



16 Dec 2014



2015 Tariff Review

Presentation to: Panel on Economic Development, Legislative Council

Honouring our Pledge to Freeze Tariff for 5 Years

- As announced at LegCo in end 2013, HK Electric expected to freeze Net Tariff under the 2014-2018 Development Plan. Net Tariff was frozen in 2014.
- From 2008 to 2014, Net Tariff has been marginally increased by 5.9%, far below HK's cumulative inflation of 23% over the same period.
- As in 2014, Net Tariff will be frozen in 2015 for the second consecutive year.
- HK Electric's long-term development strategy is to provide customers with stable and reasonable tariffs for effective budget planning.
- If Net Tariff is frozen for 5 years, the cumulative increase in Net Tariff over 10 years from 2008 to 2018 will remain at 5.9%.

2015 Net Tariff Frozen for the Second Consecutive Year

Components	2014 ¢/unit	2015 ¢/unit	Adjustment ¢/unit
Basic Tariff	101.8	102.6	+0.8
Fuel Clause Charge	33.1	32.3	-0.8
Net Tariff	134.9	134.9	-

Details of 2015 Adjustment

- Due to the escalation of material prices and operating costs, the Basic Tariff will be increased by 0.8¢
- The softening of fuel prices resulted in reduction in Fuel Clause Charge which will wholly offset the increase in the Basic Tariff



FREEZE

Tariff and Structure Unchanged

Domestic Customers

Monthly Consumption (Units)	Cumulative Customers	Monthly Charge (HK\$) Same level in 2013-2015
100	10%	88.6*
150	18%	140.0
350	52%	361.3

* After 5% "Super Saver Discount"

Commercial Customers

Monthly Consumption (Units)	Cumulative Customers	Monthly Charge (HK\$) Same level in 2013-2015
500	45%	658.0
700	52%	929.2
1,700	70%	2,307.4

About 50% domestic customers on average need to pay only 88.6¢ to \$1 per unit

Concessionary Tariff for Needy Continued

Concessionary Tariff For Domestic Customers

Elderly

Disabled

Single-parent families

Unemployed

- 60% discount for the first 200 units each month
- Deposit waived
- No minimum charge
- Also eligible for “Super Saver Discount” for any month with consumption ≤ 100 units

Monthly Consumption (Units)	Typical Domestic Customers		Concessionary Tariff Customers	
	Monthly Charge (HK\$)	Average Tariff (HK¢/unit)	Monthly Charge (HK\$)	Average Tariff (HK¢/unit)
100	88.6*	88.6*	35.5*	35.5*
150	140.0	93.3	56.0	37.3
200	193.6	96.8	77.4	38.7

* After 5% “Super Saver Discount”

Energy Efficiency & Conservation Promotion

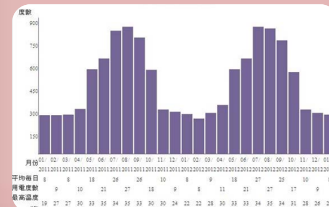


- ✓ Established in Jun 2014, about HK\$5 million already injected into the Fund
- ✓ Subsidise, on a matching basis, energy efficiency enhancement works for residential building public services
- ✓ Priority will be given to single tower residential blocks and applications referred by District Councils, non-government organisations or green groups
- ✓ As of end Nov 2014, 22 applications were received, of which the first batch of 6 applications was approved

