



# 2018 Development Plan and New Tariff Package

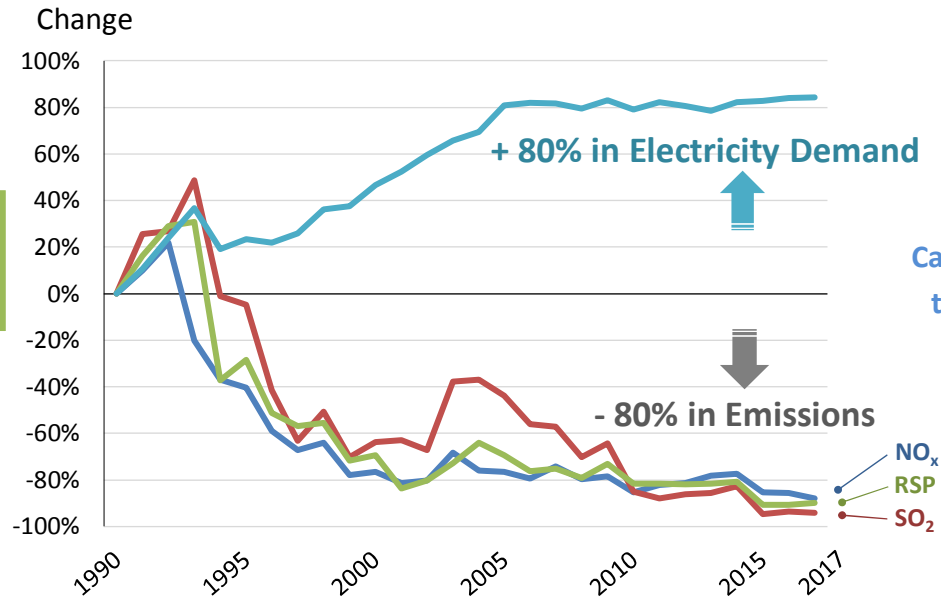
Presentation to Legislative Council Economic Development Panel

4 July 2018

*Energy for Life*

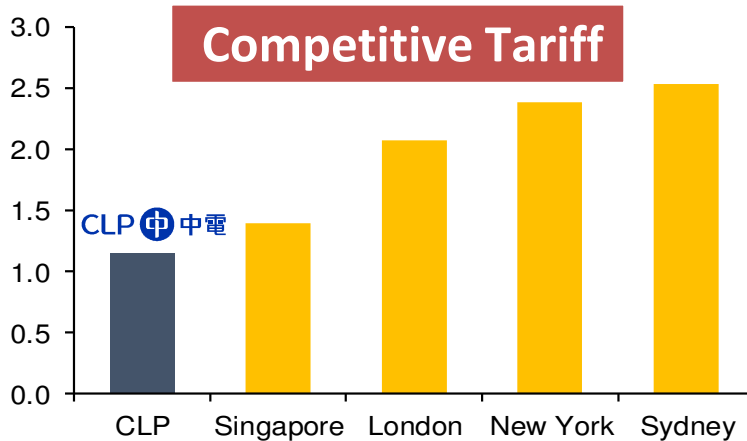
# Meeting Energy Policy Objectives

**Environmental Improvement**



Carbon intensity reduced by close to 50% during the same period

HK\$/kWh



Remarks

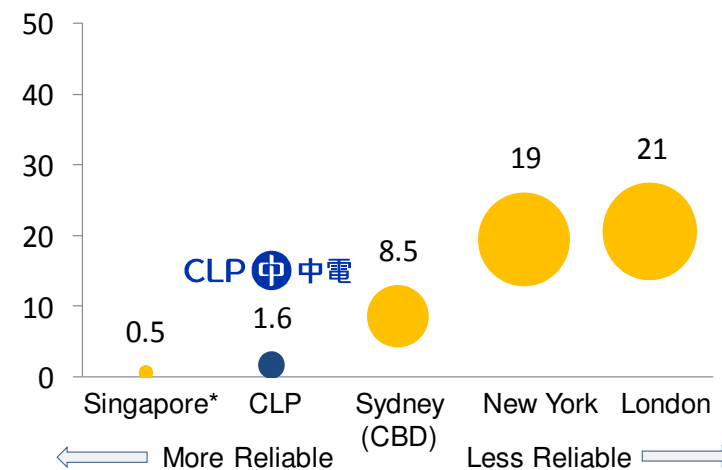
Based on avg. monthly domestic consumption of 275kWh

