



港燈
HK Electric

130⁺ 推動永續未來
Powering
for Sustainability



28 November 2023



2024 - 2028 Development Plan & 2024 Tariff Review

Striving to Realise Hong Kong's Decarbonisation Vision

2019 - 2023 Development Plan Review

Entering a new era of gas generation with focus on reducing emissions



- 2 new gas-fired units commissioned, one more will be commissioned in early 2024



- Offshore liquefied natural gas terminal started commercial operation from mid-2023



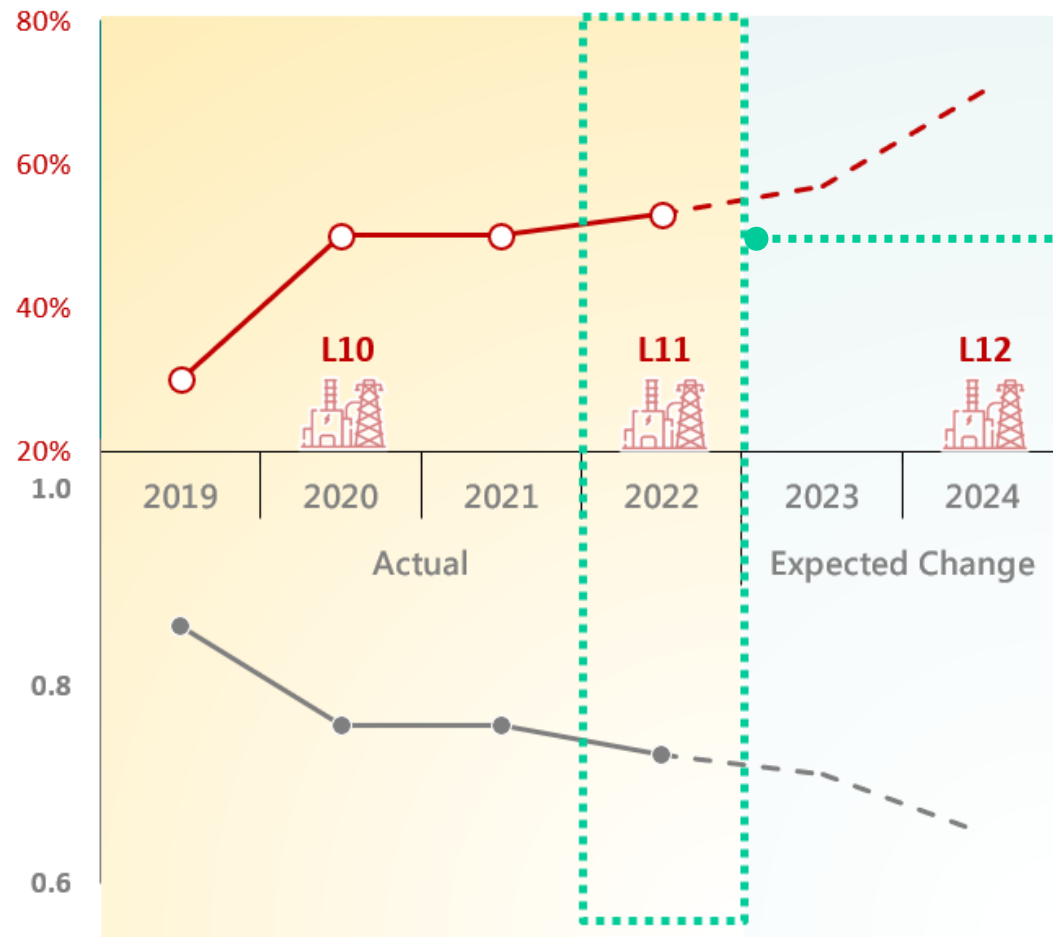
- 2 less efficient coal-fired and gas-fired units retired, 2 more coal-fired units which have been under prolonged use to be phased out early next year



- Over 1 MW of PV systems installed on various HK Electric premises, total capacity increased to over 2 MW

