AUTHOR: No author available SECTION: STARBIZ AUDIENCE : 175,986 PAGE: 5
PRINTED SIZE: 162.00cm² REGION: KL MARKET: Malaysia PHOTO: Black/White ASR: MYR 8,209
WORDS: 370 ITEM ID: DP0121982207

18 SEP, 2026

Power sector's investment needs to rise to RM95bil

The Star, Malaysia

Power sector's investment needs to rise to RM95bil

KUALA LUMPUR: At least 14 to 17 gigawatts (GW) of additional installed generation capacity, or up to RM95bil of investment, will be required by Tenaga Nasional Bhd (TNB) and independent power producers (IPPs) over the next 10 years to meet the incremental demand.

In a research note today, Moody's Ratings said this estimate assumes that demand will be met predominantly through firm capacity gas-fired generation operating at a plant load factor of 50% to 60%.

"In the medium term, investment requirements could be lowered if a larger proportion of demand is predominantly met by solar and storage, given the declining cost of solar relative to combined cycle gas turbine capacity," it said.

Moody's Ratings said delays in commissioning power infrastructure could compress reserve margins and weigh on supply reliability. Cost overruns or delays to generation projects could also put pressure on the credit quality of TNB and IPPs.

It said power purchase agreement extensions with existing generators should support near-term supply while new capacity is being developed.

The agency said the government projects data centre power consumption in Peninsular Malaysia to grow to 31% of total consumption by 2035, up from 4% in 2025 and 6% in the first half of financial year 2026.

"This underpins long-term electricity demand growth, although the scale and pace of growth will be subject to market and execution risks.

"The separate tariff category for data centres and demand-based charges introduced in 2025 should facilitate targeted cost recovery from the sector," it said.

The agency expects the capacity expansion to require an annual capital spending of RM4bil to RM5bil over the next five years.

It said in line with Sarawak's Post Covid-19 Development Strategy 2030, Sarawak Energy Bhd targets power exports to contribute 15% of revenue by 2030, up from around 4.5% in 2025, and is in discussions to export around 1GW of renewable electricity to Singapore via submarine cables.

"The timing and scale of export-related earnings growth will depend on commercial arrangements, project execution and the development of cross-border transmission infrastructure," it stated.

Beyond meeting the incremental demand growth, Malaysia's power sector will also need to replace a significant volume of ageing generation capacity. — Bernama

Provided for client's internal research purposes only. May not be further copied, distributed, sold or published in any form without the prior consent of the copyright owner.