officer Datuk Abdul Nasser Abdul Wahid said Sabah's energy transition is guided by the Sabah Energy Roadmap and Master Plan, which is aligned with the

NETR while being tailored to the state's unique needs.

He said one of Sabah's biggest challenges is the maturity of its electricity grid, with transmission development remaining a top priority as the state works towards establishing a single, integrated grid network.

"The thing about Sabah, I think in many countries as well, is energy has always been a subsidised market. So that makes it very challenging for renewable energy to come in."

Nasser said renewable energy remains more expensive than gas-fired generation in Sabah, where gas supplied for power generation benefits from subsidised pricing.

While Malaysia's feed-in tariff (FIT) programme was designed to catalyse renewable energy development, he said securing sufficient funding remains a challenge in Sabah due to its relatively small consumer base of about 700,000 users, most of whom are residential consumers.

As a result, Sabah is focusing on large-scale solar projects coupled with battery energy storage systems to improve grid flexibility and manage the intermittency of renewable energy sources.

Nasser said the state is leveraging lower-cost gas as an anchor fuel, with gas-fired plants serving baseload and peaking roles to support the growing share of variable renewable energy on the grid.

He said the combination of renewable energy, energy storage and gas generation is aimed at strengthening Sabah's energy security while supporting a gradual and affordable transition towards a lower-carbon power system.