

# 2018 Tariff Review

Presentation to LegCo Panel  
on Economic Development

12 December 2017

# 2017 in Review – Extreme Weather Posed Great Challenges to Electricity Supply System



Source: Hong Kong Observatory

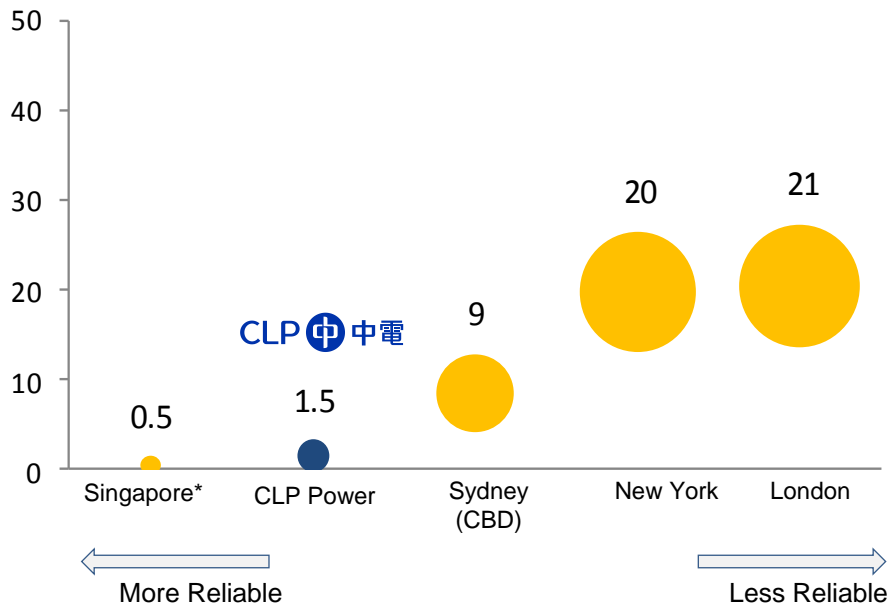
- During Typhoon Hato, our customer-minutes-lost was less than 1 minute – much lower than the loss during Typhoon Vicente in 2012 and Typhoon York in 1999

**Over the years, CLP has been continuously upgrading the systems and improving the emergency response capability to deliver a safe and reliable electricity supply to customers**

