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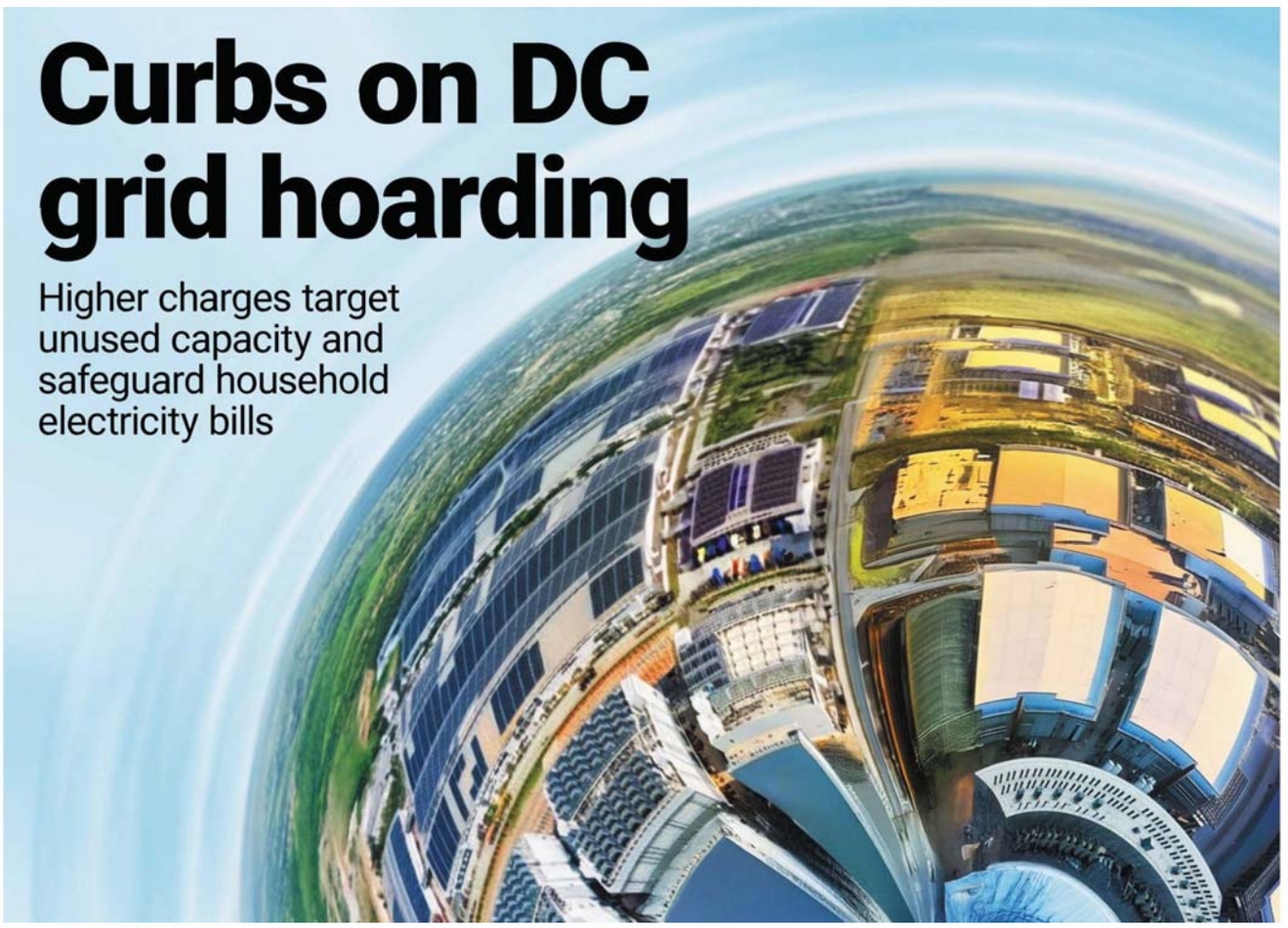
11 NOV, 2026

Curbs on DC grid hoarding

The Star, Malaysia

Curbs on DC grid hoarding

Higher charges target unused capacity and safeguard household electricity bills



TECHNOLOGY

By AIDA AHMAD
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KUALA LUMPUR: Malaysia is tightening the reins on the country's explosive data centre (DC) boom to protect national energy security and household electricity bills by the introduction of stricter financial deterrents against speculative grid hoarding.

Speaking at the Bursa Malaysia Sectoral Series yesterday organised by Bursa Malaysia in collaboration with Macquarie, Investment, Trade and Industry Minister Datuk Seri Johari Abdul Ghani said Malaysia needs to combat "phantom demand".

