



17 FEB, 2026

## TNB gains on 1.4GW new Paka plant award

The Star, Malaysia



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## Power project set to generate RM200mil Ebit annually

### UTILITIES

**PETALING JAYA:** The new 1.4GW power plant project in Paka, Terengganu – secured by Tenaga Nasional Bhd's (TNB) power generation company, TNB Genco, together with Aurora Power Generation Sdn Bhd – will likely generate about RM200mil in earnings before interest and tax (Ebit) annually once it becomes operational in 2029.

The consortium secured the project under the Energy Commission's (EC) new generation capacity tender.

Significantly, this was the only new power plant project awarded under the New Generation Capacity (2025–29) for Peninsular Malaysia in Category 2 of the competitive bid launched by the EC in May 2025.

Category 1 of the tender involved short-term extensions of existing power purchase agreements (PPAs) and capacity expansions at current facilities, where Malakoff Corp Bhd was the biggest winner.

TNB did not disclose its stake in the consortium, but CIMB Securities Research believes it will hold a majority share.

The research house estimates the project investment cost at RM7.5bil to RM8bil.

“Assuming an 80:20 debt-to-equity funding mix, the project company would have to raise RM6bil-RM6.4bil of debt, while the consortium will need to inject equity of RM1.5bil-RM1.6bil.

“Further assuming TNB holds an 80% stake in the consortium, its portion of the equity funding would be a manageable RM1.2bil-RM1.3bil, versus RM12bil in cash

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CIMB Securities Research

on TNB's balance sheet by the end of financial year 2025 (FY25), based on our estimates,” CIMB Securities Research said in a note to clients.

Investors have reacted positively, with TNB's shares up 18 sen to RM14.14 at the time of writing. It closed at RM14.42 in yesterday's trading.

CIMB Securities Research has maintained the stock's target price at RM15.10, pending the release of TNB's fourth-quarter 2025 results later this month and more comprehensive updates on the new power plant projects.

Construction of the new power plant is estimated to take three years, and a 15-year PPA will be signed with the off-taker, TNB's ring-fenced single-buyer unit responsible for procuring electricity for the Peninsular Malaysia grid.

Analysts said these awards under the two categories mark the start of a broader reinvestment cycle, with further repowering decisions and new builds likely to follow.

RHB Research noted that TNB is still in discussions to build another 1.4GW gas-fired plant together with AM Generation

Sdn Bhd, which would also be located in Paka.

“We believe this project could be finalised by year-end, as we estimate a 5GW-6GW capacity shortfall by 2030.

“Assuming TNB holds a 50% stake in the potential Paka Repowering project, we estimate another 2.5% accretion to our RM16.50 target price,” the research house said.

RHB Research considers the new award under Category 2 to be in line with expectations, as it had previously highlighted that TNB was a frontrunner to secure up to 2.8GW of new gas-fired plant capacity from the EC.

Separately, the EC also announced PPA extensions for TNB's three plants – namely the 310MW Gelugor, 249MW Putrajaya, and 703MW PD1 – which RHB Research said had already been factored into its forecasts.

Regarding Malakoff, its shares rose 2.55% to close at 80.5 sen yesterday.

TA Research's preliminary estimates suggest up to a 17% earnings impact from the total 2,082MW capacity extensions recently awarded to the group.