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Data centres to bear costs

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Tariffs aim to shield consumers from higher electricity bills

ADDITIONAL costs arising from data centres' high electricity demand will not be unfairly passed on to other electricity consumers, says Datuk Seri Fadillah Yusof.

The Deputy Prime Minister said this would be achieved through the principle of cost causation, under which parties responsible for additional system requirements or costs must bear the related expenses fairly.

Among the measures was the introduction of the Ultra High Voltage tariff, which took effect on July 1 last year.

The tariff applies to existing and new data centres receiving electricity supply at high-voltage levels above 50kV up to 230kV, and extra-high-voltage levels above 230kV, he added.

"The tariff is intended to ensure that infrastructure and electricity supply costs are borne more fairly by large-scale users such as data centres," said Fadillah in a written reply to Syerleena Abdul Rashid (PH-Bukit Bendera).

Syerleena had asked about the approved water and electricity supply capacity for data centre projects, demand projections up to 2030 and safeguards to protect domestic consumers.



In session: Fadillah speaking in parliament on Oct 15. — Bernama

Fadillah, who is also the Energy Transition and Water Transformation Minister, said the government had increased the Connected Load Charge.

He said the charge was a penalty mechanism aimed at preventing data centres from applying for electricity capacity beyond their actual needs.

This would help ensure that approved capacity was used efficiently and in line with supply planning, he added.

"Data centres are also required to use at least 30% renewable energy based on their total electricity demand capacity," he said, adding that this could be achieved through the Corporate Renewable Energy Supply Scheme and Solar for Self-Consumption initiative.

He noted that the industry was also encouraged to develop its own power generation facilities to reduce dependence on the National Grid.

The Energy Commission was

also preparing a framework and guidelines for such facilities for data centres and other industries, he added.

Fadillah said data centre projects in Malaysia had secured approval for 12.3 gigawatts (GW) of electricity supply capacity as of August, while demand was projected to reach 8,391 megawatts (MW) by 2030.

On water supply, he said data centre projects in Selangor, Johor and Negri Sembilan had been approved to use a combined 445.04 million litres a day between 2025 and 2030.

Of this, 63.90 million litres a day had been approved for data centres already in operation as of June, representing about 14.36% of the total approved demand, he said.

He added that data centres were subject to a separate water tariff of between RM5.30 and RM5.38 per cubic metre in Peninsular Malaysia and Labuan, which took effect on Aug 1 last year.

Fadillah said the Data Centre Task Force would assess proposed data centre projects, taking into account available water resources, water supply system capacity and the needs of existing users.