

**For discussion  
on 10 July 2017**

## **Legislative Council Panel on Welfare Services**

### **Energy Support for Grassroots Families**

#### **Purpose**

This paper briefs Members on the existing support for grassroots families to cope with energy expenses.

#### **Assisting Grassroots Families to Cope with Energy Expenses**

##### Electricity tariffs

2. In formulating the energy policy for Hong Kong, the Government has all along been upholding the policy objectives of safety, reliability, affordability and environmental performance. On affordability, the electricity tariffs in Hong Kong are in general lower than many of the cosmopolitan cities in developed economies. Households in Hong Kong on average spend about 2% to 3% of their expenditure on electricity. In the past few years, the two power companies have offered discounts or rebates to low consumption consumers.

3. In April this year, the Government entered into the post-2018 Scheme of Control Agreements (SCAs) with the two power companies. Under the post-2018 SCAs, the power companies will set up a new Community Energy Saving Fund (CESF) by using part of the incentives that they earn from achieving the targets under energy audits, energy saving from audits and energy efficiency funds. CESF will further support energy efficiency and conservation initiatives, such as encouraging customers, including grassroots families, to replace or upgrade their electrical appliances to more energy-efficient models. It will also support other programmes assisting the underprivileged groups.

4. The two power companies also run various concessionary schemes that offer concessionary tariffs to those in need, such as elderly persons and persons with disabilities, to reduce their electricity tariffs.

For example, the Hongkong Electric Company, Limited (HKE) has provided concessionary tariff schemes for application by eligible elderly persons, persons with disabilities, single-parent families and the unemployed. Beneficiaries can receive a 60% discount for the first 200 units of electricity consumed in a month in addition to the exemption from the payment of deposit and minimum charge. Details of the concessionary schemes are set out at **Annex**. Moreover, the CLP Power Hong Kong Limited (CLP) has organised the “Power Your Love Programme” (PYLP) annually since 2015 to encourage customers to save energy and to donate the electricity saved to the needy to reduce their electricity tariffs. Beneficiaries include elderly singletons and couples, persons with disabilities, families living in Sub-divided Units (SDUs) and boarders in special schools. From May till October 2017, CLP will invite District Council members in its supply area and various social service providers to nominate beneficiaries for PYLP. CLP has also been working with District Councils and non-government organisations to organise the “Subsidy Programme for Energy Saving Appliances” to distribute energy efficient electrical appliances to low-income families, households living in SDUs, elderly singletons, single-parent families, etc.

#### Gas bills

5. The Hong Kong and China Gas Company Limited (Towngas) provides four concession schemes for people in need, namely elderly persons, people with disabilities, single-parent families and low-income families on Comprehensive Social Security Assistance (CSSA). Benefits of the concession schemes include 50% discount on the first 500MJ (around 10.4 units) of gas consumed, waiver of security deposit and monthly maintenance charge, and free appliances maintenance service.

#### Other support

6. The CSSA Scheme administered by the Social Welfare Department provides a safety net for those who cannot support themselves financially. It is designed to bring the income of needy individuals and families up to a prescribed level to meet their basic needs. CSSA payments will be payable to eligible individuals and families to meet their basic and general needs, such as food costs, fuel and light, clothing and footwear, water and sewage charges, etc. CSSA recipients may flexibly deploy their CSSA payments to cover relevant expenses.

7. In addition, since the establishment of the Community Care Fund (CCF) in 2011, the Fund has been serving the functions of plugging gaps in the existing system, and has launched a number of programmes benefitting grassroots families. CCF will continue to collect views of the public and stakeholders in considering the launch of new programmes to support the underprivileged groups and grassroots families.

### **Situations of Households Living in SDUs**

8. There are concerns in the community on the rate of energy fees charged by landlords of SDUs. In respect of electricity tariffs, the two power companies implement a progressive tariff structure that is applicable to all residential customers. In 2016, the maximum residential net tariff of CLP and HKE was \$2.01 and \$1.849 per unit respectively. As SDUs usually have multiple tenants that share the same electricity account and meter of the flat, the total electricity consumption of SDUs in the same flat may be higher than that of an ordinary residential flat, leading to a net tariff that is higher than the average tariff. Whether landlords have overcharged tenants over the use of electricity depends on the total electricity consumption of the flats concerned, and cannot be determined by simple reference to the average tariff.

