AUTHOR: LUQMAN AMIN SECTION: HOME AUDIENCE : 25,910 PAGE: 9 PRINTED SIZE: 329.00cm²
REGION: KL MARKET: Malaysia PHOTO: Black/White ASR: MYR 3,430 WORDS: 403
ITEM ID: DP0122566274



19 NOV, 2026

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The Edge CEO Morning Brief, Malaysia

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KUALA LUMPUR (Nov 18): Former energy minister Yeo Bee Yin on Wednesday urged the government to exclude coal-fired generations from the calculation of base tariff for data centres to protect households in the longer term.

The Puchong MP argued that households should retain the benefit of cheaper electricity while large new users face prices that better reflect their supply costs.

She called on the Energy Commission (EC) to review and implement this exclusion immediately, rather than wait until a separate wholesale electricity market for large consumers is introduced years from now.

"We should price electricity for data centres correctly even now. Not [wait] until 2029 and 2030," she told the Dewan Rakyat during the committee-stage debate on electricity supply allocation on Wednesday.

Yeo argued that excluding the coal component from data-centre tariff calculations would help keep household electricity costs under control, while allowing targeted investors to assess whether their business models remained viable.

Building any new power plants to meet uncertain demand could ultimately leave other consumers bearing the costs if market conditions or technology changed and the anticipated demand failed to materialise, she warned.

"Data centres can be built within 12 to 24 months — that's one to two years. Meanwhile, gas-fired power plants will now take four to seven years, taking into account supply chain constraints," Yeo said.

To ease pressure before new generation capacity becomes available, she urged the government to strengthen measures that encourage large users, including factories, to reduce peak electricity demand.

She also proposed extending tax incentives to companies leasing battery energy storage systems, which will allow factories to install storage without substantial upfront expenditure.

Deputy Prime Minister Datuk Seri Fadillah Yusof, who is also the energy transition and water transformation minister, had in mid-October hinted that a "user-pays" pricing approach was being considered to shield households from rising electricity costs. However, details on rates, consumption thresholds and implementation timelines have yet to be announced.

His deputy, Datuk Seri Abdul Rahman Mohamad, shared on Wednesday that Peninsular Malaysia's electricity reserve margin was projected at 24%-27% for 2027-2035. According to the EC, the country's reserve margin stood at 25% in 2025.

For now, the government had increased connected load charges to discourage excessive capacity bookings by data centres and introduced an ultra-high-voltage tariff structure effective July 1, 2025, he added.

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