

LC Paper No. CB(4)242/14-15(06)

# 2015 Tariff

Presentation to LegCo Panel on Economic Development

16 December 2014

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# 2015 Tariff : Key Information

- With CLP's Energy Saving Rebate, 36% residential customers and 44% small business customers will see no tariff increase for three consecutive years, or even a slight decrease
- Due to increased fuel costs, Average Total Tariff increases by 3.1%, below inflation rate

# Extensive Efforts to Alleviate Tariff Pressure

- Strenuous effort in optimising fuel usage and expenses
  1. Maximize the use of cheaper gas from Yacheng gas field
  2. Procure more low emission coal
  3. Temporary import of additional nuclear energy from Daya Bay
  4. Enhance operation performance of generation plants and emission reduction equipment

⇒ These measures help reduce the usage of the more expensive gas supplies from the second West-East Gas Pipeline (WEPII)
- Prudent cost management and recent downward trends in fuel prices, together with the use of Fuel Clause Account, help mitigate overall tariff impact
- CLP will continue to work diligently in containing tariff increase to a minimum level

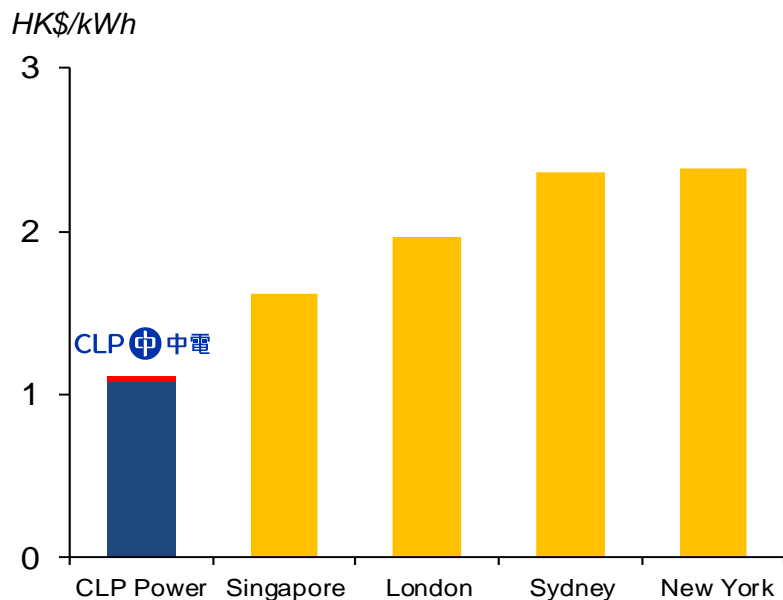
# 2015 Tariff Summary

Tariff Component (¢/kWh)	2014 Tariff	Change	2015 Tariff
Average Basic Tariff	88.4	-1.2	87.2
Fuel Cost Adjustment	22.4	+4.6	27.0
<b>Average Total Tariff</b>	<b>110.8</b>	<b>+3.4</b>	<b>114.2</b> <b>(+3.1%)</b>

**With CLP's Energy Saving Rebate, 36% residential customers and 44% small business customers will see no tariff increase for three consecutive years, or even a slight decrease**