# Strive to Improve

## High Reliability

Unplanned customer minutes lost per year



Remarks: 2014-2016 average  
\*There is no overhead lines

## Emission Reduction amid Demand Surge

### Total Emission Reduction 1990 – 2016

RSP ↓ 91%

SO2 ↓ 94%

NOX ↓ 86%

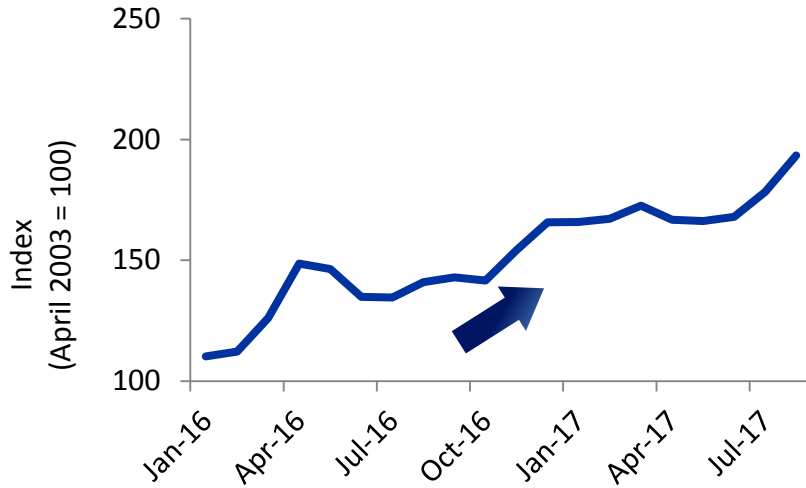
↑ 84%

Total Electricity Demand

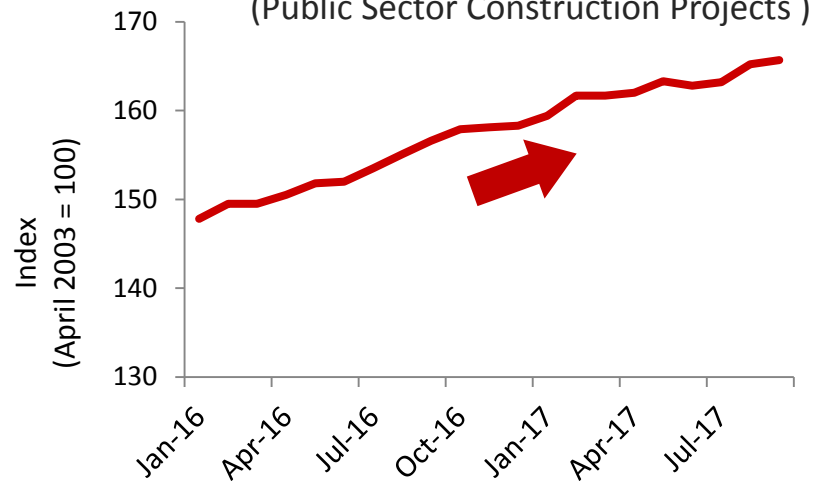
- Respirable Suspended Particulates (RSP)
- Sulphur Dioxide (SO2)
- Nitrogen Oxide (NOx)

# Rising Operating Costs

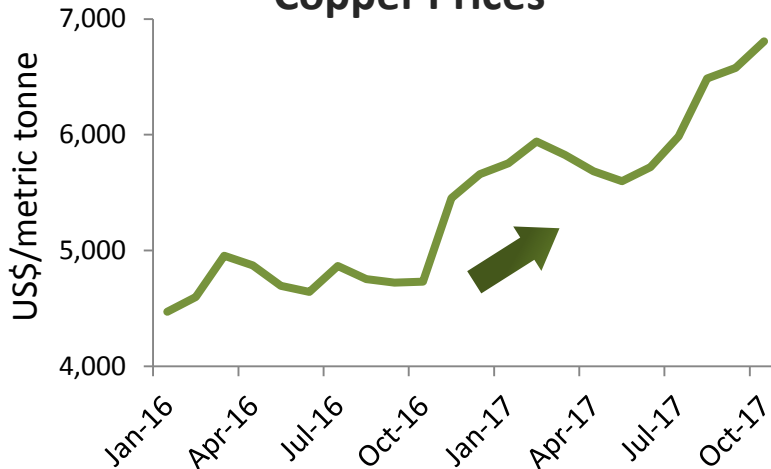
## Costs of Materials Index – Steel (Public Sector Construction Projects)



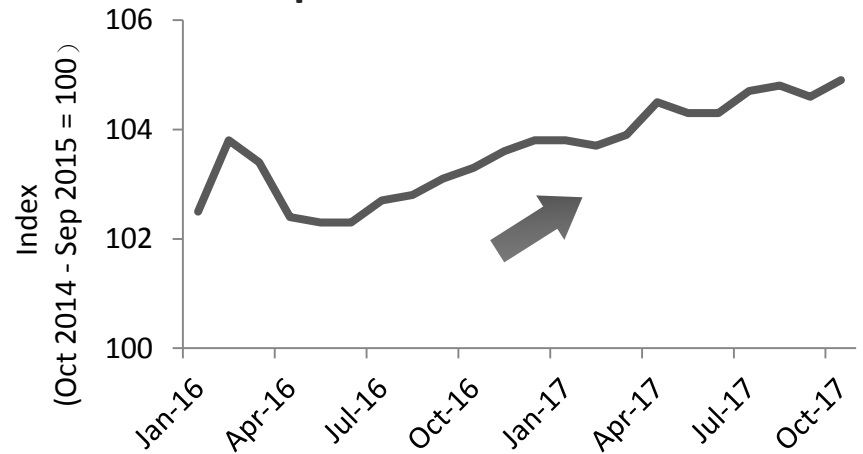
## Costs of Labour Index – Civil Engineering Contracts (Public Sector Construction Projects)



