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TENAGA Nasional Bhd (TNB) and Malakoff Corp Bhd are poised to be the main beneficiaries of Malaysia's first power plant tender in more than 10 years, amid surging electricity demand driven largely by data centre growth.

Malaysia has not awarded a new power plant project since 2016, when a 1.2-gigawatt (GW) gas-fired facility in Pulau Indah, Klang, was directly awarded.

That plant is slated to begin operations in the first quarter of 2025 (1Q25).

However, the latest request for proposal (RFP) issued by the Energy Commission (EC) marks the first open tender for new generation capacity in over a decade.

TNB, the country's largest utility company, has already secured commitments for 5.9GW in power supply to data centre operators, with electricity demand expected to grow at a compounded annual rate of 5%.

The newly launched RFP seeks to address the country's baseload electricity needs — the minimum level of demand that must be met consistently — and is split into two categories:

- Category 1: Existing power plants or expansion of current facilities
- Category 2: Greenfield or entirely new power generation projects

CGS International Securities Pte Ltd, in a note released last week, highlighted TNB and Malakoff as the leading contenders for Category 1, given that both have around 2GW of gas-fired capacity with power purchase agreements (PPAs) that are expiring.

Edra Power Holdings, with a 1GW capacity, is also seen as a potential bidder.

For Category 2, TNB, Malakoff, YTL Power International Bhd and Edra are expected to participate, supported by their robust financials and established track records.

Petronas Gas Bhd (PetGas) could also emerge as a dark horse, as it has previously indicated ambitions to expand its presence in the power generation sector.

CGS International Securities noted that approximately 9GW of existing generation capacity is expected to be retired by 2030. With few new large-scale projects in the pipeline, the country could face a supply shortfall of around 5GW unless capacity is added.

Nonetheless, CGS International Securities reiterated its 'Overweight' rating on the utilities sector, viewing the RFP as a significant growth catalyst aligned with the National Energy Transition Roadmap (NETR). — *TMR*