# Reasonable Tariff with World-class Reliability

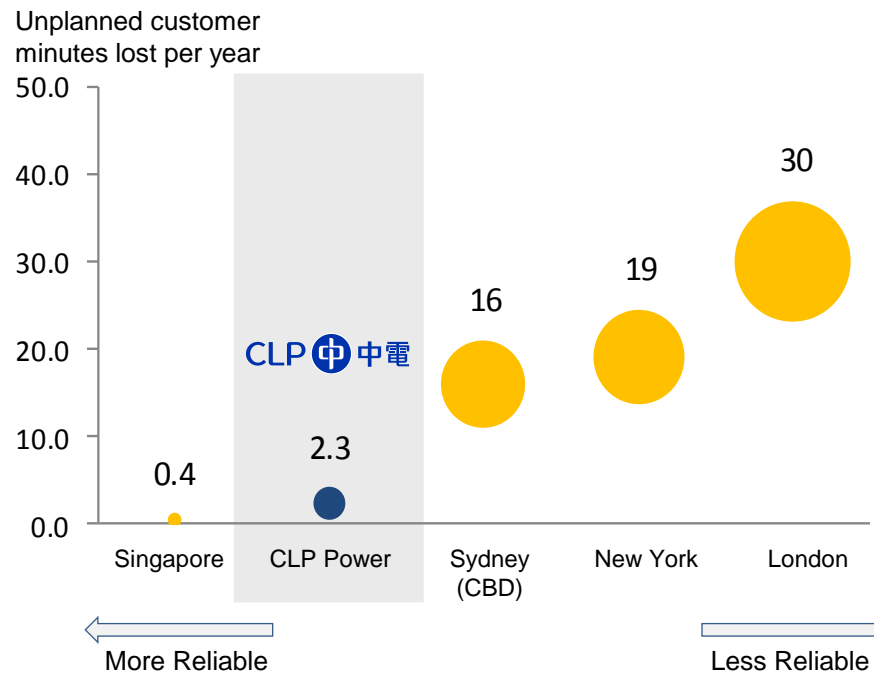
## Low Tariff



Remarks:  
Comparison based on average monthly domestic consumption of 275kWh  
Tariff and exchange rate at Nov 2014