This is where developers reserve large blocks of capacity without utilising them, and as such, Johari said the government has dramatically hiked the connected load charge from RM8.50 to RM89.64 per kilowatt.

"Tenaga Nasional Bhd would have already planned its infrastructure and allocated capacity to accommodate full declarations, leaving unused megawatt capacity that could otherwise support other users," Johari stressed at the conference themed *Powering the AI Era – Watt Next?*

The revised fee, he said, ensures operators face strict financial accountability for contracted capacity.

> "Bess itself can play a complementary role in our energy distribution system by improving efficiency and smoothing out fluctuations in supply. For example, batteries can store electricity when generation exceeds immediate demand and release it when needed."
>
> Datuk Seri Johari Abdul Ghani

To prevent DCs from cannibalising grid capacity meant for the broader economy, electricity requirements are now planned and managed independently from household and traditional industrial demand.

Johari added that DC investments have surged from a mere 0.4% of total approved investments of RM1.25bil in 2021 to 43.9% or RM95.8bil in the first half of financial year 2026 alone.

To date, Malaysia has approved 117 DCs boasting a combined maximum energy demand of roughly 23,500 megawatts (MW).

Of these, 55 are operational, 19 are under construction, 16 are approved but yet to start, and 27 have been greenlit for off-grid energy supply.

Another 24 applications remain stalled in the pipeline, pending rigorous power and water availability checks.

With public anxiety growing over potential power strain, Johari offered strong assurances that ordinary citizens and legacy businesses will neither directly nor indirectly subsidise DC infrastructure costs.

A dedicated ultra high voltage tariff category has been instituted, requiring operators to fully bear transmission upgrade expenses.

Governments facing massive DC influxes in the United States, European Union and Ireland have also adopted comparable stances to protect household and small-business ratepayers.

Acknowledging global turbine shortages slowing down conventional projects, he said the Energy Commission is fast-tracking a comprehensive framework for self-generation facilities.

Developers are being encouraged to explore dedicated off-grid options, including gas-fired generation, solar, hydropower, and battery energy storage systems (Bess).

"Solutions may include gas-fired generation, solar and hydropower where feasible, together with battery energy storage systems."

He said global turbine shortages are delaying conventional generation projects, so there needs to be workable combinations of technologies and realistic schedules, not promises of capacity that cannot be delivered.

Johari also highlighted emerging commercial opportunities for Petroliam Nasional Bhd, noting that dedicated DC demand could unlock a lucrative domestic market for liquefied natural gas (LNG) on commercial terms without subsidies.

"Bess itself can play a complementary role in our energy distribution system by improving efficiency and smoothing out fluctuations in supply.

"For example, batteries can store electricity when generation exceeds immediate demand and release it when needed.

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Rising power demand boosts gas market potential

The Star, Malaysia

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FROM PAGE 1

"Malaysia exports roughly 30 million tonnes of LNG each year. In theory, a conservative estimate would translate this volume to roughly 31,000MW of electricity.

"The point is that dedicated DC demand may create another commercially attractive market for gas, provided it is supplied and priced on market terms, without subsidy."

On the sustainability front, he said the Data Centre Task Force is tightening performance metrics covering power usage effectiveness, water usage effectiveness, and carbon usage effectiveness.

Commending innovative engineering solutions like advanced air-cooling systems such as those adopted by EdgeConneX to eliminate continuous water consumption, the minister emphasised that natural resource constraints must push investors toward higher efficiency rather than heavier resource extraction.

"Our ambition is not merely to attract more DC investments, but to build the infrastructure necessary for a competitive digital economy without compromising the reliability and affordability of electricity," Johari said.

Meanwhile, Bursa Malaysia chairman Tan Sri Abdul Farid Alias said across sectors, artificial intelligence (AI) will create opportunities to rethink products and services, raise productivity and develop entirely new offerings.

"This can create new sources of growth for companies and broaden the opportunities available to investors," said Abdul Farid.

The rapid growth of AI is creating enormous demand for computing power, and with that, for the energy and infrastructure needed to support it, he added.

"Some of the world's largest technology companies now have to think about energy as strategically as they think about computing. The race for computing power has also become a race for power itself," Abdul Farid pointed out.

DCs offer an indication of the scale of this shift.

They currently account for around 7% of electricity consumption, but this is projected to rise to 31% by 2035.

"In other words, within a decade, close to a third of electricity consumption could come from one relatively new segment of the economy," he said.

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