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Power becomes part of the investment equation

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The large electricity and water requirements of DCs mean the pace of future capacity additions will increasingly depend not simply on investor appetite, but whether power generation, grid infrastructure and water supply can expand quickly enough to accommodate them. — Bernama photo

UTILITIES are consequently becoming a critical part of Malaysia's investment story.

PublicInvest Research noted that DC electricity consumption could eventually reach 31 per cent of national electricity demand by 2035, while Tenaga Nasional Bhd (TNB) is undertaking a RM43 billion grid modernisation programme.

The utility's Green Lane Pathway is intended to shorten connection lead times for DCs from 36 months to 12 months, while mechanisms such as the Corporate Renewable Energy Supply Scheme (CRESS) are intended to provide businesses with greater access to renewable electricity.

The large electricity and water requirements of DCs mean the pace of future capacity additions will increasingly depend not simply on investor appetite, but whether power generation, grid infrastructure and water supply can expand quickly enough to accommodate them.

MIDA said its Data Centre Task Force requires projects to demonstrate secured power and water supply and green compliance, while giving priority to operators that support the local supply chain.

That represents an important change in the nature of Malaysia's investment challenge.

The ability to attract another multi-billion-ringgit DC project is one thing; connecting it to sufficient electricity and water supply and bringing it into operation on schedule is another. The scale is already considerable.

MIDA said this week that Malaysia recorded RM385.7 billion in DC-related investments between 2021 and 1H26.

Deputy Investment, Trade and Industry Minister Sim Tze Tzin said the next phase needs to shift from merely building capacity towards AI adoption, home-grown innovation, skilled talent and higher-value jobs.

Malaysia's success, he said, ultimately should be measured not simply by the investment or capacity attracted, but by the capabilities built, businesses strengthened and opportunities created for Malaysians.