Significant Reduction of Carbon and Other Emissions

Increasing Gas-fired Generation



Reducing Carbon Emissions per Electricity Unit Sold (kg of CO₂e/kWh)

Amount of Emissions

2022 versus 2005

RSP ↓ 90%

SO₂ ↓ 96%

NO_x ↓ 76%

CO₂ ↓ 32%

RSP: Respirable Suspended Particulates
 SO₂: Sulphur Dioxide
 NO_x: Nitrogen Oxides
 CO₂: Carbon Dioxide

2024 - 2028 Development Plan

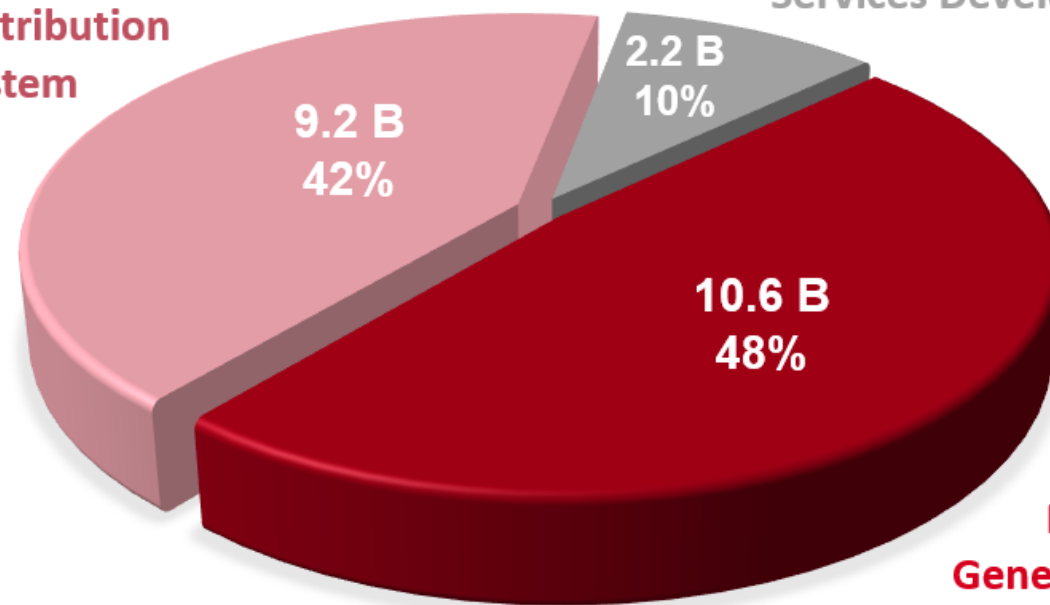
Extreme weather events necessitate continued investments in reduction of carbon emission and enhance resilience of our physical infrastructure to ensure reliability of power supply

\$22-billion in new Development Plan to address climate challenges, with continuing carbon & emissions reduction efforts