■ CLP 2015 tariff adjustment

## High Reliability

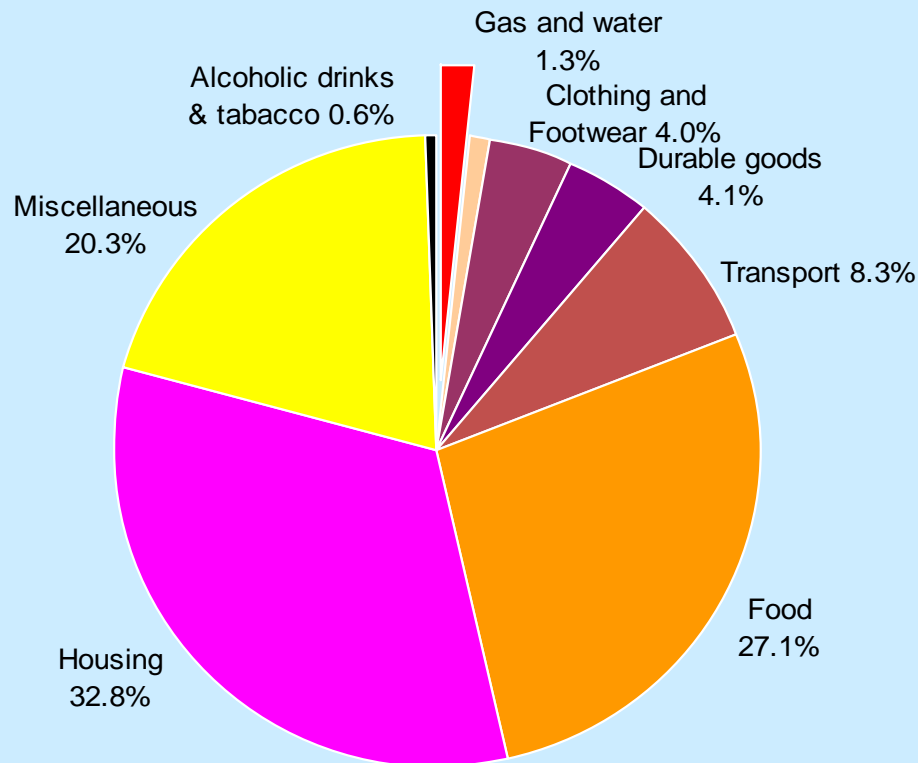


Remarks: 2011-2013 average

# Reasonable Electricity Tariff in Hong Kong

## Household Expenditure Survey

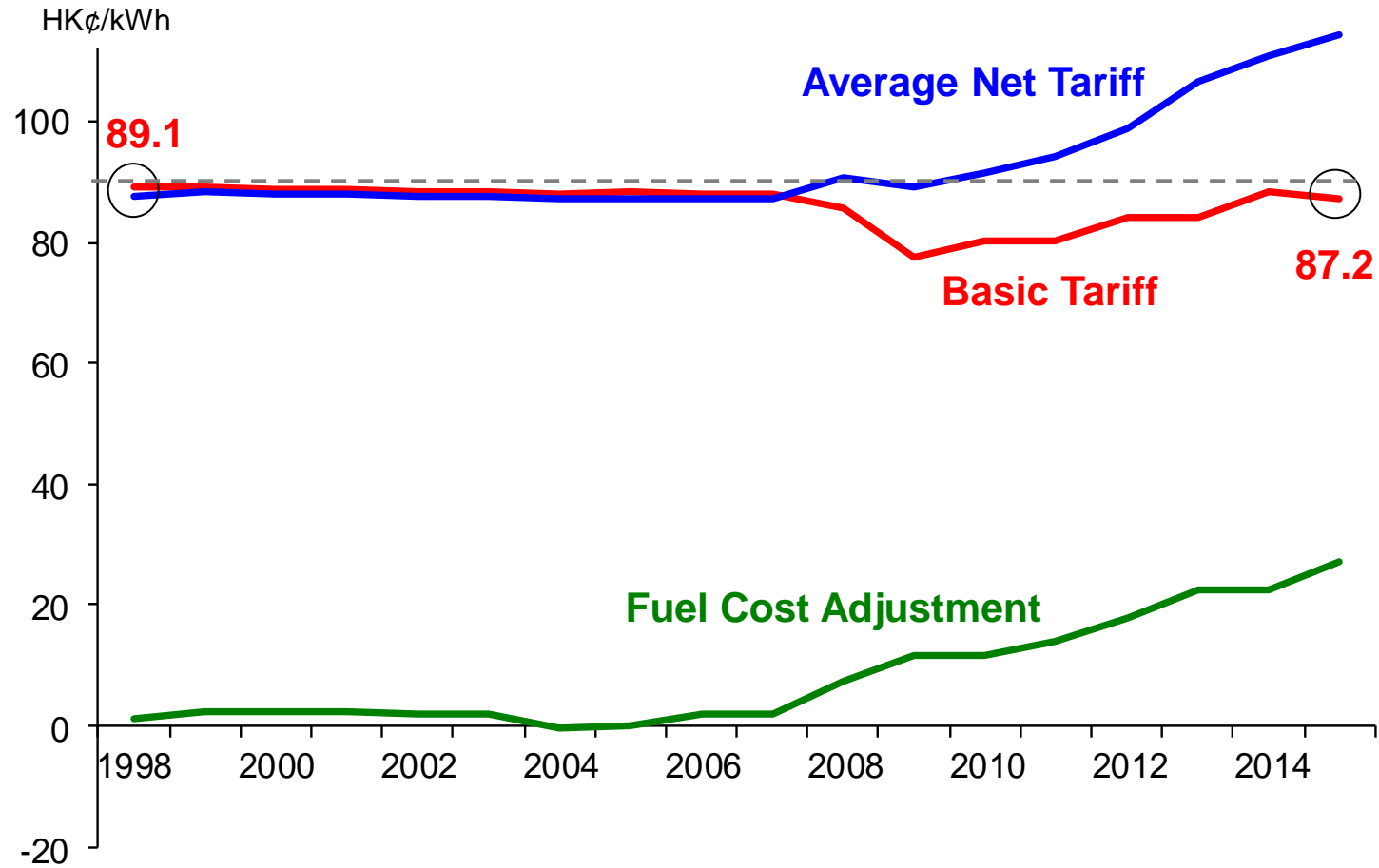
### Electricity 1.6%



Source : "2009/10 Household Expenditure Survey and the Rebasing of the Consumer Price Indices", HKSAR Government

