

From: Larry Sze - Gilman

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Subject: Public Consultation on the Future Development of the Electricity Market

**Public Consultation on the Future Development of the Electricity Market**

Dear Sir/Madam,

As the Government sets out in the consultation paper of the Public Consultation on the Future Development of the Electricity Market, electricity supply is highly important to Hong Kong as it powers our lives and drives the development of our economy.

In finding ways to improve the regulatory framework for the electricity market that would bring greater benefits to Hong Kong, we may first ask ourselves, what do we want to achieve? From the perspective of an electrical appliances supplier, it makes good sense to point out that maintaining supply reliability and promoting energy saving appliances are the top priorities for electricity market's future development.

One cannot argue that both power companies are delivering safe, reliable and affordable electricity supply in Hong Kong with continuing improvements in environmental performance, which proves that the current regulatory framework is able to meet the four energy policy objectives - energy prices, technologies availability, supply reliability and environmental concerns.

Getting electricity is one of the key indicators in World Bank's Doing Business Report, where Hong Kong ranked the third in 2015. As a financial hub in the region, our competitive edge lies in quality of service and world-class infrastructure. For instance, retail and tourism industries highly depend on reliable electricity supply. It is therefore important for us to keep ourselves at the leading edge of high supply reliability and not to put our international reputation at stake.

As a Hong Kong citizen and Chairman/CEO of Gilman Group, I would expect and have confidence on the Government to put more effort to promote energy efficiency and conservation with the aid of technology and public education tools. On the one hand, it will protect the environment and help reduce the pressure for electricity tariff increase in the longer run on the other.

In short term, monetary incentives encouraging the public to substitute out dated appliances with energy saving ones might be an effective way. The government does provide subsidies to the public when achieving particular

environmental objectives, such as the bus emission reduction program. If the government believe energy saving is vital to sustainable development, appliance replacement subsidizes to household should be considered.

In shaping future development, due regard should be given to Hong Kong's unique circumstances and the way forward must be in the best interests of electricity customers and the community at large. It is the government's responsibility to ensure that a high level of electricity supply is provided to everyone in Hong Kong while the environmental performance would be maintained at the same time.

Larry Sze.