Tariff and exchange rate\* in Jun 2018

\*Average midpoint exchange rate of 1-15 Jun 2018

CLP 中電

Unplanned customer minutes lost per year



Remarks

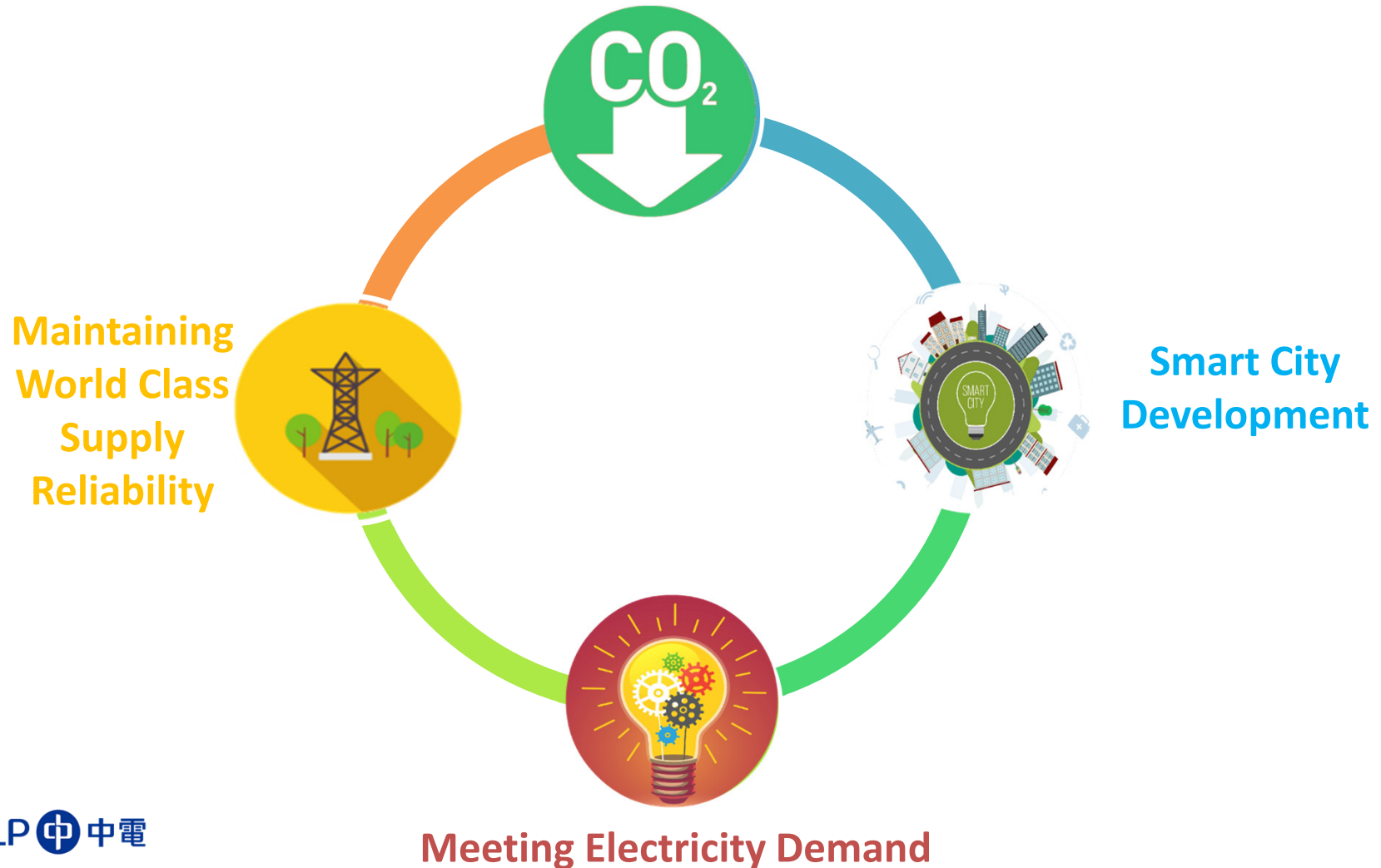
2015-2017 avg. for CLP and NY, 2014-2016 avg. for other cities

