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KUALA LUMPUR: The phase-out of Tenaga Nasional Bhd's (TNB) coal-fired power plants will depend on Malaysia's ability to address its energy trilemma, said CIMB Investment Bank Bhd (CIMB IB) yesterday.

The investment bank said several of TNB's coal-fired power purchase agreements (PPAs) are set to expire within the next three to five years.

It added that the decision to retire these plants or extend their PPAs depends on five critical factors, namely electricity demand growth, fuel availability and pricing, the deployment of reliable replacement capacity, power generation economics, and grid readiness.

"On carbon pricing, TNB is assessing the potential impact

across various scenarios for its power generation portfolio, with cost recovery dependent on the final framework, regulatory provisions, and contractual terms of individual PPAs," it said.

CIMB IB said this in a research note yesterday, following TNB's investor webinar on Oct 21, where the utility company shared details on its decarbonisation efforts.

TNB reaffirmed its net-zero carbon emissions (CE) target by 2050, with interim goals of reducing Scope 1 CE intensity by 5.0 per cent annually from 2025 and cutting CE intensity by 35 per cent and coal capacity by 50 per cent by 2035.

The investment bank noted that TNB's carbon management strategy focuses

on three pillars: CE reduction, carbon capture, and offsetting residual CE through carbon credits.

"Key initiatives to reduce CE include improving power plant efficiency, expanding renewable energy and battery energy storage systems, upgrading the grid, and managing peak demand through Time-of-Use tariffs," it added.

Overall, CIMB IB said it viewed TNB's decarbonisation efforts positively, as they are backed by a clear strategy and concrete targets.

"Nevertheless, in our view, there is a risk that TNB's CE reduction targets may be somewhat delayed if the PPAs of its retiring coal plants are extended," it added.

— Bernama