



10 APR, 2026

'Data centre boom may strain renewable energy financing'

New Straits Times, Malaysia



ELECTRICITY DEMAND SURGE

'Data centre boom may strain renewable energy financing'

KUALA LUMPUR: The rapid expansion of data centres could constrain financing for renewable energy projects unless Malaysia updates its long-term energy transition assumptions, CIMB Islamic Bank Bhd sustainable finance head Arshad Nuval Othman said.

He said the National Energy Transition Roadmap (NETR) financing projections were formulated before the recent surge in data centre investments, which had significantly increased electricity demand and funding requirements for renewable power.

"The financing requirements we previously assessed were based on the NETR up to 2050, but that was before data centres

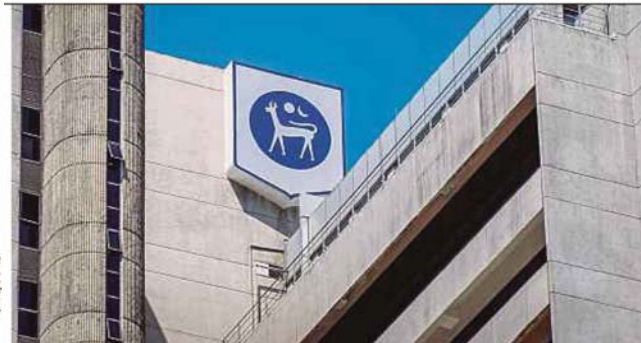
came into the picture.

"Data centres have changed the energy demand profile. If we don't adjust it, we risk running out of headroom to finance the energy transition."

Speaking at the Malaysia Energy, Water and Climate Change Summit 2026, Arshad said banks were also constrained by single counterparty exposure limits, which cap lending at 25 per cent of a bank's equity.

"This could restrict financing for large-scale energy projects. Two years ago, Bank Negara Malaysia accepted my recommendation to increase limits for the banking system.

"When the NETR was introduced, the data centre boom was



CIMB Islamic Bank Bhd sustainable finance head Arshad Nuval Othman says Bank Negara Malaysia remains receptive to policy changes, allowing banks to recalibrate lending once updated energy demand projections are available.
 NSTP FILE PIC

not yet apparent. We need to adjust it. The financial system will recalibrate, as it has done before."

He said Bank Negara remained receptive to policy changes, allowing banks to recalibrate lending once updated energy demand projections were available.

While financing capacity might need to be revised, Arshad said, funding availability itself was not a concern, given Malaysia's well-developed banking and capital markets.

However, he cautioned that perceptions around coal prices and existing infrastructure could delay renewable investment, even though renewables were cheaper and faster to deploy.

"You might think that with rising oil and gas prices, it is convenient to fall back on coal, both in terms of cost and existing infrastructure.

"But this is a perception. Renewable energy infrastructure is cheaper and can be deployed

within six months."

Looking ahead, Arshad said renewable energy targets under the NETR should remain unchanged, even as capacity assumptions were updated to reflect rising demand from data centres.

"What must not change is our renewable energy mix. By 2030, the target is 30 per cent renewable energy and by 2050, 70 per cent.

"It is a matter of updating capacity requirements to account for data centre demand."