



28th April 2017
Legislative Complex
1 Legislative Council Road
Central, Hong Kong

Dear Members of the Legislative Council,

Re: New Scheme of Control Agreements with the two power companies

The announcement of a new Scheme of Control agreement by the government and the city's two power generators is welcome. The agreement introduces a feed-in tariff to offer consumers and companies' incentives to generate power for the electric grid. However, the rate of FIT payment needs to be set at a level sufficient to promote the installation of solar panels by private companies and home owners.

A rate of \$4 per kilo watt hour paid for 20 years would ensure that anyone with access to a roof-top would want to install solar panels. This is the same introductory rate that kick started solar installation in Macau, Germany and the UK.

Besides, the agreement includes a number of measures to support energy efficiency that either disappoint or where the agreements leaves out important details such as the interest rate at which companies can receive energy efficiency loans. As it stands the agreement fails:

- To provide adequate funding to encourage building owners to fund energy saving investment.
- To provide grants rather than loans to retro-fit commercial and residential buildings with energy efficient equipment to save energy and reduce greenhouse gas emissions.
- To set minimum levels of achievement for power companies to install energy efficiency measures and to impose a penalty if they fail to achieve their energy savings targets.

There is one important new element on energy efficiency in the Scheme of Control that we welcome. This is the new "Eco-Building Fund" this is similar to the Energy efficiency

together possible™

贊助人：香港特別行政區行政長官
梁振英先生, GBM, GBS, JP
主席：何闈達先生
行政總裁：江偉智先生

義務核數師：香港立信德豪會計師事務所有限公司
義務公司秘書：嘉信秘書服務有限公司
義務律師：孖士打律師行
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Obligation that sections of society have been asking for. However there is no information on how much money will be provided to the fund and how the fund may be used. Nor are there any targets to ensure the money is spent to maximize the energy efficiency savings.

To summarize WWF-HK's recommends:

- a) Feed-in tariff rates for introductory should be \$4/kWh and a target of 5% by 2030
- b) Government and Power companies should supply a significant amount of funds in the Eco-Building Fund circa 1% of revenue to bring it in line with spending on Energy efficiency in other countries. Programmes that the money may be spent on should be selected to maximize carbon savings.
- c) As well as the new SCA's system of incentives for power companies achievement of targets, there should also be penalties if RE and energy efficiency deployment is insufficient