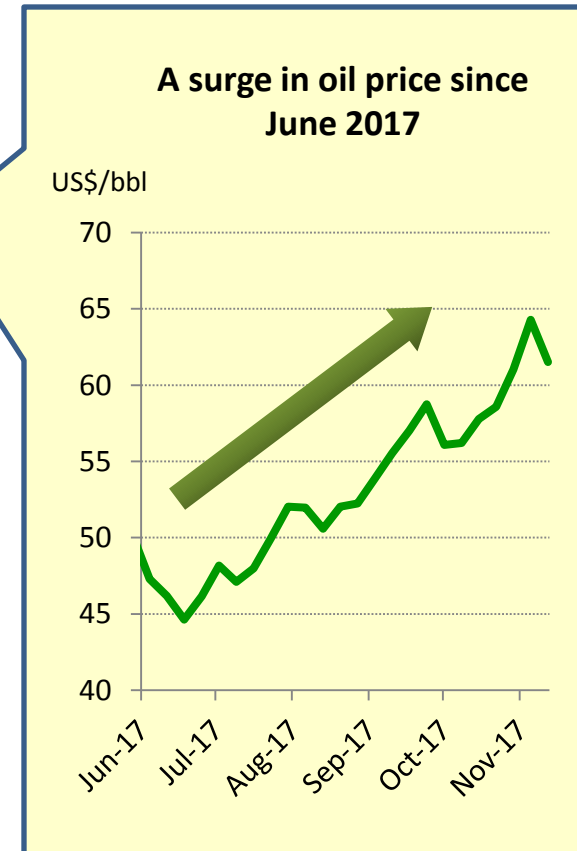
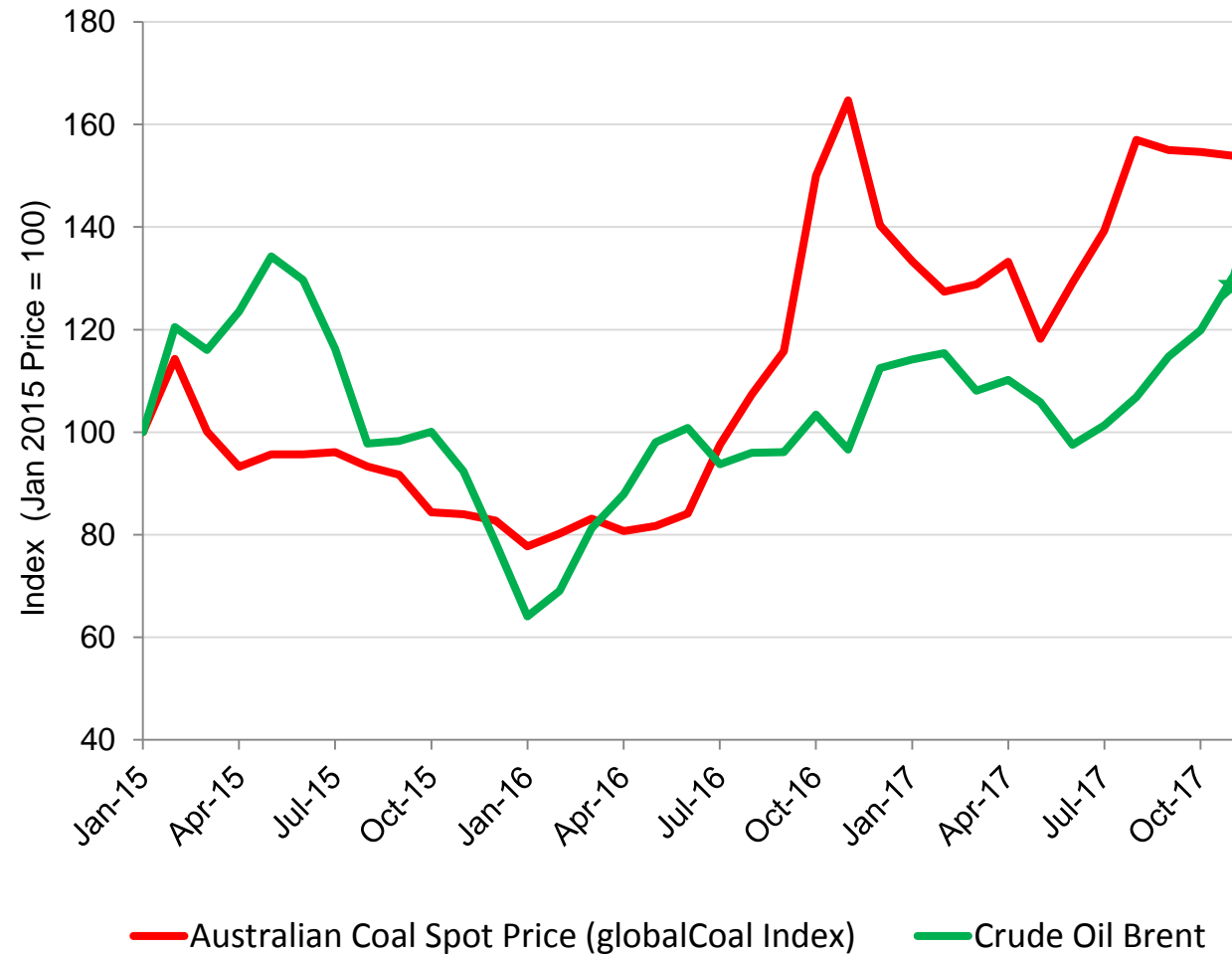
## Copper Prices



