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# How Sabah Electricity is laying foundation for economic resilience



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AS I have mentioned before, Sabah's ongoing journey towards economic transformation from agriculture to industrial based economy hinges upon among others the availability of quality and stable electricity supply.

For the record, Sabah Electricity has worked tirelessly over the years to provide a stable supply, and we are continuing to reorient the state's energy infrastructure to support a more industrialised economy, one that can withstand global shocks, create meaningful jobs, and ensure long-term prosperity for its people.

However Sabah Electricity is being confronted with multifaceted challenges in its efforts to provide quality and stable power supply.

Other than technical challenges, financial challenges are equally crucial in ensuring a sustainable financial position for the utility. Other than tariff issues the quality and sources of revenue is also important. For instance, at the moment 80pc of Sabah Electricity revenue is from residential consumers.

As it stands there are stark differences in who Sabah Electricity and Tenaga Nasional Berhad (TNB) serve; 75pc of TNB's revenue is from industry and commercial consumers and only 25pc and it is the opposite for Sabah Electricity.

The energy infrastructure in Peninsular Malaysia is of course much bigger than ours, TNB's National Grid, which includes the 132kV, 275kV, and 500kV transmission networks, spans approximately 26,371.48 kilometers as of 2024.

The number of customers there has reached 10.41 million, dominated by residential users with 9.14 million accounts, followed by 1.83 million commercial customers.

Despite the high number of residential users, the industrial and commercial sector commands a large share of electricity consumption, accounting for nearly 34pc industries and 42pc commercial while residential consumption is only 27.9pc. This reflects a highly industrialised economy where manufacturing hubs, commercial estates, and processing plants drive the nation's economic output.

The situation in Sabah presents a different scene. Here, industrial consumers make up only a small portion of overall electricity demand, while residential usage dominates at close to 80pc.

This consumption pattern mirrors the structure of Sabah's economy, which remains heavily reliant on services, tourism, small-scale agriculture, and household consumption.

Recognising the implications of this imbalance, Sabah Electricity, in collaboration with government agencies and private stakeholders, is committed to shifting the landscape. Building a stronger industrial base is a must in order to diversify Sabah's economy, reducing its dependence on volatile sectors, and creating new streams of income and employment.

More critically, a varied industrial sector acts as a shock absorber during global crises. The Covid-19 pandemic and past outbreaks like SARS exposed the vulnerability of economies that rely too heavily on sectors like tourism. While tourism remains an important part of Sabah's identity, it can collapse almost overnight when borders close and travel halts.

In contrast, industries producing essential goods, materials, or services tend to be more resilient, maintaining operations even during economic shocks. For this reason, Sabah's push for industrialisation is not merely about economic ambition, rather it is a strategy for building lasting resilience.

Electricity forms the heart of indus-



trial activity. It is undeniably the heart of the economy. Without reliable, sufficient, and affordable power, factories cease to operate, machinery grinds to a halt, and investors turn elsewhere.

Sabah Electricity understands this responsibility deeply and is recalibrating its strategies to meet the needs of an industrialising Sabah.

Increasing generation capacity to match rising demand is a key priority. Sabah's grid, which currently manages a peak load exceeding 1,000 megawatts, is being steadily reinforced through the development of new generation projects.

Industrial consumers require more than just access to electricity; they demand a reliable supply and rightly so. Power interruptions and voltage fluctuations can result in massive financial losses for manufacturing operations. Recognising this, Sabah Electricity is modernising its grid infrastructure, upgrading transmission lines and substations to minimise outages and maintain power quality, particularly in key industrial growth areas such as the West Coast, Sandakan, and Tawau.

Industrial development for Sabah begin with the establishment of dedicated industrial zones such as the Palm Oil Industrial Cluster (POIC), Lahad Datu, POIC Sandakan, Sabah Oil and Gas Industrial Park (SOGIP) in Sipitang and KKIP in Kota Kinabalu. However, the ever increasing number of investors that signed up particularly in SOGIP have made power generation much more challenging.

Sabah Electricity is committed to work closely with the Sabah government to further enhance energy solutions that meet the specific demands of heavy industries, petrochemicals, and advanced manufacturing. These efforts help ensure that Sabah can offer credible, reliable energy services to potential investors, strengthening the state's competitiveness.

Bear in mind, Sabah Electricity's role is not just about infrastructure. The company actively participates in strategic planning discussions with state and federal policymakers, ensuring that electricity development aligns with broader industrial growth objectives.

Close coordination between energy planning and economic planning avoids pitfalls such as under-capacity, which could stifle growth, or overbuilding, which could place undue financial burdens on consumers.

While driving industrial growth, Sabah Electricity remains committed to environmental stewardship. Cleaner generation sources, the gradual adoption of renewables, energy efficiency initiatives, and better emissions management are all integrated into long-term plans.

Sabah's journey towards a strong, diversified economy will not be shaped by policy declarations alone. It demands the steady, difficult work of building reliable infrastructure, attracting sustainable investment, and creating the right conditions for industries to flourish.

In this state-wide transition, Sabah Electricity sees itself not only as a utility provider, but also as a facilitator of economic success.

Its function extends beyond power generation and it is actively establishing the environments for a more self-sufficient and resilient Sabah economy.