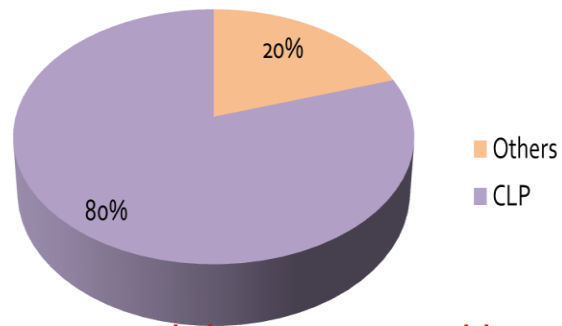
# Basic Tariff still Below 1998 Level

## Rising Fuel Cost – Key Driver for Tariff Increase



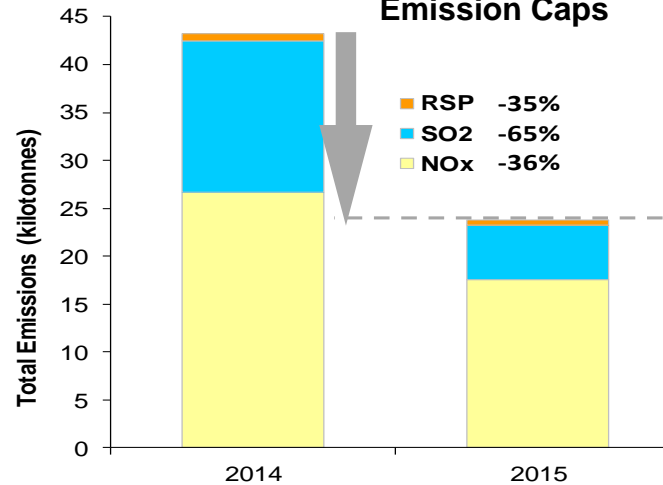
# Significantly Tighter Emissions Caps, Fuel Costs Increase by 50%

Gas Generation Capacity in HK

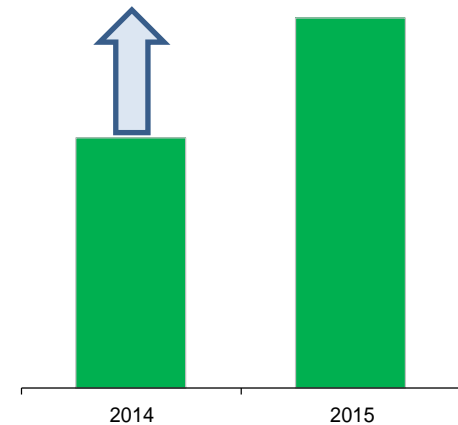


2015 emissions caps are set with reference to the gas generation capacity in HK, ~80% are under CLP

