



02 AUG, 2025

Energy-intensive sectors feeling the heat from tariff hike

The Star, Malaysia



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Energy-intensive sectors feeling the heat from tariff hike

PETALING JAYA: Businesses in energy-intensive sectors are feeling the strain of higher electricity costs, with some reporting up to a 10% spike in monthly bills following recent tariff adjustments, according to a business group.

Federation of Malaysian Business Associations (FMBA) vice-chairman Nivas Ragavan said the manufacturing, cold storage and food processing sectors were affected.

For SMEs operating in industrial zones, he said this led to an average increase of up to RM9,000

monthly, depending on usage and operational scales.

"Some members have reluctantly begun passing down costs as part of increased utility expenses."

"Average price adjustments have been in the 3% to 7% range, primarily to offset electricity-related overheads," he said.

Nivas, who is also the Kuala Lumpur and Selangor Indian Chamber of Commerce and Industry president, said the hikes will lead to broader consumer price increases if relief mecha-

nisms or subsidies were not reviewed.

"The government and TNB should reevaluate the tariff structure."

"Businesses that adopt environmental, social and governance initiatives, invest in green energy or operate during off-peak hours, should be offered tiered incentives or rebates."

"This will encourage sustainability without punishing productivity," he said.

SME Association of Malaysia national president Chin Chee

Seong said the body will conduct a survey to find out the actual situation on the ground.

"It may be several months before any impact can be observed."

"Perhaps then, we can see how much more businesses have to pay when it comes to their electricity bills," he said, adding that most may not have received their bills yet.

The Electricity Tariff Restructuring came into effect on July 1 and will last until Dec 31, 2027.

Under the restructuring, the Energy Commission announced that more than 23.6 million domestic users in the peninsula would benefit from fairer and more progressive electricity rates due to the newly approved electricity tariff schedule by the government.

It said the electricity tariff changes for the Regulatory Period 4 (RP4) involve the restructuring of the following three components – average base tariff rate, new tariff schedule and fuel cost adjustment mechanism.