9. The collection of electricity tariffs by landlords from tenants involves, among other things, the tenancy arrangements between landlords and tenants as well as building structure. As SDUs may involve issues such as legal and building safety, it is difficult in practice to establish an electricity tariff structure solely for SDUs that is different from the tariff structure for other types of residential units.

10. To assist households living in SDUs, in addition to the various concessionary programmes set out at Annex, CLP has been working with social welfare organisations, green groups and electrical and mechanical trade unions since 2014 to explore the free installation of individual meters for SDU households who have obtained landlords' consent and whose SDUs are equipped with electrical installation that meets the relevant standards. HKE has also explored ways to install individual meters for households living in SDUs. The feasibility of installing individual meters depends on a number of factors, including the need to obtain prior consent from landlords to modify the existing installations to comply with the relevant prerequisites and safety standards (e.g. installation of an individual door with separate electrical installations to meet the safety requirements in the Electricity Ordinance (Cap. 406) and

the Supply Rules of the power companies); and the need to obtain the building management's agreement to allocate space for installing meters in the common areas to facilitate meter reading by the staff of the power companies.

11. In respect of the installation of water meter in SDUs, if the relevant SDUs have a proper postal address to ensure that letters from Water Supplies Department (WSD) such as notices and water bills can be posted to the occupier, the household may apply to WSD for a separate water meter. WSD follows the established procedures to handle water meter applications, and will take into account the following factors –

- (i) whether the premises has independent passage and can be accessed by the Water Authority without passing through any area occupied by others, to ensure that in case of any problem of the inside service, the Water Authority can enter the premises directly for inspection or carrying out other relevant duties;
- (ii) whether the premises has a proper drainage system to ensure that no flooding will occur in case of inside service fault; and
- (iii) whether the application complies with the requirements of the Waterworks Ordinance. For example, the applicant is required to accept responsibility for the custody of water meter and maintenance of inside service, and submit the plumbing proposal. The design and construction of the inside service shall also meet the requirements of the Water Authority.

### **Advice Sought**

12. Members are invited to note the content of this paper.

Development Bureau  
Environment Bureau  
Home Affairs Bureau  
Labour and Welfare Bureau  
Social Welfare Department  
July 2017

**Annex**

**Concessionary Tariff Schemes  
Operated by the Two Power Companies**

	CLP Power Hong Kong Limited	The Hongkong Electric Company, Limited
Energy Saving Discounts	<p>Customers with consumption of not more than 400 units per bi-monthly bill can receive an Energy Saving Rebate at the following rates:</p> <ul style="list-style-type: none"><li>- 17.2 cents per unit for total consumption not more than 200 units per bi-monthly bill;</li><li>- 16.2 cents per unit for total consumption between 201 and 300 units per bi-monthly bill;</li><li>- 15.2 cents per unit for total consumption between 301 and 400 units per bi-monthly bill.</li></ul>	<p>Customers with consumption of not more than 100 units in a month can receive a 5% Super Saver Discount.</p>
Concessionary Tariff	<p>Customers aged 60 or above who live either alone or with other similarly qualified elderly, and who are relying on or eligible to receive Comprehensive Social Security Assistance, can apply for the Concessionary Tariff for the Elderly.</p> <p>The approved applicant will be offered half-price for the first 400 units of electricity consumed in two months plus an exemption of the minimum charge per bi-monthly bill.</p> <p>The Energy Saving Rebate for Residential Tariff is still applicable to these customers.</p>	<p>Customers under Concessionary Tariff Scheme for the Elderly / Disabled / Single-Parent Families / Unemployed can receive 60% discount for the first 200 units of electricity consumed in a month plus the exemption of the payment of deposit and minimum charge.</p> <p>The Super Saver Discount is also applicable to customers under the Concessionary Tariff Scheme.</p>