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New power sector investment cycle seen

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Recent tenders for fresh capacity is first in a decade

UTILITIES

PETALING JAYA: The recent tenders for new gas-fired power capacity is the first in more than 10 years for baseload power capacity. According to CGSI International (CGSI) Research, this indicates that a new power sector investment cycle is underway.

On May 10, 2025, the Energy Commission (EC) announced that the government had launched a request for proposal or RFP for new gas-fired power generation capacity in Peninsular Malaysia via a competitive bidding exercise. The tenders comprise two categories.

Category 1 comprises the extension of concession periods for gas-fired power plants with expired or soon-to-expire agreements and the expansion of capacity at existing plants.

The second category is the development of new gas-fired power plants with target commercial operation (COD) dates between 2025 and 2030.

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CGSI International Research

“The country has not conducted a thermal power plant tender in over a decade as reserve margins have consistently remained robust at above 30%,” CGSI Research said in a report.

The last award was in August 2016 involving a 1.2 gigawatt (GW) gas facility in Pulau Indah, Klang, which achieved COD in the first quarter of 2025 (1Q25).

With the influx of power-hungry data centres, the research firm estimates a supply shortfall of more than 5GW by 2030.

Tenaga Nasional Bhd and Malakoff Corp

Bhd are seen as potential beneficiaries for both categories.

Other contenders for Category 2 are YTL Power Bhd and unlisted Edra Power Holdings Sdn Bhd.

This is given their proven track records in developing and operating thermal assets and sizeable balance sheets.

PETRONAS Gas Bhd may also emerge as a potential participant.

This is as it has expressed interest in expanding its power generation portfolio.