Emission Caps



Total fuel cost increased by 50%

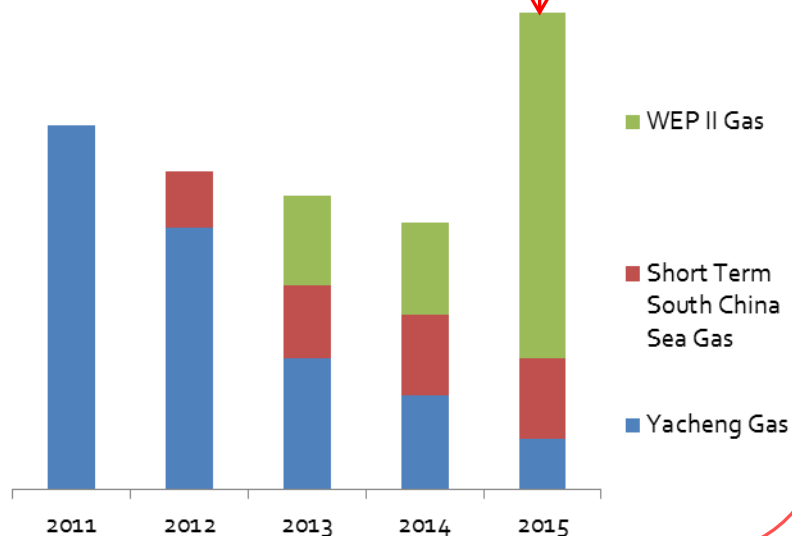




# With Higher Use of Natural Gas, Total Fuel Costs in 2015 to Rise to Approximately HK\$15.5b

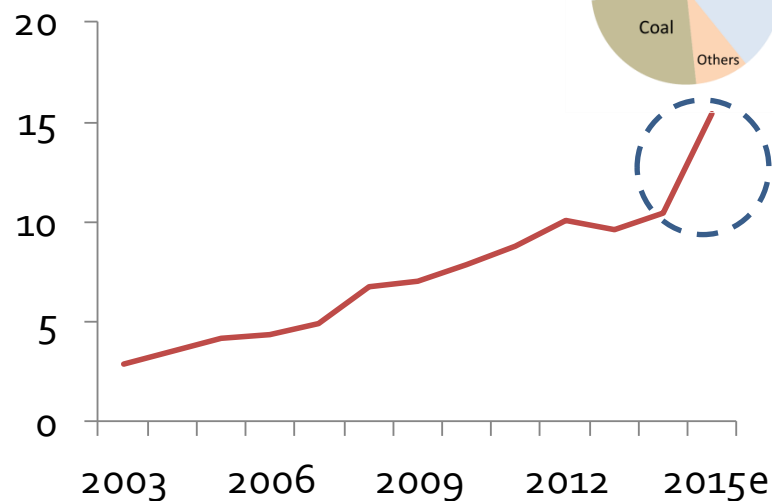
## Gas Volume

2015 emissions cap kicks in

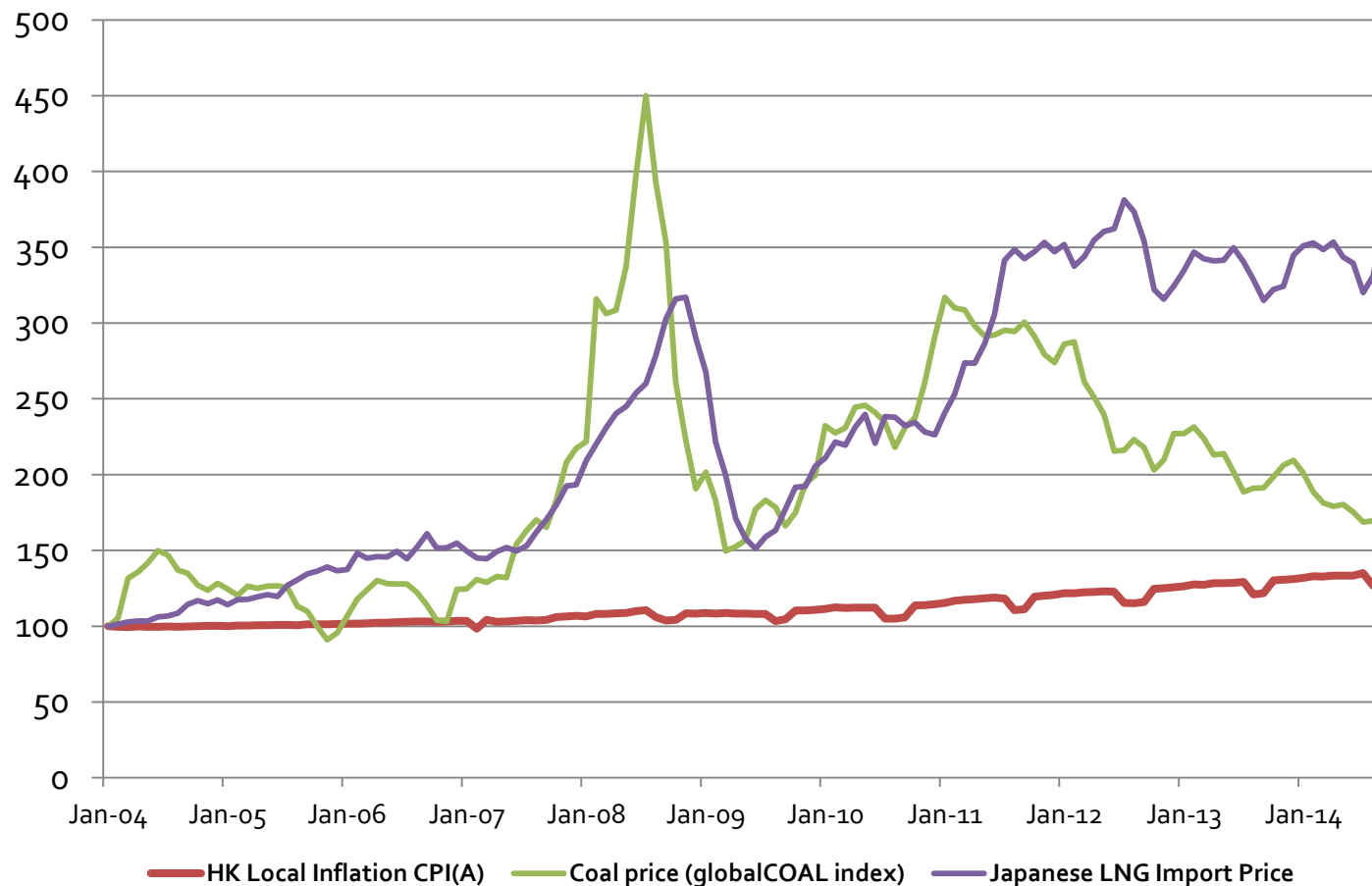


HK\$ billion

## Fuel Costs



# Highly Volatile Fuel Prices

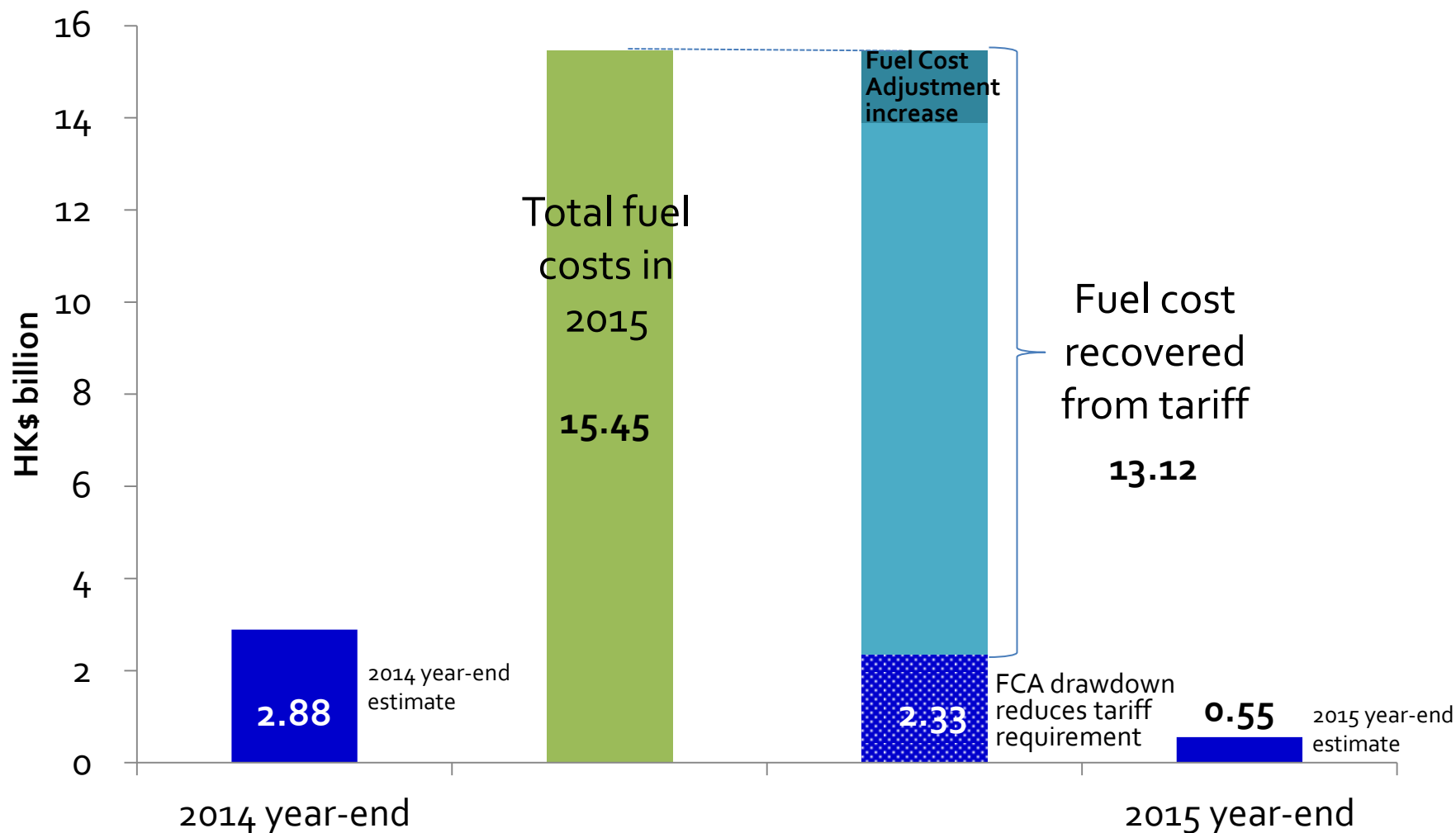


# Extensive Efforts to Alleviate Tariff Pressure

- 2015 total tariff increase is below inflation rate
