



Tariff Review 2017

2017 Basic Tariff

Components	2016 HK¢/unit	2017 HK¢/unit	Adjustment HK¢/unit
Basic Tariff	105.5	108.9	+3.4
Special Rent & Rates Rebate	-	-4.0	-4.0
Net Basic Tariff	105.5	104.9	-0.6 (-0.6%)

- Basic Tariff will be increased by 3.4¢ per unit due to rise in operating costs, drop in electricity sales, and increase in capital expenditure, etc.
- A Special Rent & Rates Rebate of 4.0¢ per unit will be offered to return the overcharged rent and rates received from the Government
- Net Basic Tariff will be **reduced by 0.6¢ (-0.6%)** per unit

2017 Fuel Clause Charge

Components	2016 HK¢/unit	2017 HK¢/unit	Adjustment HK¢/unit
Fuel Clause Charge	27.9	23.4	-4.5
Special Fuel Rebate	-	-17.9	-17.9
Net Fuel Clause Charge	27.9	5.5	-22.4

- 2017 Fuel Clause Charge will be reduced by 4.5¢ per unit due to lower than expected fuel costs in 2016
- 2016 forecast Fuel Clause Recovery Account balance provides room for HK Electric to offer a Special Fuel Rebate of 17.9¢ per unit in 2017
- Net Fuel Clause Charge in 2017 will be **reduced by 22.4¢** per unit

2017 Net Tariff

Components	2016 HK¢/unit	2017 HK¢/unit	Adjustment HK¢/unit
Net Basic Tariff	105.5	104.9	-0.6
Net Fuel Clause Charge	27.9	5.5	-22.4
Net Tariff	133.4	110.4	-23.0 (-17.2%)

- Net Tariff reduction for the second year in a row. In 2017, Net Tariff will be **reduced by 23¢ (-17.2%)** per unit
- **Excluding the two special rebates, 2017 Net Tariff will be 132.3¢ per unit, still 1.1¢ lower than in 2016 (-0.8%)**

Long-term Stable Tariff

- HK Electric has been providing customers with safe and reliable electricity supply and excellent services
- HK Electric is committed to providing customers with long-term stable and reasonable tariffs for their expenditure planning
- 2017 Net Tariff of 110.4¢ per unit will be 18.2% lower than the 134.9¢ in 2013
- 2017 Net Tariff will be 7.9% lower than the 119.9¢ in 2009 when the current Scheme of Control Agreement came into effect, while Hong Kong's cumulative inflation over the same period is about 29%
- Excluding the two special rebates, 2017 Net Tariff will still be lower than 2013 Net Tariff by 2.6¢ (-1.9%)

Residential Customers - Monthly Charge Reduction

Monthly Consumption (Units)	Cumulative Customers (%)	Monthly Charge in 2016 (HK\$)	Monthly Charge in 2017# (HK\$)	Monthly Charge Adjustment (HK\$)
100	~10%	87.2*	65.4*	-21.8
150	~20%	137.7	103.2	-34.5
350	~50%	356.1	275.6	-80.5
500	~70%	535.5	420.5	-115.0

* After 5% "Super Saver Discount"

Include the Special Rent & Rates Rebate and the Special Fuel Rebate

Commercial Customers - Monthly Charge Reduction

Monthly Consumption (Units)	Cumulative Customers (%)	Monthly Charge in 2016 (HK\$)	Monthly Charge in 2017# (HK\$)	Monthly Charge Adjustment (HK\$)
200	~30%	260.2	214.2	-46.0
700	~50%	918.7	757.7	-161.0
1,700	~70%	2,281.9	1,890.9	-391.0