Smart Power Campaign



25-month Consumption



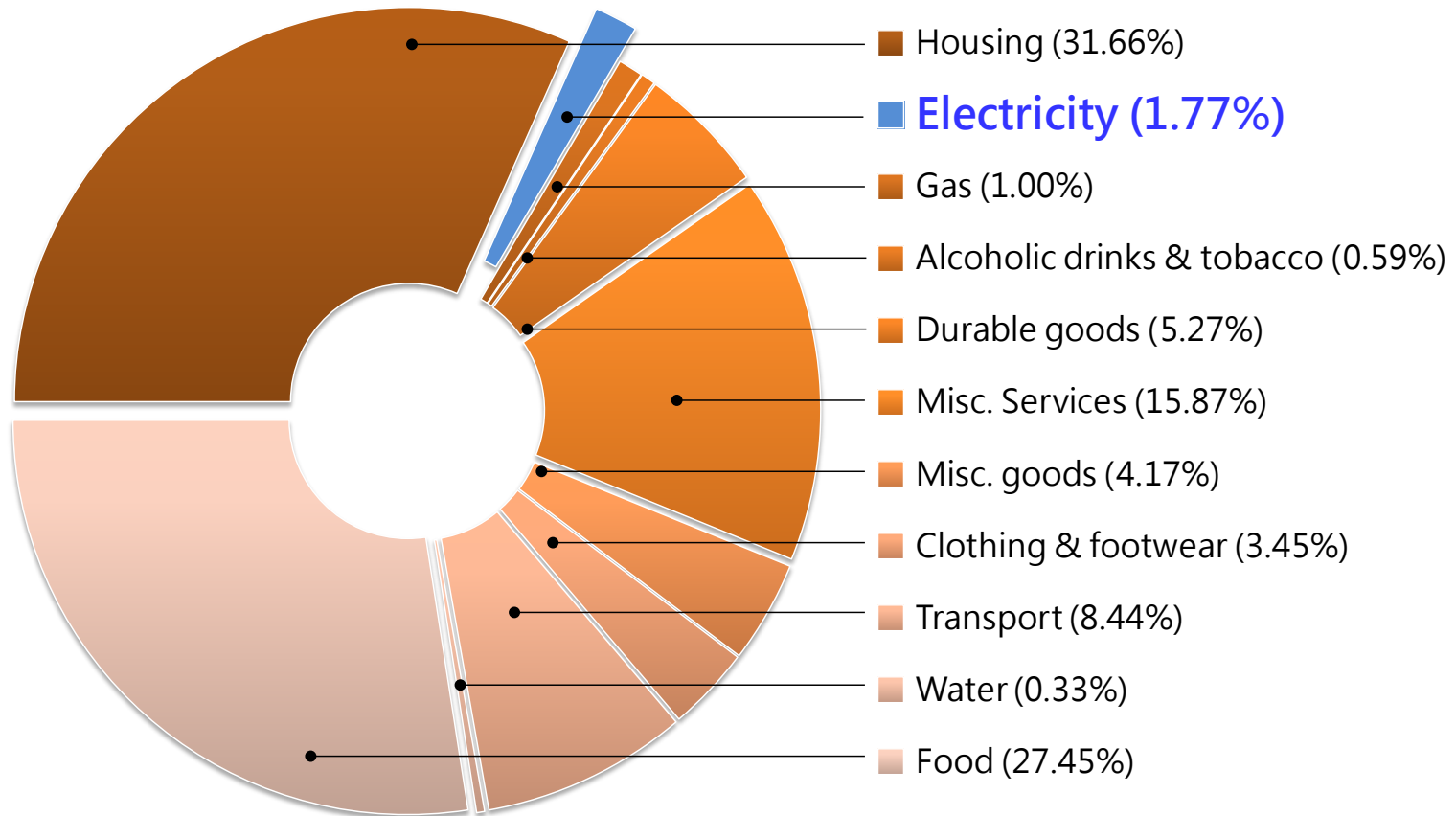
Free Energy Audit



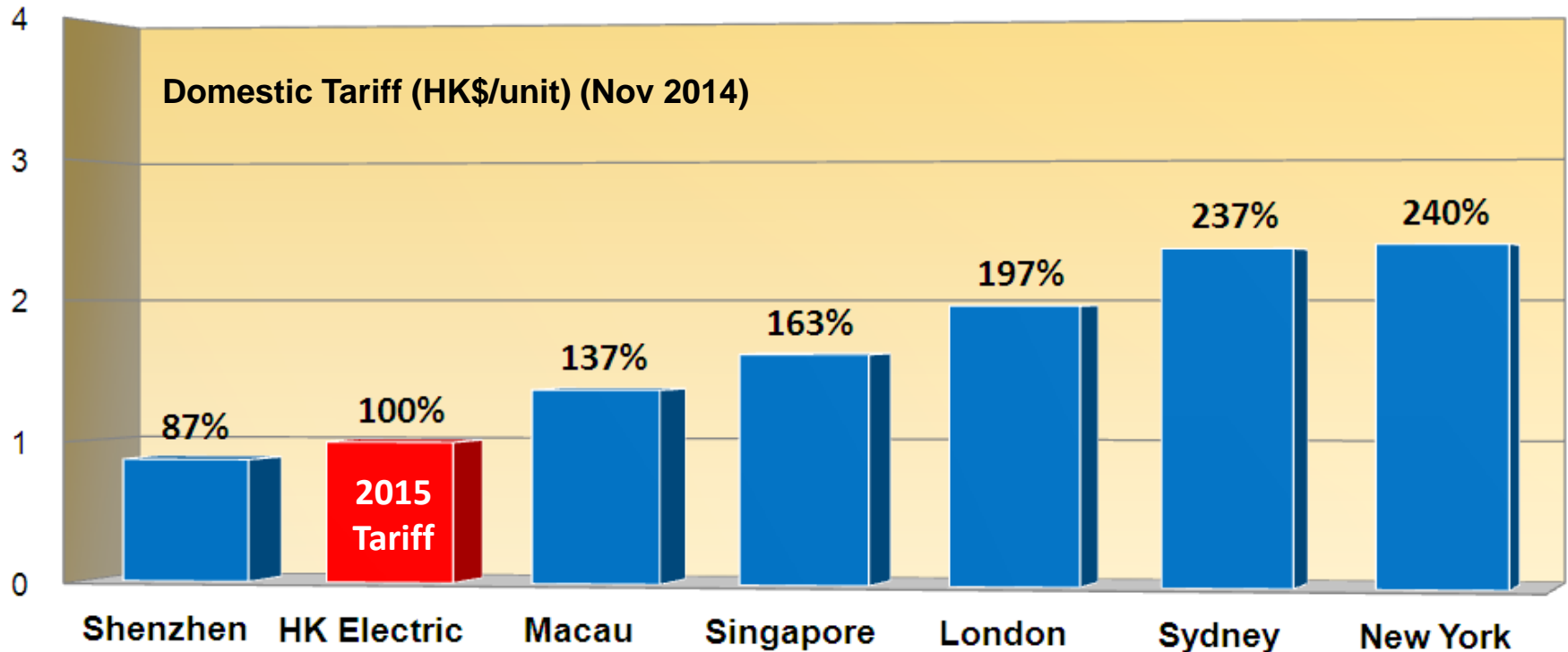
Low Carbon App



Composite Consumer Price Index Expenditure Weights



More Affordable Domestic Tariff Than Other Cities



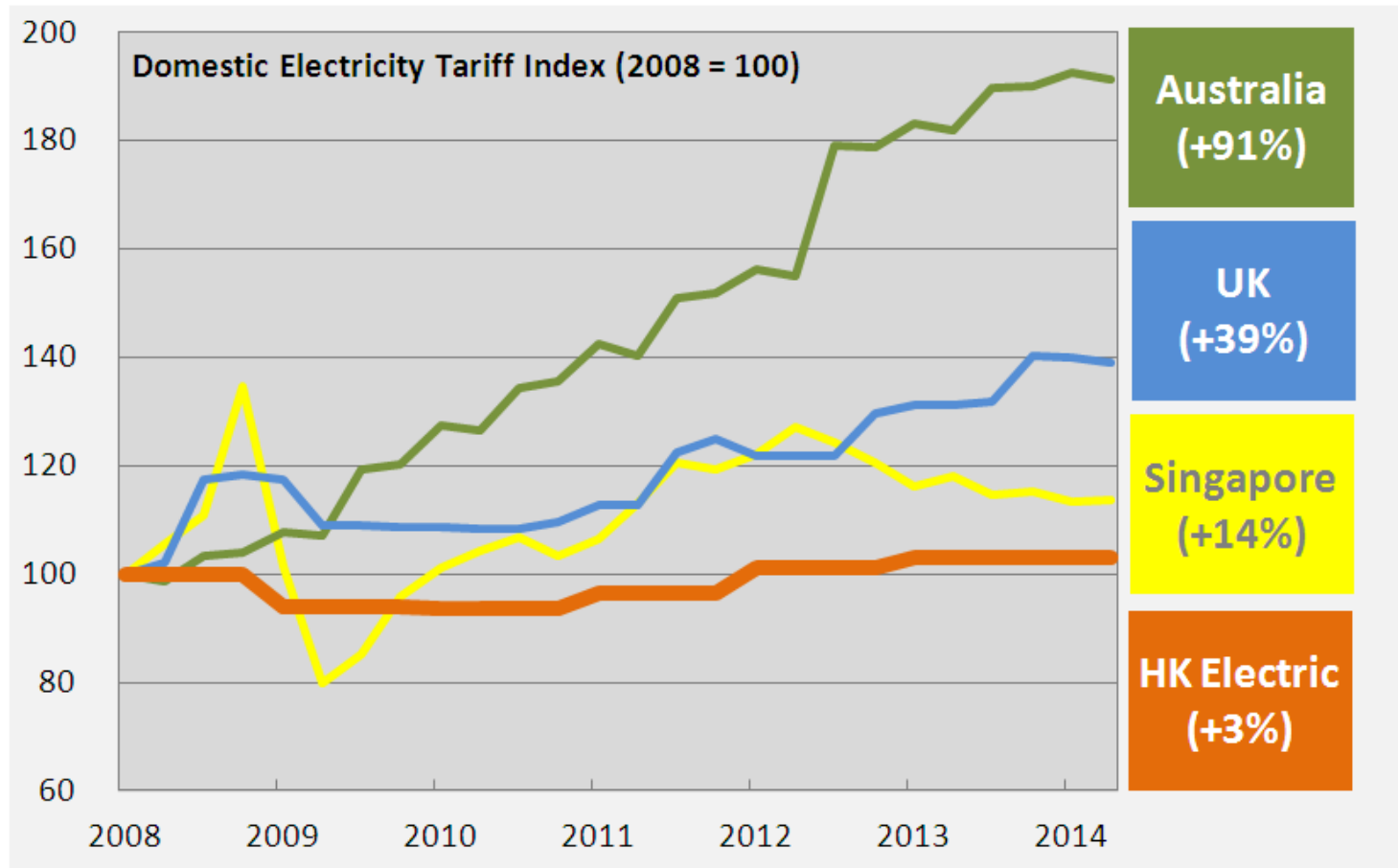
Remark: Comparison based on monthly domestic customer consumption of 275 units (3,300 units p.a.), ~40% of HK Electric's domestic customers; tariffs and exchange rates are as at Nov 2014

Sources:

1. Shenzhen: Shenzhen Power Supply Bureau
2. HK Electric: The Hongkong Electric Company, Ltd.
3. Macau: Companhia de Electricidade de Macau
4. Singapore: SP Services Ltd.

5. London: EDF Energy
6. Sydney: EnergyAustralia
7. New York: Consolidated Edison, Inc.

More Stable Tariff Than Other Deregulated Markets



Sources (Quarterly data from Mar 2008 to Jun 2014):

- (1) Consumer price index on electricity, Australian Bureau of Statistics, Australia
- (2) Consumer prices index (domestic electricity prices including VAT), Department of Energy & Climate Change, UK
- (3) Low-tension domestic tariff (including GST), SP Services Ltd., Singapore Power Group
- (4) HK Electric's average domestic tariff (Total domestic tariff revenue/Total domestic units sold)

World Class Electricity Supply

- Supply reliability rating maintained **>99.999% for 17 consecutive years** since 1997
- HK has been ranked **Top 3 in over 140 economies** in “Quality of Electricity Supply” by World Economic Forum in its “The Global Competitiveness Report” since 2012
- In 2013/2014, HK’s “Quality of Electricity Supply” ranked **No.1 in the world**



