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Electricity subsidy must balance affordability, industrial growth

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KOTA KINABALU: Sabah's electricity subsidy policy must strike a balance between keeping power affordable for the public and ensuring a reliable supply that supports business growth, said Malaysia-China Chamber of Commerce (MCCC) Sabah Director of Public Relations Edmund Goh (pic).



He said any changes to the existing subsidy arrangement should take into account the readiness of Sabah's power infrastructure, the cost pressures facing businesses and the state's broader economic development needs.

Under the leadership of President Datuk Dexter Lau, MCCC Sabah believes the key issue is not simply how long federal electricity subsidies should continue, but how Sabah can gradually strengthen its power supply system without placing an undue burden on households and businesses.

Edmund was responding to remarks by Sabah Deputy Chief Minister I Datuk Seri Panglima Dr Joachim Gunsalam, who said there was no fixed timeline for Sabah to stop receiving federal electricity subsidies, given the state's continued reliance on independent power producers (IPPs) and the high cost of electricity generation.

He said subsidies remained important in cushioning the impact of electricity costs, but long-term efforts must also focus on addressing the underlying challenges in Sabah's power supply system. Without sustained investment in infrastructure and improvements in supply reliability, reducing reliance on federal assistance could prove difficult.

"For businesses, electricity is more than just an operating expense. It affects productivity, cost competitiveness and deci-

sions on whether to expand or invest. Any adjustment to electricity tariffs must therefore be considered alongside improvements in supply reliability and the overall readiness of the power system," he said.

He noted that sectors such as manufacturing, food processing, cold-chain logistics and hospitality depend heavily on a consistent electricity supply. Uncertainty over electricity costs, coupled with supply disruptions, could make business planning more difficult and weaken investor confidence.

Edmund said the Southern Link transmission project would be an important part of Sabah's longer-term efforts to improve power supply stability. He called for continued cooperation between the federal and state governments to ensure that the project's subsequent phases receive the necessary attention and funding support.

He added that infrastructure development and subsidy policy should be addressed as part of a coordinated energy strategy. A clear medium- and long-term plan would allow the government to prioritise investment more effectively while giving businesses greater clarity on future electricity costs and operating conditions.

"Sabah's goal should not simply be to reduce its reliance on federal electricity subsidies. It should be to build a more reliable and sustainable power supply system that can support economic growth over the long term," he said.

Edmund said a more resilient electricity network would benefit households while strengthening Sabah's appeal as an investment destination. Aligning infrastructure improvements with sound subsidy planning would help the state manage future cost adjustments more effectively, while supporting industrial development and attracting domestic and foreign investment.