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Malaysia’s recent power outage reinforces case for new capex for power sector CGS



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KUALA LUMPUR (Oct 16): The recent major power outage in Klang Valley and Johor reinforces the case for a new power sector capital expenditure cycle, as the incident highlights growing stress on Malaysia’s power system amid rising electricity demand and tightening reserve margins.

This event underscores potential vulnerabilities in the nation’s power and grid infrastructure, said CGS International in a note on Thursday.

“While near-term sentiment may be affected, we view this incident as reinforcing,

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not undermining, the case for TNB’s (Tena-ga Nasional Bhd)(KL:TENAGA) regulated grid investments,” said the research firm.

The house noted that the disruption originated from the Edra Melaka CCGT plant, but a concurrent unplanned outage at the 1,000MW Tanjung Bin Energy (TBE) coal plant in Johor exacerbated stress on the transmission and distribution (T&D) network.

“We estimate these two plants account for a combined ~13% of Peninsular Malaysia’s total installed generation capacity, highlighting the limited reserve margin within the system,” said CGS.

The house noted that with the surge in foreign direct investment (FDI) approvals, particularly into the energy-intensive electronics and electrical (E&E) sector and data centres, Malaysia risks exposing system vulnerabilities.

To address these challenges, accelerating new power generation capacity development and grid upgrades is imperative to strengthen resilience and reliability, it added.



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