



01 FEB, 2025

## Industrialisation and Large Power Consumers

Daily Express (KK), Malaysia



Universiti Malaysia Sabah among the top 10 Large Power Consumers.

## Industrialisation and Large Power Consumers

From a business perspective, one can not dispute the fact that attracting more Large Power Consumers (LPCs) is not only necessary but critical for the sustainable operation of a utility company. Other than the much needed tariff that makes business sense, financial sustainability of a utility company also rests upon a steady source of revenue stream.

In actual fact, consumers that acquire energy in large amounts actually represent the backbone of steady revenue streams, and their contributions often enable utility companies to make critical infrastructure upgrades that at the end of the day would benefit all level of customers.

Thus, for Sabah Electricity, our quest to achieve a large revenue from LPCs, industrialization at both the state and national levels is a strategic priority. Simply put, industrialization drives economic growth, generates employment, and, most importantly for a utility company, increases energy consumption by LPCs. Unfortunately, industrialization also means attracting quality investments in the manufacturing sector.

In Sabah and the Federal Territory of Labuan, the current landscape of LPCs is made out of various entities. Among the many LPCs we serve, the top 10 represent an important segment of our customer base.

These entities are not only important consumers of electricity but also trusted key players who consistently maintain strong payment records. Their reliability guarantees a stable and predictable revenue stream, which is most needed for the financial sustainability and operational stability of a utility company.

For these particular top 10 Large Power Consumers (LPCs), they represent a wide range of industries where among them are Independent Power Distributors (IPDs), office complexes, manufacturing facilities, retail outlets, and educational institutions. Each of which plays a unique role in shaping our economic landscape while contributing to Sabah Electricity's Success.

To name a few: K.K.L.P.Power Sdn Bhd; SK Nexilis Malaysia Sdn Bhd; Sbh Kibing Solar New Materials (M); Antara Steel Mills Sdn Bhd, Universiti Malaysia Sabah; Syarikat Kapasi Sdn Bhd; Malaysia Airports Sdn Bhd; Makamewah Sdn Bhd; Jabatan Ketua Menteri and Cement Industries (Sabah) Sdn Bhd.

Hence the financial contribution of LPCs must not be overlooked. The top ten LPCs alone generate annual revenues ranging from RM 6 million to RM 45 million. These figures emphasize the immense value they bring to our operations.

It is important to note that this represents only a fraction of the LPCs we serve, as many others also contribute meaningfully to our overall revenue. Together, these customers form the support of our business, providing the financial resources necessary to maintain, expand, and modernize our infrastructure.

To understand the potential of LPC-driven growth, we can look at Tenaga Nasional Berhad (TNB) as an example. Approximately 80 percent of TNB's revenue comes from LPCs, while only 20pc is derived from household consumers.

This balance significantly impacts their ability to generate higher profits, which in turn allows them to reinvest in infrastructure improvements, technological advancements, and enhanced customer service. For TNB, this structure creates a virtuous cycle of profitability and progress.

In contrast, the situation in Sabah and Labuan is the reverse. Here, household consumers account for roughly 80pc of our customer base, while LPCs represent only 20pc. This imbalance poses challenges, as residential consumers typically generate lower revenue compared to industrial or commercial users.

If we aim to improve our infrastructure and address longstanding issues, such as System Average Interruption Duration Index (SAIDI), generation capacity, and network reliability, we must actively pursue a strategy to attract more LPCs.

The need for infrastructure upgrades is pressing. For example, transitioning from high-tension All-Aluminium Conductor (AAC) lines to Aluminium Bundle Cable (ABC) systems is a critical step. This upgrade reduces problems caused by animal interference, cable faults, vegetation encroachment, and lightning strikes, all of which contribute to power interruptions.

Now, for industrial growth to truly take root and thrive, there are several key areas where infrastructure must be addressed. This includes resolving the ongoing challenges surrounding water supply, improving transportation and logistics networks, expanding road systems, and establishing rail connections that are more efficient and accessible.

On rail connectivity, it is of paramount importance that all the existing and future industrial parks are connected to the main port namely the Sepangar Bay Port. There is therefore an urgent need to upgrade the railway track as well as the locomotives to ensure not only safety but speed and efficiency. It must be noted that the existing locomotive in operation are more than 40 years old and it is not suited to transport manufactured goods from the industrial park to the Sepangar Bay Port.



These foundational upgrades are not mere conveniences but necessary for the smooth functioning of industries. Without a reliable and accessible infrastructure, efforts to develop the industrial sector will be limited.

Better infrastructure would put industries in a better position to flourish, attracting more investment and opening doors for regional economic expansion. The long-term viability of industrial development depends on raising the state's economic contribution in addition to these concrete advancements.

Therefore, a reasonable objective would be for manufacturing and industrial operations to account for about 30pc of the state's GDP. Better roads and railroads alone won't be enough to do this where reliable industrial coordination is needed.

Apart from this, policies in place must also ensure that there are appropriate incentives for investment while also establishing an environment that allows businesses to expand and develop.

By giving these improvements top priority, we can build a power supply infrastructure that not only facilitates industrial expansion but also lessens interruptions, promotes energy efficiency, and offers more reliable access for homes and businesses. Sabah's capacity to draw in investment is reinforced by this double advantage, which also raises the standard of living for its citizens.

**Datuk Seri Panglima Wilfred Madius Tangau**  
 Sabah Electricity Chairman  
 Member of Parliament  
 for P170 Tuaran  
 Honorary President of Upko