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Data centre growth risks outpacing power supply, says Malakoff CEO

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Data centre growth risks outpacing power supply, says Malakoff CEO

The sector must expand power generation rapidly while reducing carbon emissions

by AUFA MARDHIAH

MALAYSIA'S rapid data centre expansion risks outpacing the development of new power plants, putting pressure on electricity producers to meet rising demand while pursuing the country's energy transition goals.

Malakoff Corp Bhd group CEO Syahrunizam Samsudin said the industry faces the challenge of expanding generation capacity at an unprecedented pace while simultaneously reducing carbon emissions.

"I think Malaysia, as well as power generators, are being asked to do two hard things at once. One, we have to grow the system faster than at any time in one generation. And we have to decarbonise it at the same time," he said during his keynote address at the Clean Energy Transition Asia (CETA) Summit and Exhibition in Kuala Lumpur on Nov 4.

The challenge is compounded by the difference in development timelines, with data centres taking significantly less time to build than new electricity generation facilities.

"A data centre can be built in about 14 months. I would be very surprised if anyone, aside from Tenaga Nasional Bhd (TNB), could deliver power within the same timeframe for a greenfield project," he said.

Malaysia recorded two electricity demand levels this year, reaching 21.5 gigawatts (GW) in April before rising to 22GW in August.

Citing TNB's projections, Syahrunizam said electricity demand is expected to grow 5.5% in 2026, followed by approximately 4.5% annually.

Data centres currently account for about 7% of electricity consumption, with their share projected to approach one-third by 2035, according to figures he attributed to the Ministry of Energy Transition and Water Transformation (PETRA).

The rising demand requires closer coordination between regulators and power producers to ensure a reliable electricity supply without compromising Malaysia's decarbonisation ambitions.

Syahrunizam also cautioned against unnecessary infrastructure spending driven by the data centre boom, stressing that investments should reflect the grid's actual requirements.

Malakoff, which has a generation portfolio of approximately 9,548MW, intends to double its gas and renewable energy (RE) capacity over the next decade as existing coal-fired plants gradually retire.

Its previously announced expansion plans include at least two new 1,400MW combined-cycle gas turbine (CCGT) power plants, with a combined planned capacity of 2,800MW.

Meanwhile, the operating lives of its Segari, GB3 and Prai gas-fired power plants have been extended, retaining more than 2,000MW of generation capacity to support electricity supply.

Syahrunizam said flexible gas-fired generation remains essential to maintaining grid stability as Malaysia increases its reliance on RE.

"The lesson is simple. In a grid with increasingly variable renewables, gas is not the opposite of clean energy," he said.

On RE, Malakoff is developing a 470MW large-scale solar project in Taiping, Perak, under Large Scale Solar 5 Plus (LSS5+) and an approximately 100MW solar facility in Sarawak.

The group is also participating in LSS6, which combines solar generation with battery storage to improve supply reliability.

Its energy transition initiatives include a second biomass co-firing pilot at Tanjung Bin, scheduled to begin on Jan 1, 2027. The initiative will use palm kernel shells, with a longer-term target of achieving a 15% biomass fuel mix by 2031.

Beyond conventional generation, Malakoff is developing a 22MW waste-to-energy (WTE) project in Sungai Udang, in Melaka, which is expected to process approximately 1,056 tonnes of municipal waste and supply electricity to a community of about 50,000 to 60,000 people.

Despite its expansion plans, Syahrunizam stressed that accelerating infrastructure development must not come at the expense of project quality and operational reliability.

"Speed, which is my second point, is a reliability issue. If going fast means that you're not going to be able to build with quality and with confidence, I think we'll be doing a disservice for this country," he said.

He added that established power producers would remain important to Malaysia's energy transition, particularly in maintaining dependable electricity supply while new generation and RE projects are developed.



Pic by Aufa Mardhiah

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