Government announces new Feed-in Tariff rates and introduces facilitation measures on installation of solar photovoltaic systems in open car parks by private sector

The Government announced today (April 26) new Feed-in Tariff (FiT) rates and introduced measures to facilitate the installation of solar photovoltaic (PV) systems in open car parks by the private sector.

To combat climate change, the Government has been actively promoting the development of renewable energy (RE). In 2018, FiT was introduced in collaboration with the two power companies for the private sector to sell the RE generated to the power companies at a rate higher than the normal electricity tariff rate, with a view to providing incentives for the private sector to invest in RE.

Under the Scheme of Control Agreements, the Government and the two power companies review the rates of FiT and price of RE certificates annually. In setting the FiT rates, the Government and the power companies need to provide sufficient financial incentives for the private sector to invest in RE through shortening the payback period for RE systems to around 10 years whilst balancing the impact of the FiT on tariffs. In view of the significant reduction in the costs of developing distributed RE systems in recent years, the Government and the power companies have decided that, starting from tomorrow (April 27), the prevailing FiT rates at $3 per kilowatt hour (kWh) to $5 per kWh will be adjusted to the following levels, while the price of RE certificates will be maintained at the current level of $0.50 per kWh:

1. $4 per kWh for RE systems with a generating capacity of 10 kilowatts (kW) or less;
2. $3 per kWh for RE systems with a generating capacity of more than 10 kW but not exceeding 200 kW; and
3. $2.50 per kWh for RE systems with a generating capacity of more than 200 kW but not exceeding 1 megawatt.

A Government spokesman said, "The FiT Scheme has been effective. In comparison with only some 200 private RE systems that were connected to the power grids in the decade prior to the introduction of the Scheme, the two power companies received a total of over 20 000 applications from 2018 to the first quarter of 2022, of which over 18 000 applications have been approved. Upon completion of installation, it is estimated that about 300 million kWh of electricity can be generated each year, which is sufficient to meet the electricity demand of about 90 000 households (roughly equivalent to the demand of all households in Central and Western District). Many countries and

places have progressively adjusted the rates of similar schemes in light of a decrease in the installation costs of RE systems. As investment costs have already significantly fallen amid the development of the local RE market, the payback period of around 10 years for RE systems can still be achieved under the newly effective FiT rates. The financial incentives provided should be sufficient to continue to encourage public participation in the development of RE."

As mentioned in Hong Kong's Climate Action Plan 2050, the Government will endeavour to drive the development of RE through taking the lead in developing RE at government premises and facilitating the private sector in installing RE systems on their land and properties. Following the relaxation of requirements on the installation of solar PV systems on the rooftops of New Territories Exempted Houses (also known as "village houses") and exempting individuals installing RE systems at their residential premises from the relevant taxation obligations and business registration requirements, the Environment Bureau (ENB) and the Development Bureau hereby introduced a set of measures to facilitate the installation of solar PV systems in open car parks by the private sector. Upon meeting the specified requirements and obtaining the policy support of the ENB, the private sector may install solar PV systems (including the supporting structure(s)) not exceeding three metres in height in car parking spaces of larger-scale open car parks located at on-grade or on the main roof of non-domestic premises and benefit from the following major facilitation measures:

1. The Buildings Department (BD) will provide a fast-track mechanism to process and approve building plans submitted for the proposed erection of the supporting structure(s) for a solar PV system in the above-mentioned open car parks. The processing time for approval of such plans will be reduced from the current 60 days to within 30 days; an application for consent to the commencement of the works may also be submitted together with the building plan submission for concurrent processing; and

2. The BD will grant 100 per cent gross floor area concessions to the above-mentioned car parking spaces of larger-scale open car parks located at on-grade or on the main roof of non-domestic premises that are covered by solar PV systems, and will accept the mean height of the roof over the highest usable floor space of the existing building for the purposes of calculating building height restrictions in determining the approved site coverage and the plot ratio of the building.

Apart from the above new facilitation measures, the Government has been striving to provide clearer guidelines and streamline the procedures in relation to the installation of RE systems by the private sector. In July 2020, the Town Planning Board (TPB) promulgated the Assessment Criteria for Considering Applications for Solar PV System made under section 16 of the Town Planning Ordinance for considering planning applications on installing solar PV systems in various land zones submitted by members of the public. Since the promulgation of the Assessment Criteria, the TPB has recently approved for the first time a planning application for the proposed development of a large-scale solar PV system regarded as "Public Utility

Installation" on a plot of land zoned "Agriculture". Involving about 1 650 solar panels, it is estimated that the project can generate over 720 000 kWh of electricity annually, which is equivalent to the annual electricity consumption of more than 200 households. This will set a good example for better utilisation of agricultural land for RE development.

Moreover, if the electricity generated by an installation of solar PV systems in an existing building is primarily for use by the building or accommodation within the same lot or its occupiers, such an installation is regarded as an ancillary facility of a permitted use under the land lease and does not require prior approval for change of restrictions of use of land under the land lease by the Lands Department (LandsD). To facilitate the installation of solar PV systems, the LandsD will suitably issue a practice note to promulgate the detailed arrangement. In addition, the installation will need to comply with other requirements under the land lease, or a prior application will need to be made to the LandsD. The LandsD will handle the application in accordance with established mechanisms.

Details of the facilitation measures have been uploaded to Hong Kong Renewable Energy Net of the Electrical and Mechanical Services Department (re.emsd.gov.hk/). Members of the public may also call the hotline set up by the ENB at 3509 8652 during office hours for enquiries.