There is no overhead line in Singapore

# Hong Kong : A Greener & Smarter City

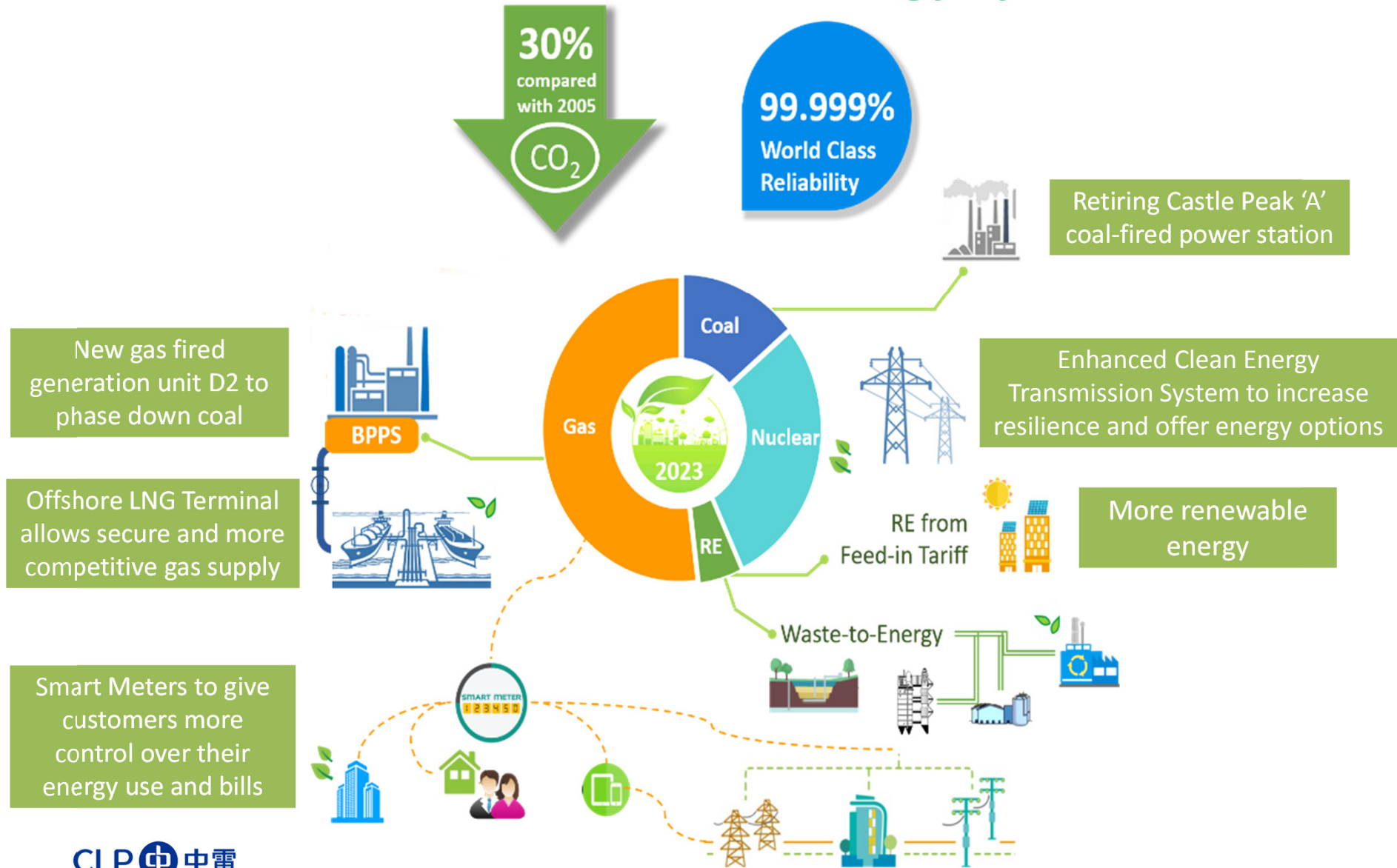
*CLP in support of Hong Kong's Climate Action Plan 2030+*