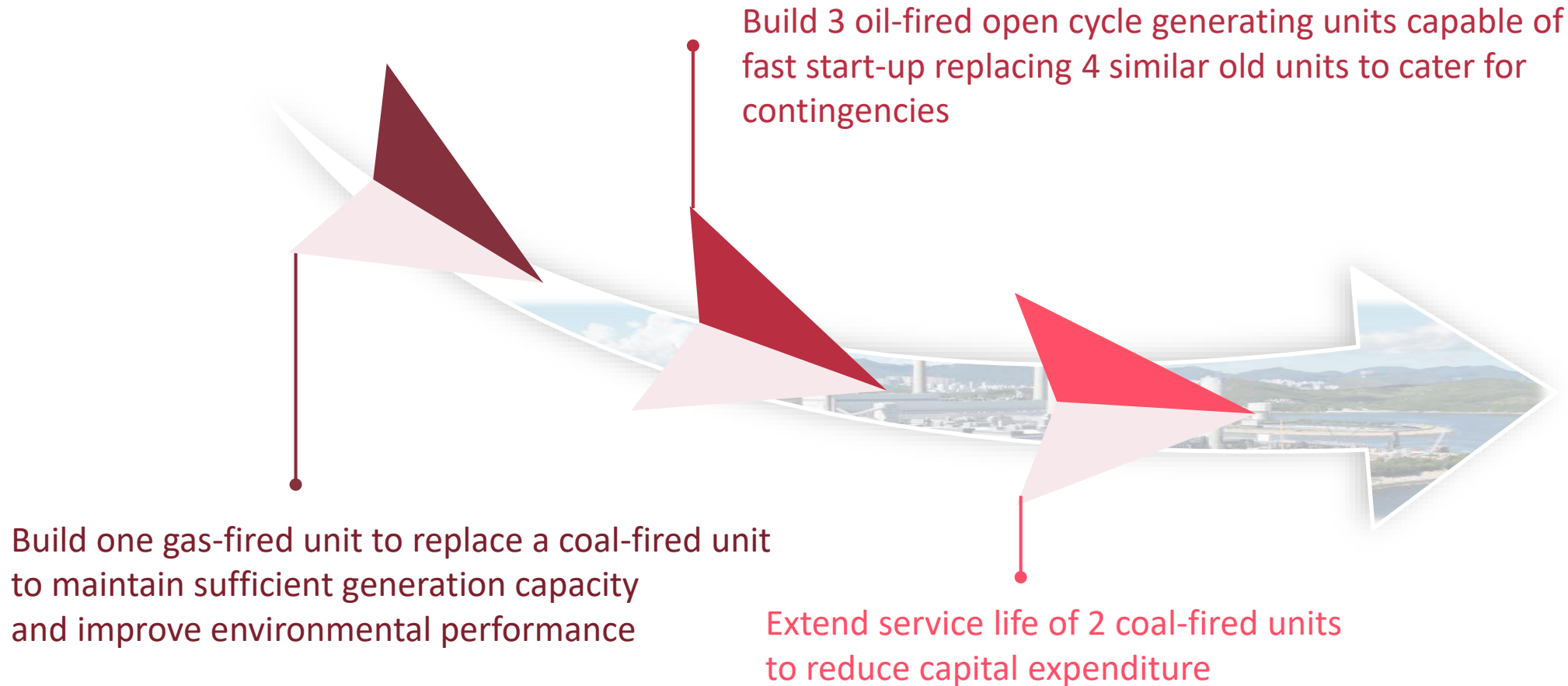
Transmission & Distribution System

Customer & Corporate Services Development

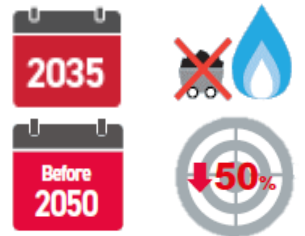


Power Generation System

Supporting Government's Emissions-reduction Policy



Supporting Climate Action Plan's Medium-term Targets



En route to achieving the 2035 decarbonisation target while maintaining reliable power supply

Strengthening the Power Grid to Meet Hong Kong's Development



Building transmission and distribution substations to cater for electricity supply to large-scale projects in Eastern & Southern districts as well as the city's other developments



Upgrading the voltage of distribution system through progressive replacement of aged underground cables and facilities in substations, to improve power reliability and power quality



Completing the deployment of smart meters as well as renewing and upgrading remote control and monitoring systems, to improve and enhance grid intelligence and automation



Pursuing projects to improve system resilience against extreme weather events including flood control and wind protection



