

ENB and power companies announce 2022 electricity tariff adjustments and path towards low-carbon transformation and energy saving for all

The Environment Bureau (ENB) and the two power companies announced today (November 9) the electricity tariff adjustments for next year and the direction of low-carbon transformation in future. After negotiation between the Government and the two power companies, next year the two power companies will freeze the Basic Tariff rates, bear large deficit balances in the Fuel Clause Recovery Accounts (i.e. postpone the recovery of fuel costs), and provide special rebates to reduce the final Net Tariffs in 2022. With effect from January 1, 2022, the Hongkong Electric Company Limited (HK Electric) will increase its average Net Tariff by 7 per cent to 135.3 cents per kWh, and CLP Power Hong Kong Limited and Castle Peak Power Company Limited (CLP Power) will increase its average Net Tariff by 5.8 per cent to 128.9 cents per kWh.

The Secretary for the Environment, Mr Wong Kam-sing, said at a press conference today that the whole world is now facing surging international fuel prices, and various regions have increased their energy prices and electricity tariffs. The two power companies are also facing tremendous pressure to adjust their tariffs.

Mr Wong said, "Although the final tariffs for HK Electric and CLP Power will be increased next year, the increase is solely due to surging fuel prices. The Government has urged the power companies to take various measures to mitigate the impact on tariffs, including bearing large deficit balances in their Fuel Clause Recovery Accounts and using hefty resources from the Tariff Stabilisation Funds. The power companies will continue to use their Community Energy Saving Funds to help the disadvantaged groups and small and medium-sized enterprises. The power companies estimate that the average monthly tariff increase next year for a typical three-member household will be about \$20 to \$24. The Government encourages all members of the public to save more energy, which will help reduce carbon emissions and also reduce their own electricity expenses. The Government has provided monthly electricity charges relief of \$50 to each residential electricity account since 2019, and it will continue to be distributed next year and the following year."

The Managing Director of HK Electric, Mr Wan Chi-tin, noted that HK Electric pledges full support for the long-term target of carbon neutrality. Describing climate action as a matter of great urgency, he said, "Various measures will be taken to achieve zero-carbon electricity generation. This includes the development of a large-scale offshore wind farm, the study into the use of hydrogen energy and other new technologies, promotion of energy

conservation in the community, the greater use of electric vehicles and the introduction of smart meters for customers. The work ahead is arduous and will only be successful if we have the support of the community and the efforts of all the parties involved. Committed to combating climate change and ensuring the sustainable development of Hong Kong, we shall map out our plan and discuss with the Government on ways to implement measures. On the other hand, the upsurge in global fuel prices has resulted in an increase in electricity generation costs all around the world. In order to minimise the tariff impact, we will freeze our Basic Tariff and offer a Special Rebate in the coming year."

The Managing Director of CLP Power, Mr Chiang Tung-keung, said, "International fuel prices have been surging for more than a year, resulting in increased prices for electricity worldwide. We are acutely aware of the impact of tariffs on households, and we understand many people and businesses, including disadvantaged groups and small and medium-sized enterprises, are still struggling financially. That is why we are supporting Hong Kong people through these challenging times by freezing our average Basic Tariff next year, offering two special rebates, and drawing on the CLP Community Energy Saving Fund. Looking ahead, CLP Power wholeheartedly supports the Government's mission to make our city carbon neutral before 2050. We will continue to support the development of renewable energy in Hong Kong, enhance regional co-operation to seek out new zero-carbon energy sources, explore the use of green hydrogen energy and other new technologies to reduce the carbon intensity of our power supply, and promote the early electrification of our transport and other sectors. In transitioning to low-carbon electricity generation, CLP Power continues to adopt careful planning to maintain high levels of safe and reliable supply for our customers. We will continue to support the Government and help customers manage their energy demand and promote energy saving."

All parts of the world are now more actively combating climate change. The Government of the Hong Kong Special Administrative Region also attaches great importance to deep decarbonisation work. In early October this year, the Government promulgated Hong Kong's Climate Action Plan 2050, setting out the vision of "Zero-carbon Emissions – Liveable City – Sustainable Development" and outlining four major decarbonisation strategies and measures – net-zero electricity generation, energy saving and green buildings, green transport and waste reduction – to strive for achieving carbon neutrality before 2050. Starting this year, the Chief Executive is chairing the new Steering Committee on Climate Change and Carbon Neutrality to formulate the overall strategy and oversee the collaboration of inter-departmental actions. The ENB will also set up the Office of Climate Change and Carbon Neutrality to further promote full participation by the Government and the public in environmental transformation and working together to achieve carbon neutrality.

Mr Wong said, "Decarbonisation comes at a price. The two power companies need to invest a substantial amount of capital to build the infrastructure required for the production, reception and storage of zero-carbon energy, which will inevitably put upward pressure on electricity tariffs.

Furthermore, we can see that in the future the power companies also need to increase capital to support the overall development of Hong Kong, such as supporting the Government's initiatives and the rapid development of data centres. The Chief Executive in Council approved today for CLP Power to increase the estimated total capital expenditure as approved in its 2018-23 Development Plan by \$3.2 billion."

Mr Wong appealed to all businesses and the general public to step up efforts to save energy in daily life including making use of innovative technology. To lead by example, the Government has set the first ever Green Energy Target for the whole Government to improve the energy performance of government buildings and infrastructure by 6 per cent in five years by 2024-25. Last month, the Government also officially launched the "Carbon Neutrality" Partnership and called on large institutions from sectors of property development, public utilities, finance, professional bodies and more to set an example in further deepening and accelerating their pace in pursuing low-carbon transformation, which would include the support for energy saving and renewable energy development. Mr Wong expressed the hope that everyone will try their best to save electricity, save money, and reduce carbon emissions in various aspects to mitigate climate change.