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Water tariff reform, energy grid expansion needed

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KUALA LUMPUR: Water remains the most under-addressed challenge, and Malaysia is losing over 30% of treated water, with some states losing more than 40%.

Deputy Prime Minister and Minister of Energy Transition and Water Transformation Datuk Amar Fadillah Yusof said despite that, domestic water tariffs remain disconnected from operational realities.

"We cannot expect sustainability from a system that cannot sustain itself. Technology offers solutions - smart metering, AI detection, optimisation systems. But technology alone is not enough. What we need is courage, to make difficult decisions, to speak honestly about tariffs, and to reform with urgency," he said at the Malaysia Energy, Water & Climate Change Summit 2026 yesterday.

On power, Fadillah said electricity demand is rising and is driven by digitalisation, data centres, and industrial growth.

"Yet our grid was not designed for this pace. At the same time, we face a delicate balance - transitioning away from fossil fuels while safeguarding energy security," he said.

Fadillah pointed out that the recent geopolitical tensions in the Middle East have made this reality immediate.

He said the volatility of global energy markets remind that energy security is not theoretical - it is deeply structural.

"Short-term gains from high oil prices must not distract us from long-term vulnerabilities. Because true security is not about what we earn today, but what we can sustain tomorrow," he said.

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► We cannot expect sustainability from system that cannot sustain itself, says Fadillah

Fadillah said across Asean, similar pressures are unfolding. And history has shown that during a crisis, the instinct is often to retreat - to delay transition, to extend fossil reliance.

"The energy transition is not a climate obligation. It is a strategic necessity. Every megawatt of renewable energy we generate locally is a step away from vulnerability, and a step toward sovereignty," he said.

Fadillah pointed out that Malaysia's National Energy Transition Roadmap is clear.

"But clarity must now translate into action. First - the grid. Renewable energy is no longer the constraint. Transmission is. Without grid expansion, our ambitions will remain stranded.

"Second - tariff reform. Subsidies may soften the present, but they burden the future. A sustainable system must reflect real costs - so that investment can follow.

"Third - corporate participation. Our frameworks are in place. Now they must perform.

"We must enable private capital to flow - not hesitate," he said.

On hydrogen, Fadillah said Malaysia remain pragmatic, with potential that must not overshadow priorities.

"And on Asean integration - we believe in it. But belief must be anchored in bankability. Because in the end, capital does not move on optimism - it moves on certainty," he said.

Moving on, Fadillah said Malaysia cannot finance this transition alone, adding that public funds must catalyse the transition.

"Investors are ready. But they seek clarity. Stable regulations. Transparent frameworks. Bankable agreements. These are not luxuries. They are prerequisites.

"We must also confront our own inefficiencies - delays in approvals, fragmented coordination.

"Speed is no longer an advantage. It is a necessity. Our green sukuk leadership, our Bursa Carbon Exchange - these are strong foundations. But foundations alone do not build structures.

"To our partners - multilateral institutions, development banks - we welcome you. But we must now move beyond pilots. We need scale," he said.

The conference brings together over 150 high-level delegates from government, industry, finance, and academia to address the urgent execution challenges in achieving Malaysia's net-zero ambitions.

Organised by the KSI Strategic Institute for Asia Pacific, the summit focused on the theme "Implementing Infrastructure, Renewable Energy, and Water Reform for a Net Zero Malaysia".

The summit provided a delivery-focused platform, emphasising infrastructure readiness, financing constraints and regulatory reforms required between 2026 and 2027.

Discussions centred on bridging the gap between policy ambition and implementation, particularly in the face of rising electricity demand, the water system inefficiencies, and climate pressures.