2024 Average Net Tariff Down by 16%

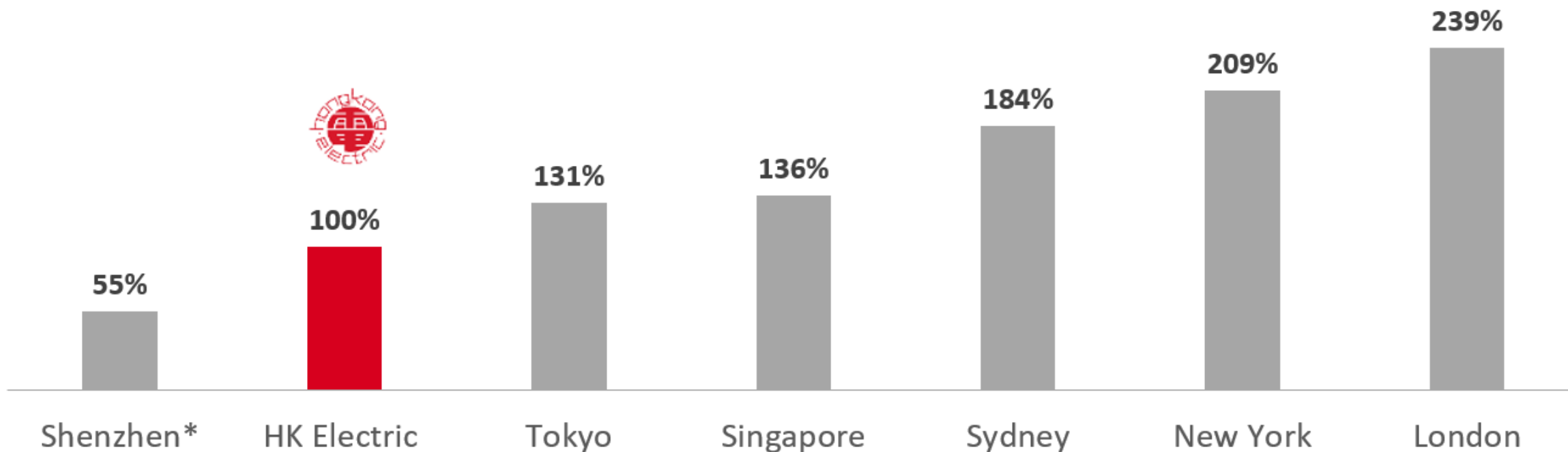
- To cover increased expenditure on upgrading and strengthening power infrastructure, **Basic Tariff** will increase by 5 cents/kWh.
- With international fuel prices eased, **Fuel Clause Charge** will be reduced by 36.5 cents/kWh despite higher natural gas consumption.
- As a result, **Average Net Tariff** in January 2024 will be 16% lower than that in January 2023.

Tariff Review	January 2023 (¢/kWh)	January 2024 (¢/kWh)	Change (¢/kWh)
Basic Tariff	114.5	119.5	+ 5.0
Fuel Clause Charge	82.5	46.0	- 36.5
Average Net Tariff	197.0	165.5	- 31.5 (- 16.0%)

Reference: Average Net Tariffs for Nov and Dec 2023 are 163.4 cents/kWh and 160.8 cents/kWh respectively.

Our Competitive Tariff

Comparison of Residential Tariff for International Cities

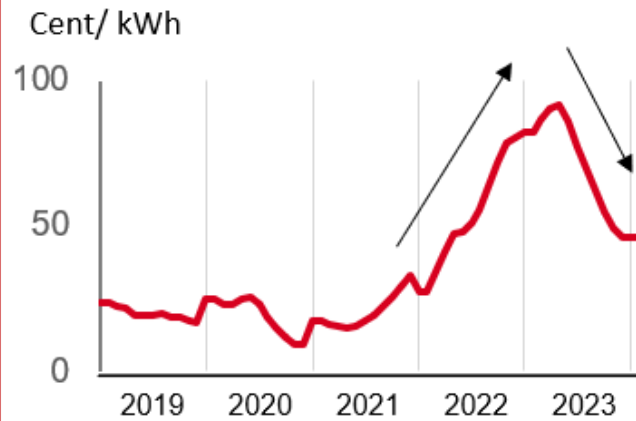


Remarks:

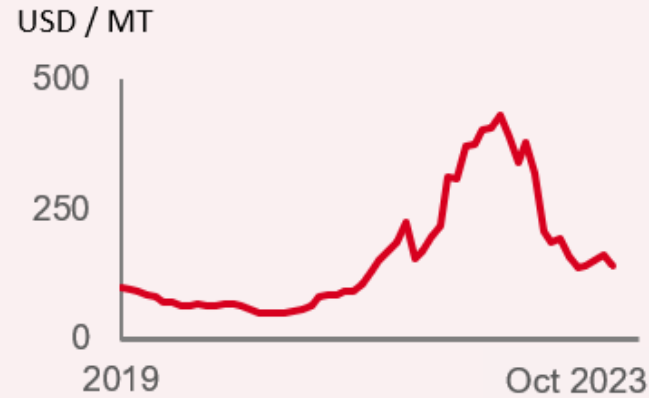
1. Comparison based on monthly residential customer consumption of 275 units; overseas tariffs and exchange rates are as in October 2023 (not including any subsidies or relief measures)
2. HK Electric's tariff for January 2024 (not including any subsidies or relief measures)
3. * Government owned

Fuel Prices Stabilised but Still at a Relatively High Level

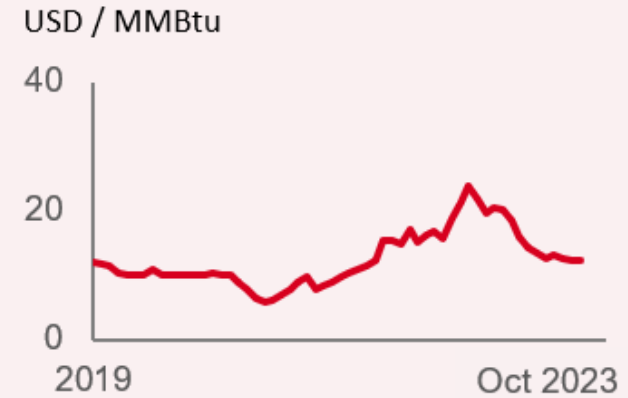
HK Electric Fuel Clause Charge



Newcastle Coal



Japan Liquefied Natural Gas



Reference: The Work Bank

- FCC fully reflects the price fluctuations of fuels.
- Fuel prices have been stabilising but are still relatively high; close monitoring of geopolitical risks is required.

Expected Changes in Tariff during Development Plan

Year (cents/kWh)	2023	2024	2025	2026	2027	2028
Basic Tariff	114.5	119.5	124.2	127.9	130.4	133.0
Fuel Clause Charge	82.5	46.0	42.5	40.5	42.2	44.2
Average Net Tariff	197.0	165.5	166.7	168.4	172.6	177.2

Supporting Carbon Reduction in Community

HK\$56 million set aside in 2024
for Smart Power Services

Improving Energy Efficiency

- Provide free energy audits to non-residential customers
- Sponsor non-residential customers to install energy-efficient equipment
- Enhance energy efficiency of communal facilities of buildings through subsidies.



Promoting Renewable Energy

- Subsidise NGOs and schools to install grid-connected PV systems.



Remark: Contributions for Smart Power Services are from Smart Power Care Fund (HK\$26 million), Smart Power Building Fund (HK\$25 million) and Smart Power Education Fund (HK\$5 million).

Caring and Environmental Stewardship



Caring for the Community

- Subsidise eligible groups to install energy efficiency equipment
- Distribute cash coupons to underprivileged
- Offer electricity subsidies and rewiring subsidies to sub-divided unit households
- Sponsor NGOs to organise catering activities for underprivileged.



Green & Smart Lifestyle

- Sponsor various activities to introduce low-carbon lifestyle to the public
- Promote carbon neutrality, smart city and sustainable development through multiple channels.

Summary

To address climate challenges and sustain decarbonisation efforts, HK Electric has committed to investing \$22 billion to maintain electricity generation capacity, strengthen the power grid and enhance system intelligence and automation.

The Average Net Tariff for January 2024 will be 165.5 cents per kWh, which is 31.5 cents/kWh lower than that in January 2023, representing a 16% reduction.



Thank You