Low Carbon Economy



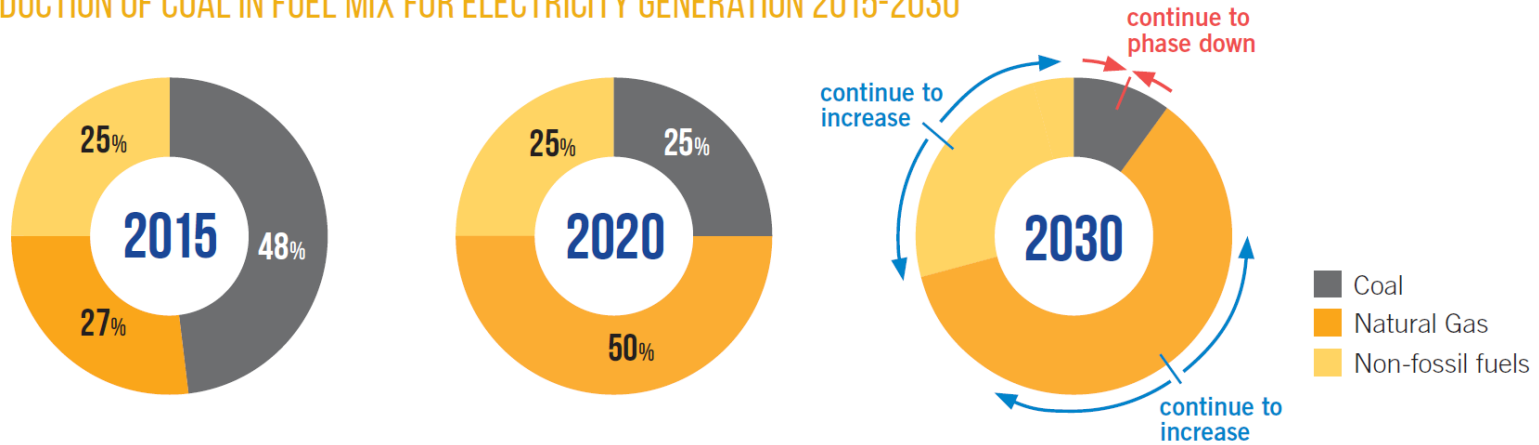
# 2018 Development Plan

## A Greener and Smarter Energy System



# Phasing Down Coal

REDUCTION OF COAL IN FUEL MIX FOR ELECTRICITY GENERATION 2015-2030



New CCGT Generating Unit D2



HK Offshore LNG Terminal



Clean Energy Transmission System Enhancement

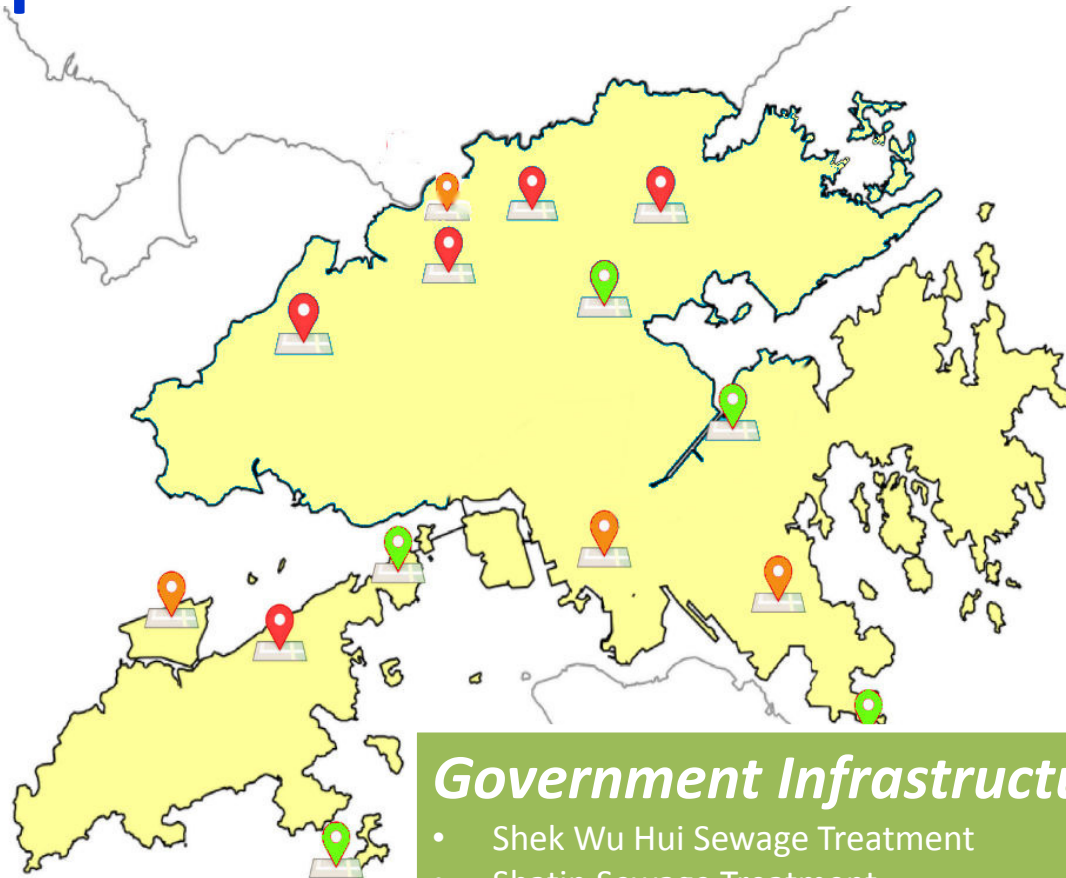
