

Headline	Tenaga can meet demand		
MediaTitle	The Edge		
Date	30 Oct 2023	Language	English
Circulation	25,910	Readership	77,730
Section	Corporate	Page No	69
ArticleSize	304 cm ²	Journalist	N/A
PR Value	RM 15,702		



Tenaga can meet demand

Tenaga Nasional Bhd has estimated that demand for electricity from data centres (DCs) will be "substantial", at more than 4,300MW in the coming years.

However, the national utility company sees no problem in meeting that demand, as it has sufficient reserve capacity within its current installed generation infrastructure.

"This means that Tenaga can reliably supply the required electricity without compromising the stability of the grid or causing shortages for other consumers," it says in an email reply to *The Edge*.

"Tenaga's commitment to ensuring the availability of electricity for this growing sector underscores our role in supporting the digital economy and technological advancements in Malaysia," it adds.

The company says it has been actively working on enhancing its infrastructure, including power generation and distribution, to ensure a reliable and sufficient electricity supply to meet the needs of DCs.

"The growth of data centres is expected to have a positive impact on Tenaga's financial performance and contribute positively to both our top and bottom lines.

"It not only ensures a steady revenue stream but also positions Tenaga as a key player in supporting the growing digital infrastructure in Malaysia, further solidifying our role in the energy sector."

The company recently entered into electricity supply agreements with four DC players, which collectively have a total demand of 1,500MW. They are Air Trunk Malaysia Sdn Bhd, YTL Power International Bhd, GDS IDC Malaysia Sdn Bhd and Yellowwood Properties Sdn Bhd, all of which are based in Johor.

Tenaga adds that five other DC facilities are expected to be established, with a projected combined demand of about 2,000MW. It did not, however, disclose the size of the DCs.

A typical DC facility requires a lot of energy to power its servers, routers, storage systems and hard drives, as well as cooling systems, because it generates immense amounts of heat.

"DCs that operate in this part of the world

have higher energy consumption as they also need to provide the additional power for the cooling systems," a market observer says.

He adds that renewable energy (RE) would not be sufficient to power DCs as solar power produces alternating power and there are fewer than eight hours of sunlight in Malaysia.

Tenaga says it recognises the substantial electricity requirements of DCs, and is taking proactive steps to address both the growing demand for electricity and environmental concerns.

These include the use of RE such as solar, energy-efficient technologies and collaborating with DCs to promote energy efficiency and environmentally responsible practices within their operations.

"This could involve encouraging DCs to adopt green technologies, implement energy saving measures, and participate in demand response programmes to manage electricity usage during peak periods.

"Tenaga is well-prepared to manage the electricity demand from DCs, considering the country's commitment to becoming net-zero emission by 2050.

"The company's focus on sustainability, sufficient reserve capacity and potential investment in RE demonstrates its commitment to supporting the nation's environmental goals while meeting the energy needs of DCs and other consumers," Tenaga says.

In an April 13 report, RHB Research estimated that the average cost to build a DC ranges from US\$7 million (RM33.4 million) to US\$12 million per megawatt.

Cheap electricity and a weakening of the ringgit against the US dollar could contribute to DCs deciding to operate in Malaysia.

According to Turner and Townsend's Global 2022 DC construction cost index, Malaysia's DC cost is lower than its Asean peers at US\$0.92 per kWh due to lower land, construction and energy costs. In comparison, it costs US\$1.15 per kWh to build a DC in Singapore and US\$0.95 per kWh in Jakarta. The power tariffs for industrial consumers in both Malaysia and Indonesia of US\$0.10 per kWh and US\$0.08 per kWh are also comparatively lower than Singapore's US\$0.27 per kWh.

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