

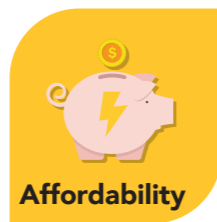
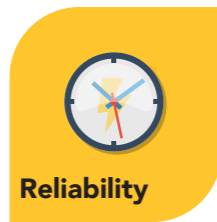
# Public Consultation on the Future Development of the Electricity Market

Share Your Views by 2015.6.30

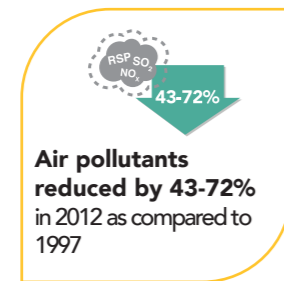
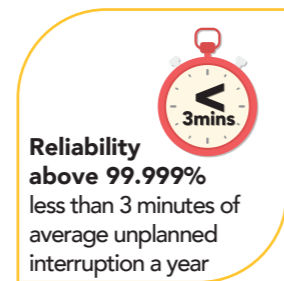


## Objectives

- The Scheme of Control Agreements (SCAs) will expire in 2018
- Due regard to the four energy policy objectives and our goal to introduce competition

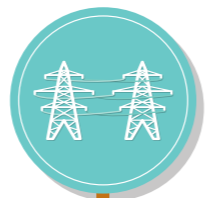


## Current Performance



## Competition in the Electricity Market

- No new, sizable electricity supplier in 2018
- To facilitate distributed generation
- To undertake preparatory work to pave the way to introduce competition :



To discuss with power companies and conduct a joint study on the **arrangements for access to the grids by new players**



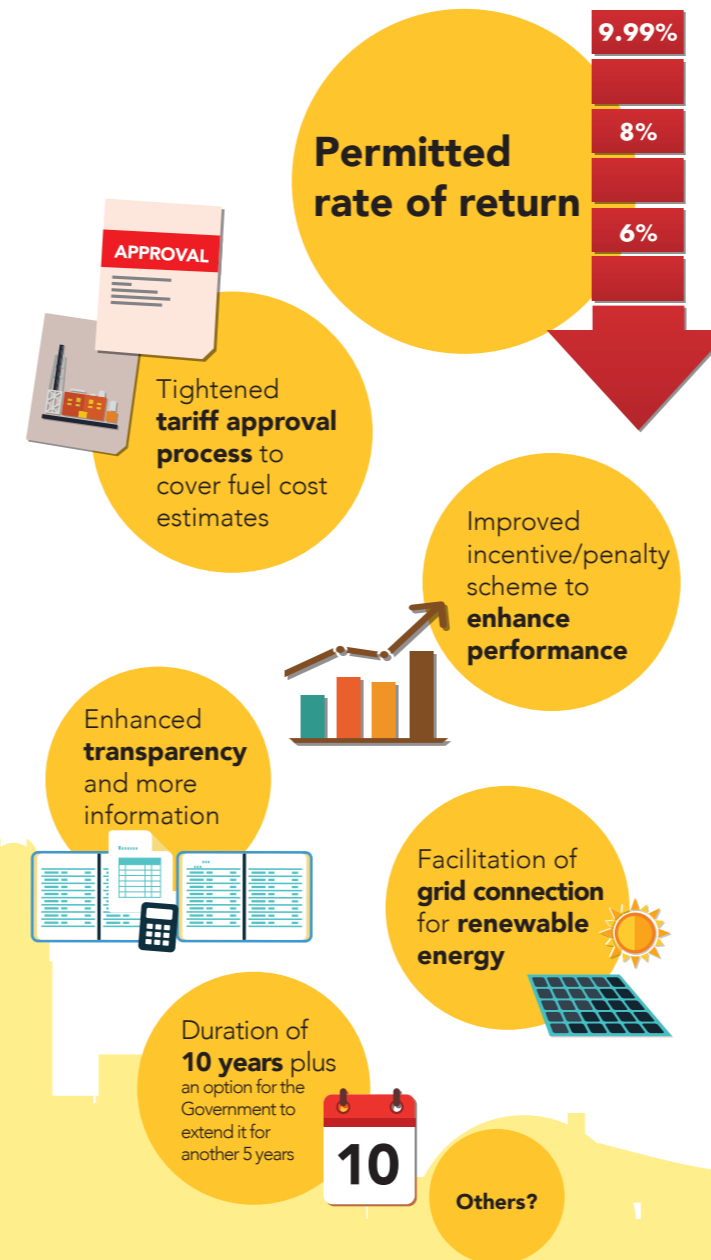
To conduct a study on **enhancing the interconnection** with the Mainland grid and between the local grids