# Supporting Infrastructure Development and Population Growth

## *New Towns*

- Hung Shui Kiu
- Kwu Tung North
- Fanling North
- Queen's Hill
- Tung Chung

## *Key Developments*

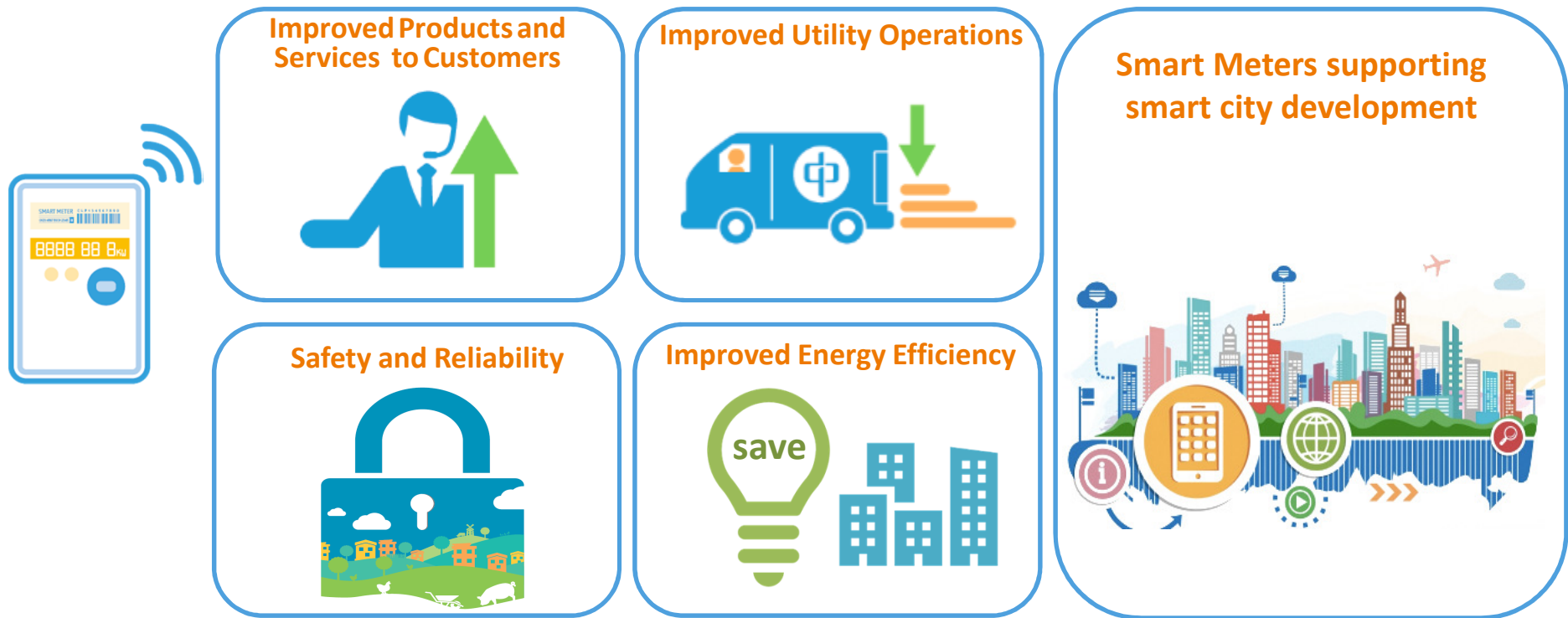
- Ho To Development
- Kai Tak Development
- Kwun Tong Redevelopment and Energising Kowloon East
- Airport Development



