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Malaysia steps up gas-fired power use in December as reliance on coal falls - Reuters



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SINGAPORE/KUALA LUMPUR (Jan 8): Malaysia boosted natural gas-fired power generation and slashed reliance on coal in December, grid operator data analysed by *Reuters* shows, as rising production bolstered local supply and helped expand liquefied natural gas (LNG) exports.

Gas-fired power generation accounted for most of a nearly 5% rise in electricity supplied to Peninsular Malaysia in December, making up for a 4.3% decline in coal-fired output, real-time data from Malaysia's Grid System Operator (GSO) showed.

Reuters analyses that data to break it into monthly output figures that are not released publicly by the GSO.

The Southeast Asian nation of 35 million, however, expects natural gas to overtake coal as its main source of power only in the next decade. As gas use increases, Malaysia — now the No.5 global LNG exporter — also expects to significantly boost its imports of the superchilled fuel in four to five years.

"The reliance on gas for power generation is expected to increase gradually, with a more meaningful shift occurring only after 2030," said Prateek Pandey, head of Asia-Pacific oil and gas research at consultancy Rystad Energy.

Malaysia's Energy Commission, which

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regulates the grid operator, and the GSO did not immediately respond to requests for comment on *Reuters*' analysis of the data.

Gas use in Peninsular Malaysia — which accounts for about 80% of national electricity demand — rose 28.4% in December on an annual basis, the second straight monthly increase, the analysis of the GSO data showed.

That followed an 11.8% rise in Malaysia's natural gas output in the quarter through September from a year earlier, the

fastest in three years, according to government statistics.

The rise in gas output also helped to pull down Malaysia's 2025 LNG imports, which fell 29% to 2.26 million metric tonnes — the lowest in four years, while exports rose to a record 28.25 million tonnes, data from analytics firm Kpler showed.

Malaysia's gas production, though, is expected to plateau or start declining towards the end of this decade, analysts say, just as the country likely enters a period of steady growth in gas-fired generation.

Power consumption in Peninsular Malaysia has been rising in recent years due to a surge in demand from energy-guzzling data centres, pushing it to crank up reliance on coal-fired power.

Coal's share in Peninsular Malaysia's annual power generation rose to 58.6% in 2025 from 56.5% in 2024, the GSO data analysed by *Reuters* showed, while the share of gas fell to 33.1% from 36.4% in 2024, as output fell nearly 10% in the year through November.

A 12.6% increase in solar power generation also helped a marginal rise in its annual share to 2.4%, from 2.1% in 2024. Solar output is crucial for keeping power generation costs low in Malaysia, as it pivots away from coal and uses more gas.