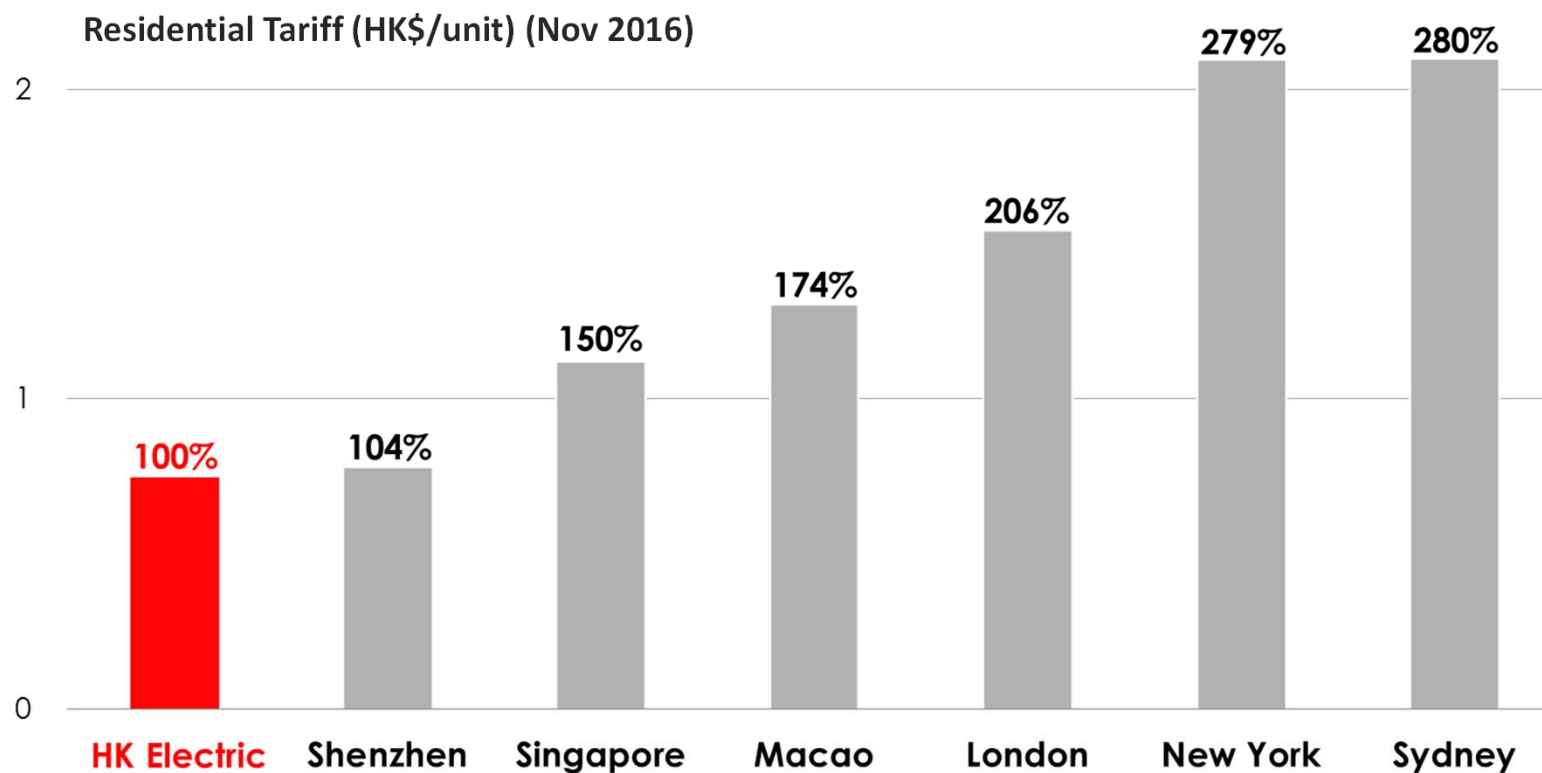
Include the Special Rent & Rates Rebate and the Special Fuel Rebate

Concessionary Tariff for Needy Continued

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

Residential Tariff Lower Than Other Cities'



Remarks: (1) Comparison based on monthly residential customer consumption of 275 units (3,300 units p.a.), about 40% of HK Electric's residential customers; overseas tariffs and exchange rates are as at Nov 2016