## Composite Consumer Price Index



# Highly Volatile Fuel Prices



# 2018 Tariff Review

(cents / kWh)	2017 Tariff	Change	2018 Tariff*
<b>Average Net Tariff</b>	<b>113.2</b>	<b>+1.9%</b>	<b>115.4</b>

- CLP's Average Net Tariff was reduced and frozen respectively in 2016 and 2017
- Offered special fuel rebate in 2015 and 2017, returning to customers a total of HK\$2 billion
- Continue to offer Energy Saving Rebate Scheme

\* Effective from 1 Jan 2018 under the current Scheme of Control Agreement. The agreement is effective until 30 Sep 2018

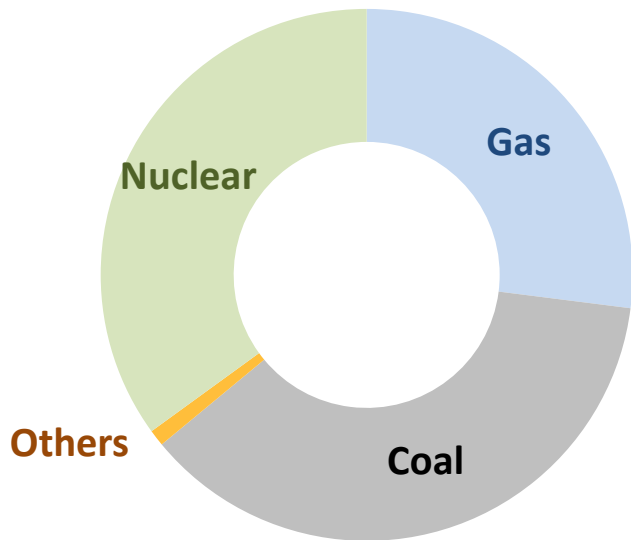
# 2018 Tariff Summary

Tariff Component (cents / kWh)	2017 Tariff	Change	2018 Tariff*
Average Basic Tariff	92.2	+2.3	94.5
Fuel Cost Adjustment	21.0	+1.0	22.0
Rent and Rates Special Rebate	0.0	-1.1	-1.1
<b>Average Net Tariff</b>	<b>113.2</b>	<b>+2.2</b>	<b>115.4</b> <b>(+1.9%)</b>

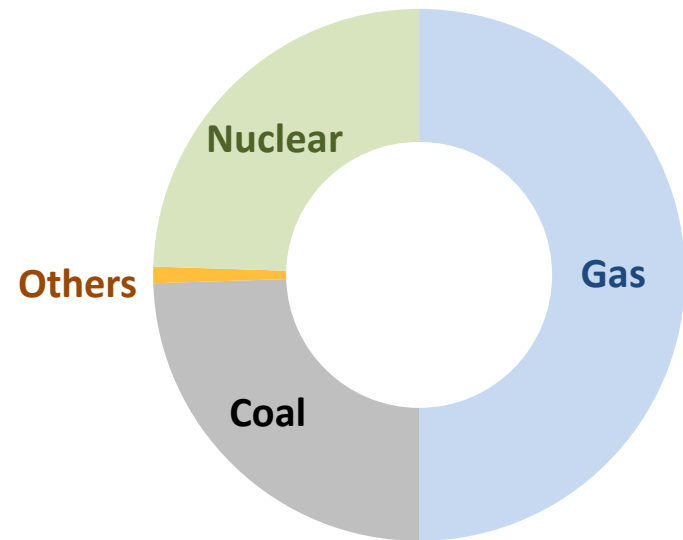
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# Fuel Cost Trend

2017 Fuel Mix



2020 Fuel Mix



- 2020 fuel mix target would require approximately double the gas consumption of 2017
- Fuel Clause Account balance would help smooth the tariff change



# Way Forward



**Feed-in-Tariff**



**Renewable Energy Certificate**



**Community Energy Saving Fund**



**New Eco Building Fund**



**Education Fund**

*To achieve lower carbon & emission targets  
For a greener and smarter city*

# Community Commitment



## Nurturing Talents



## Caring for the Society



## Public Education



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