## *Government Infrastructure*

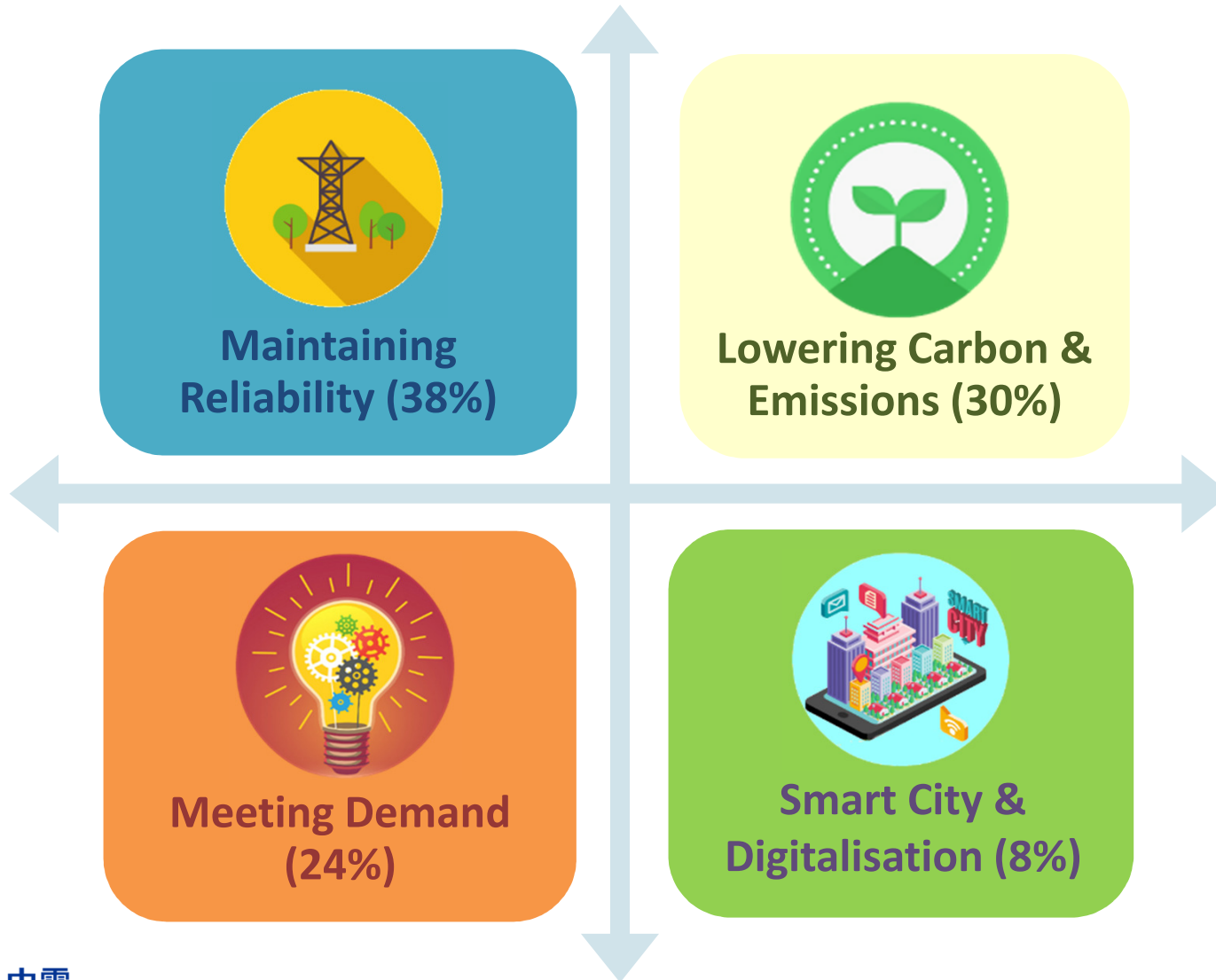
- Shek Wu Hui Sewage Treatment
- Shatin Sewage Treatment
- HZMB/BCF/TM-CLK Link
- Integrated Waste Management Facility
- Desalination Plant

