



香港工業總會
FHKI

香港工業總會 **CB(1)409/13-14(04)**
Federation of Hong Kong Industries
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Hon James TIEN Pei-chun, GBS, JP
Chairman, Panel on Economic Development
C/O
Mr Derek LO
Clerk to the Legislative Council Panel on Economic Development
Legislative Council, Legislative Council Complex,
1 Legislative Council Road, Central, Hong Kong

22 November 2013

Dear Chairman and Panel members,

Interim Review of the Scheme of Control Agreements

As the Panel on Economic Development is going to discuss the results of the 2013 Interim Review of the Scheme of Control Agreements (SCA) soon, the Federation of Hong Kong Industries (FHKI) would like to reinforce some of our views further to our submission on the same in February 2013 for the Panel's consideration.

In the Interim Review of the SCA, the Government and the power companies should ensure the reliable services we now enjoy can be sustained. With regard to electricity tariff, we strongly urge the Government to ensure the charges of the power companies are maintained at a reasonable level. In view of the increase in operating costs for businesses in Hong Kong, tariff increase will add further pressure to enterprises. We hope the Government would work with the power companies to alleviate tariff pressure to the best they can. In this regard, we suggest that more efforts be devoted to help users to save energy, and that more flexibility can be given to the fuel mix to lower costs. We welcome the setting up of an Energy Efficiency Fund to help enhance the energy efficiency of non-commercial buildings.

The FHKI is strongly against any move to introduce progressive electricity pricing for commercial and industrial users. For any enterprise, use of electricity is indispensable and enterprises will make the best effort to reduce electricity consumption in order to minimize operating costs. However, the ability to save electricity is subject to technical constraints. Industrial use also help to balance out peak loading of residential users, hence making better use of overall generation capacity.



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Progressive charging lacks rational justifications and will have serious implications on the development of businesses and industries. It will discourage automation and will further drive away Hong Kong's industries. We caution the Government and the power companies against making any unwarranted change.

Yours sincerely,

Stanley Lau
Chairman