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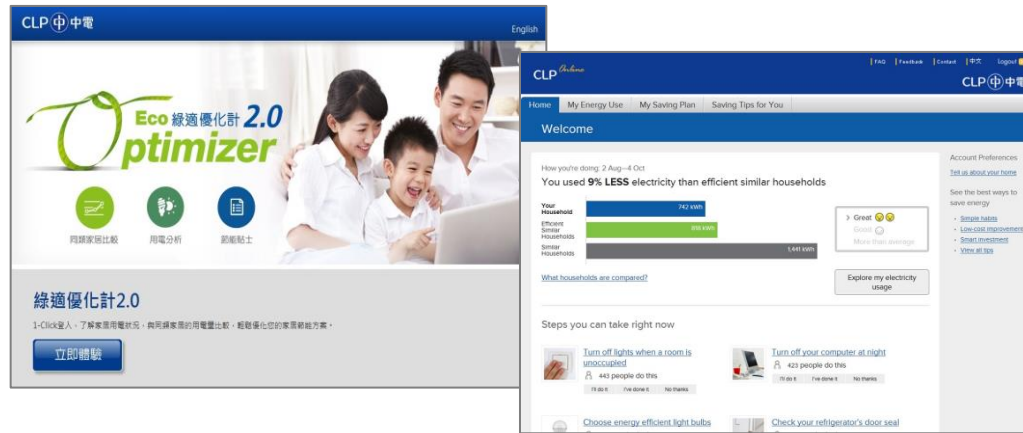
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# Fuel Clause Account (FCA) Helps Alleviate Tariff Increase

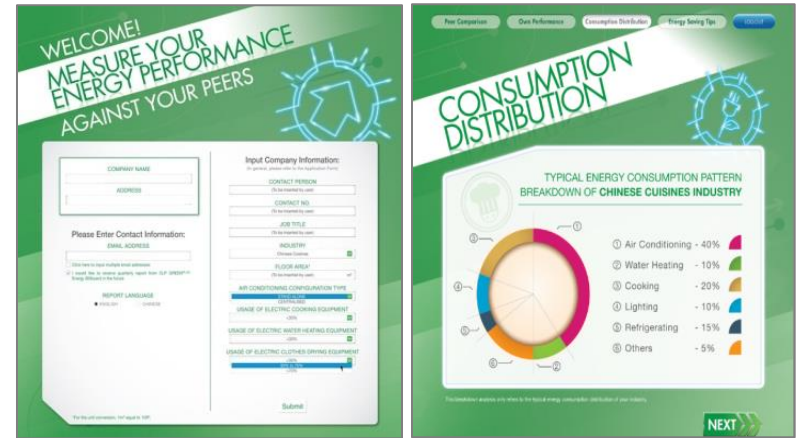


# Energy Saving Tools and Measures for Customers

## Home Energy Report



## Energy Contact Billboard



## CLP Eco Building Fund



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# Public Education on Environmental Protection

## Green Elites Campus Accreditation Pilot Programme



## Green Elites Portal cum Award Scheme



# Committed to Serving the Community

## Community Care Subsidy Scheme



## CLP Subsidy Programme for Energy Efficient Electrical Appliances



## LED Light Bulbs Replacement



## Hotmeal Canteen



# Commitment to Serving Hong Kong

- CLP has been serving Hong Kong for 113 years. With our power expertise, we fulfill our community commitment by providing reliable electricity supply and meeting the community's expectation of a cleaner environment
- We understand the concern of the community and we endeavour to work with and support the community



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