# Supporting Hong Kong as a Smart City



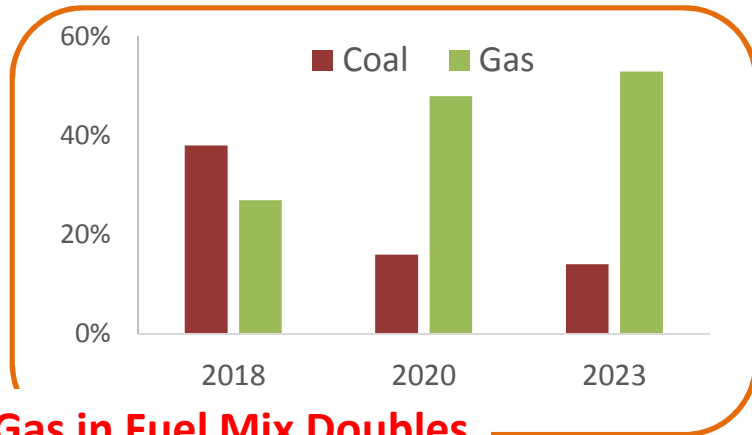
# Capital Investment

*Total HK\$ 52.9 billion for Oct 2018 – Dec 2023 (5 years and 3 months)*





# Rising Fuel Costs



Gas in Fuel Mix Doubles

April 2018

Energy Cost per Unit Sent Out	¢/kWh
Coal	34
Gas	78
Nuclear	50

Gas is a higher-cost fuel

More gas = higher fuel costs

~ \$13 billion



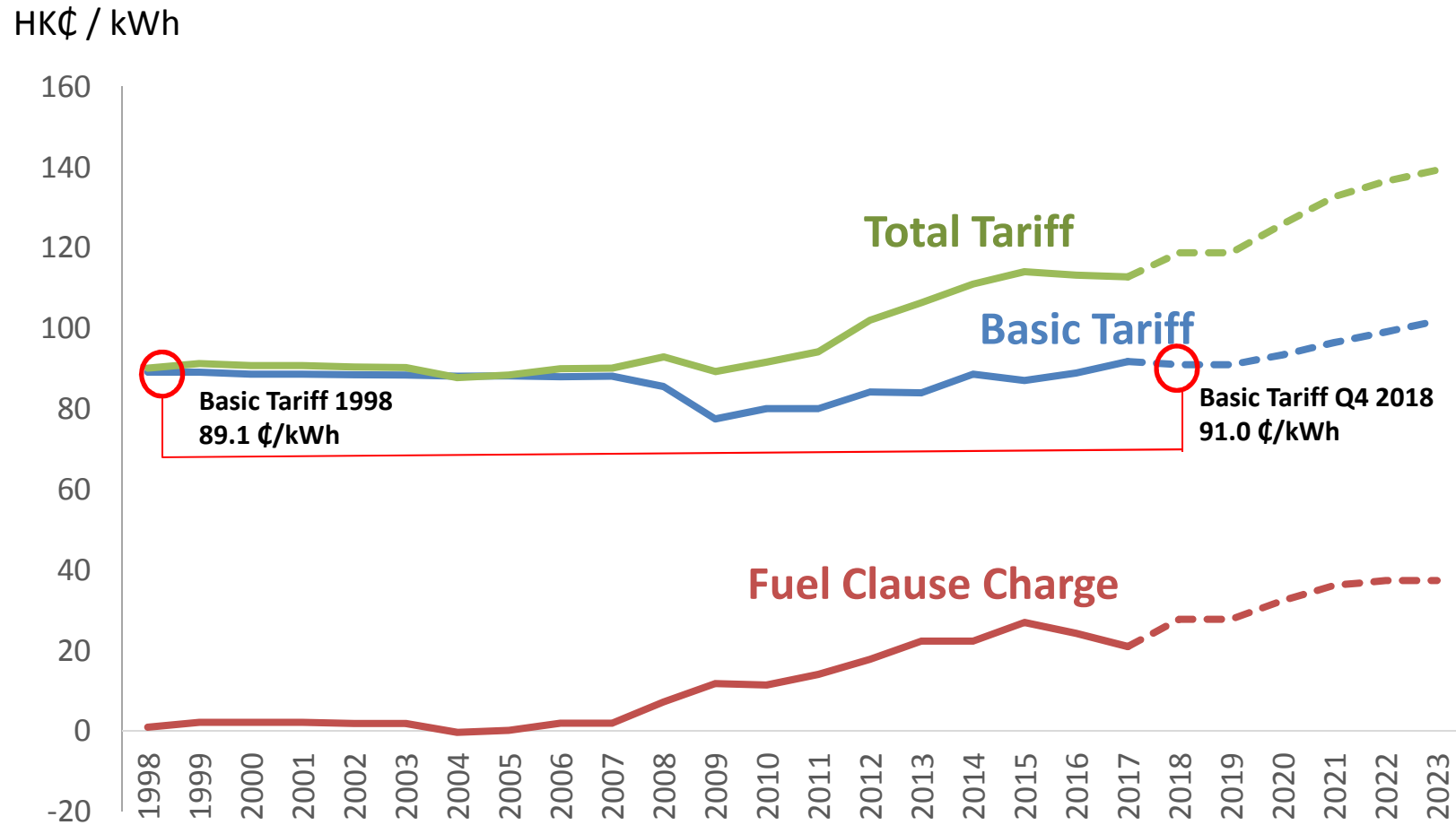
2018

~ \$16 billion  
(+20%)



2023

# Fuel Costs the Challenge to Tariffs



**Basic Tariff only up by 2% over 20 years**  
**Total Tariff rise is mainly driven by rising fuel costs**

# Oct 2018 – Dec 2019 Tariff

Tariff Component (cents / kWh)	Jan – Sep 2018 Tariff	Change	Oct 2018 – Dec 2019 Tariff
Average Basic Tariff	94.5	-3.5	91.0
Fuel Cost Adjustment	22.0	+5.8	27.8
Rent & Rates Special Rebate	-1.1	0	-1.1*
<b>Average Net Tariff</b>	<b>115.4</b>	<b>+2.3</b>	<b>117.7</b> <b>(+2.0%)</b>

\* At some point in Q4 2018 or in 2019, the Rent and Rates refund available from Government as a “R&R Special Rebate” is expected to be used up, when the Net Tariff will be increased by 0.9% from 117.7¢/kWh to 118.8 ¢/kWh

**Over 70% of Residential Customers will have  
tariff increase less than \$10 per month**

# 2018 Development Plan

**2018 DP Period**

Year	Q1-3 2018	Q4 2018 & 2019	2020	2021	2022	2023
Basic Tariff (HK¢/kWh)	94.5	91.0	93.4	96.5	99.1	101.9
Change	-	- 3.7%	+ 2.6%	+ 3.3%	+ 2.7%	+ 2.8%

Average Basic Tariff increase of 1.4% per year

# New Scheme of Control Agreement

## Key Initiatives

- Leading to A Greener and Smarter City
- Caring for the needy

Feed-in Tariff

Renewable Energy Certificate

Eco-Building Fund

Community Energy Saving Fund

Enhanced Energy Audits



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