World Class Services

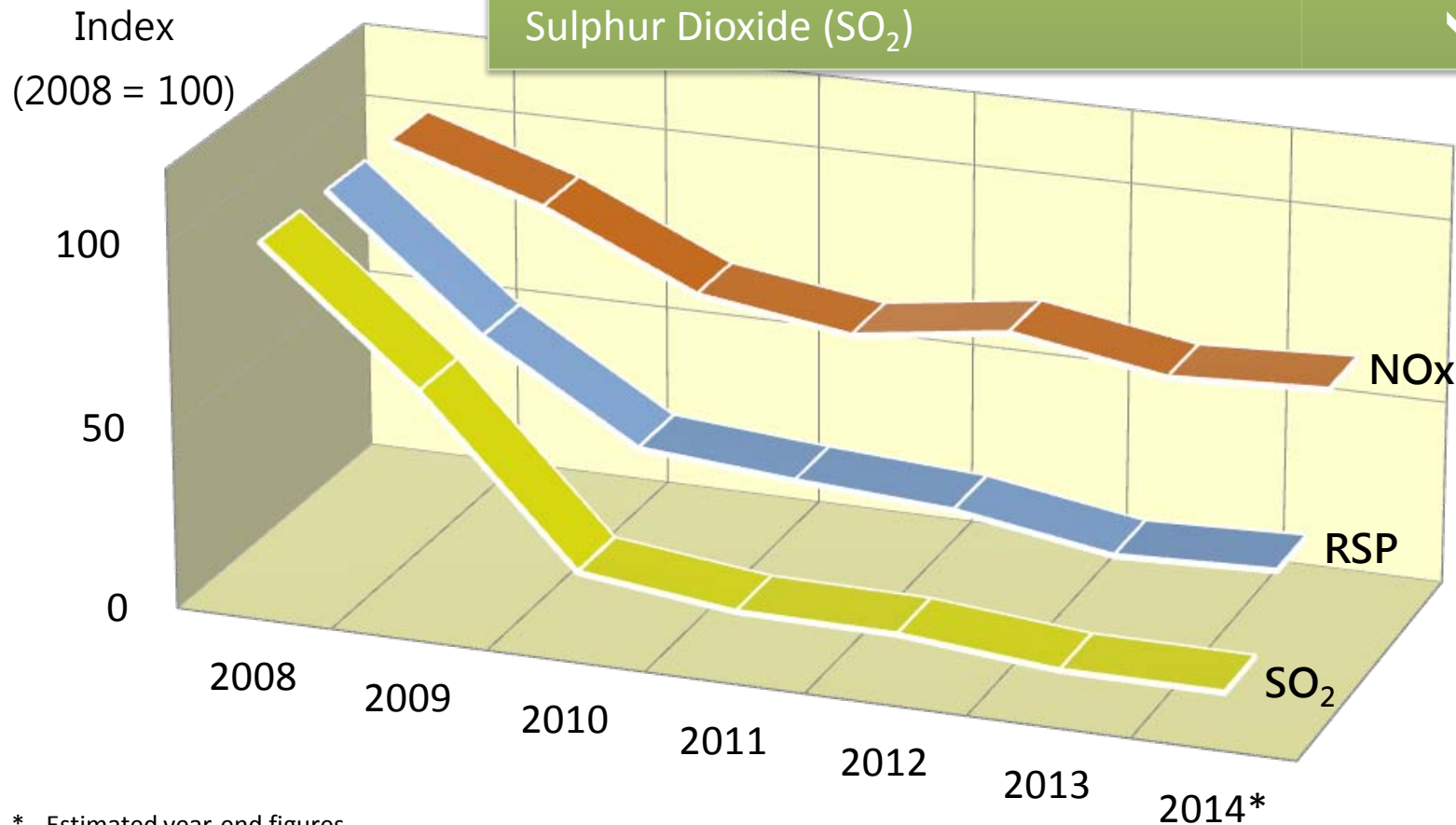
- Continuously improving services to achieve or even surpass 18 world class customer service standards

Services Provided	2014 Service Standards	2013 Actual Results
Reliability Rating of Electricity Supply	> 99.998%	> 99.999%
Average Waiting Time for Telephone Calls to Customers Emergency Services Centre	< 9 s	4.87s
Average Arrival Time at Scene in Urban Areas in Response to Emergency Calls	<28 min	19 min



Significant Emissions Reduction

Emissions	2014* vs 2008
Nitrogen Oxides (NO _x)	↓ ~40%
Respirable Suspended Particulates (RSP)	↓ ~70%
Sulphur Dioxide (SO ₂)	↓ ~90%



* Estimated year-end figures



Thank You