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Water tariffs won't rise just for data centres

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THE Dewan Negara was told, Monday, that domestic water tariffs will not be raised solely to meet the demands of data centre development.

Deputy Energy Transition and Water Transformation Minister Akmal Nasrullah Mohd Nasir said the government has decided that costs related to upgrading electricity and water grid infrastructure to support data centres will be fully borne by the developers, to ensure that there will be no additional financial burden on consumers, particularly domestic users.

He said the development of data centres and the projected rise in electricity demand in Peninsular Malaysia, require significant grid enhancement works under the Fourth Regulatory Period (RP4), scheduled from Jan 1, 2025, to Dec 31, 2027. This follows the committed demand of over 7,000 megawatts (MW) already secured through Electricity Supply Agreements (ESA), between data centre operators and Tenaga Nasional Berhad (TNB), in addition to completed projects, as of September 2025.

"In this regard, the government has introduced a 'user pays' approach under the new tariff structure, whereby data centre operators are required to bear the additional costs of strengthening grid infrastructure. This measure ensures that such expenses are not passed on to other consumers," he said, during the oral question session at the Dewan Negara, Monday.

He said this in his reply to a question from Senator Datuk Rosni Sohar, who asked for the government's assessment of the impact of the growing number of data centres on national energy and water consumption. She also sought assurances that electricity and water tariffs would not be raised in a way which would burden the public, or negatively affect the well-being of the domestic economy.

Akmal Nasrullah said that the government has also introduced a dedicated Ultra High Voltage (UHV) tariff category for data centres operating at high and extra-high voltage levels to ensure a stable and sustainable electricity supply for their operations. – Bernama