To pursue with power companies on **publishing the segregated annual cost data** pertaining to their generation, and transmission and distribution systems

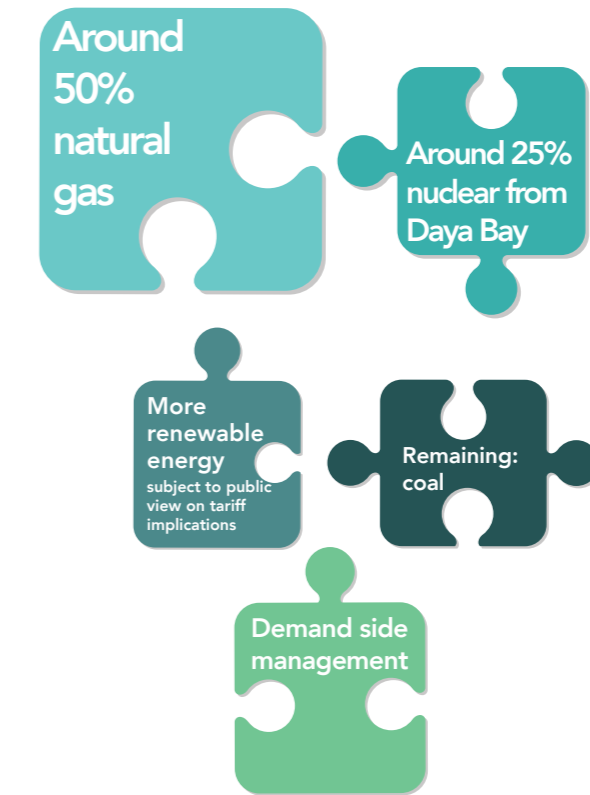
## Future Regulatory Arrangement

- The SCAs have largely been serving us well
- Key areas requiring review :



## Future Fuel Mix

- Over 86 000 submissions received during the fuel mix consultation
- Majority supported local generation by natural gas
- To meet the environmental targets for 2020:



- Q1** How important is choice to you in respect of the supply of electricity? What objectives do you consider should be achieved through introducing competition to the electricity market?
- Q2** To what extent do you think the current contractual arrangement by SCAs has allowed us to achieve the energy policy objectives of safety, reliability, affordability and environmental protection, and what problems do you see with this regulatory approach?
- Q3** What is your view on the following areas in the future contractual arrangement (if any) between the Government and the power companies -  
(a) duration;  
(b) permitted rate of return;  
(c) tariff approval mechanism;  
(d) fuel cost arrangement; and  
(e) incentive and penalty scheme relating to the performance of the power companies?  
What other improvements would you suggest?
- Q4** Should Hong Kong further promote renewable energy despite its higher tariff implications; and if so, about how much (in terms of percentage of your electricity bill) are you prepared to pay?
- Q5** What specific requirements would you suggest to be set out in the future contractual arrangement (if any) between the Government and the power companies to encourage the promotion of demand side management and renewable energy by the power companies?
- Q6** Do you have any other comments and suggestions?

Share your views on or before **30 June 2015** by mail, e-mail or facsimile to the following addresses –

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