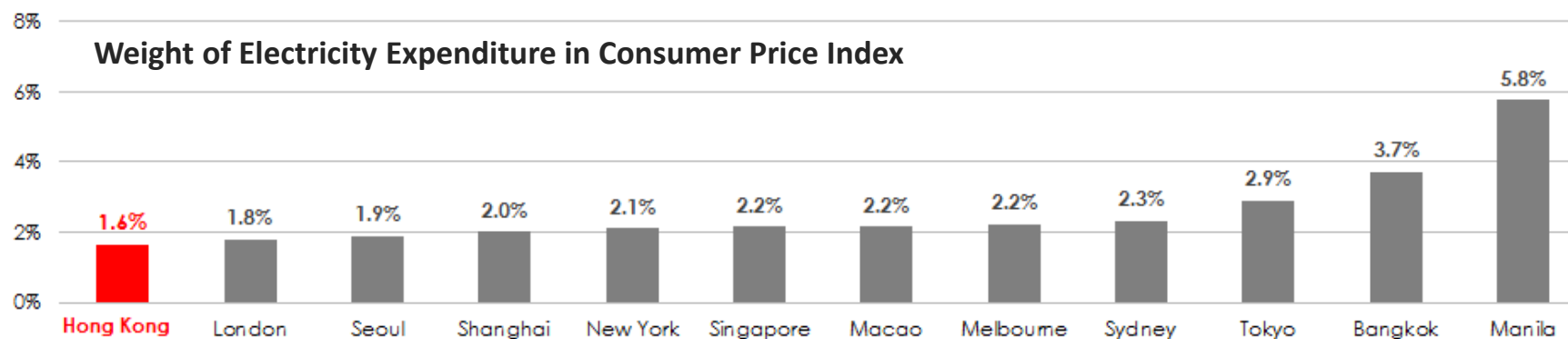
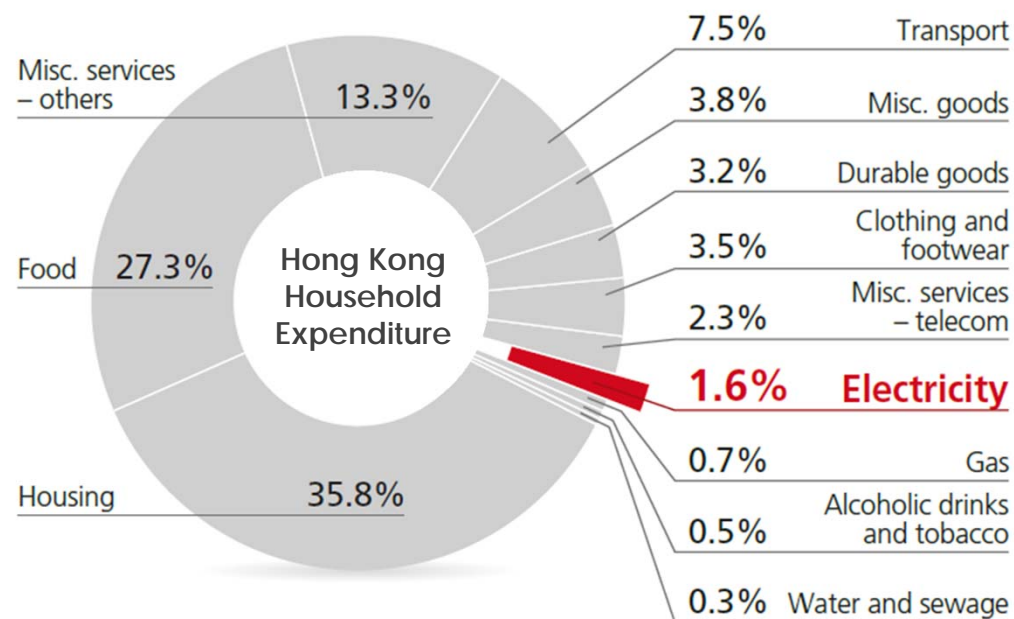
(2) HK Electric's tariff includes the Special Rent & Rates Rebate and the Special Fuel Rebate

Sources:

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

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

Electricity is More Affordable Than Other Cities'



Sources: 2014/15 Household Expenditure Survey, Census & Statistics Department, HKSAR Government; the latest available figures (2012 to 2016) published by statistics departments of respective city governments

Meeting 2020 Fuel Mix Target

- To combat climate change and improve air quality, the Government pledged by 2020 to reduce carbon intensity by 50-60% compared to 2005, and to reduce the three air emissions by 15-75% as compared to 2010
- The Government after public consultation has set a target to increase the use of natural gas for electricity generation to 50% of the total fuel mix from 2020
- To meet the 2020 Fuel Mix Target, HK Electric requires at least 3 gas-fired units
- HK Electric will commission new gas units L10 and L11 in 2020 and 2022 respectively; its gas generation ratio will be increased from about 33% at present to 50% in 2020 and 55% in 2022
- It is expected that by 2022, the three air emissions will drop significantly by 75% to 90%, while carbon emission will also reduce by 30%, when compared to 2005 levels
- **Both the volume and cost of natural gas will substantially increase from 2020, imposing a huge pressure on tariff; HK Electric has to prepare for minimizing the impact of future fuel cost increase on customers**



Thank You