



Power shocker

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Residents of Kowloon and the New Territories should brace to pay up to 40 percent more for power over the next four years.

That's the shock warning from CLP Power chairman Michael Kadoorie who says the government's clean energy drive will force his company to double the volume of natural gas it uses - just as the price of gas is forecast to triple.

"To implement these policy choices will require CLP to use twice the current volumes of natural gas," he said at the CLP annual meeting yesterday.

"And the cost of gas will be three times more than the current gas supply, which was secured 20 years ago.

"As a result, we estimate that, by 2015, fuel costs alone will increase by around 250 percent from current levels.

"This is the equivalent of about a 40 percent increase in overall costs to the consumers. This will require regular and substantial tariff increases over the next four years."

CLP chief executive Andrew Brandler said the era of cheap gas is over because the new contract will be three times the price of the existing one.

The forecast was contained in a speech delivered by the company's vice chairman, William Elkin Mocatta, on behalf of Kadoorie, who has lost his voice.

However, Kadoorie's tough talk was seen as a bargaining strategy with the government.

Democratic Party lawmaker Fred Li Wah-ming described the comments as threats and said they were irresponsible.

"Kadoorie's remarks suggest CLP has taken a strong stance to fight for a tariff increase as they expect Chief Executive-designate Leung Chun-ying to adopt a tough and decisive approach in handling future tariff hikes," Li said.

Federation of Trade Unions lawmaker Wong Kwok-kin accused CLP of trying to intimidate the public, saying the government must act to open the market to competition.

"CLP's management only dares make such arrogant remarks since it and Hongkong Electric monopolize the power market," he said.

CLP reduced its proposed price rise for this year from 9.2 percent to 4.7 percent following a public outcry. Kadoorie said the next government will have to choose between a stable electricity supply and cost.

He criticized the government for interfering with the market by entering into an understanding in 2008 with the mainland's National Energy Administration on Hong Kong's future energy supply, including long-term supplies from the mainland.

Kadoorie said after CLP expressed the need to raise tariffs last year, calls mounted for the government and the Legislative Council to strengthen controls on the electricity industry.

"In recent times, in the context of the tariff increase, there have been calls for increased government and legislative involvement, intervention and control over Hong Kong's electricity industry," he said.

"I do not doubt the sincerity of those voices. What I would challenge are the choices being made regarding those matters which government should do and those which are best left to the private sector."

Had power supply been handled in the same way as the government tackled the West Kowloon and Kai Tak projects, the power supply situation in Hong Kong today would be in a mess, he said.

"If the speed and efficiency of decision-making and implementation by CLP in managing and operating the electricity

supply system for Kowloon and the New Territories had matched those standards, I would be speaking to you today in darkness," he said.

Larry Chow Chuen-ho, director of the Hong Kong Energy Studies Centre at Baptist University, said CLP gets natural gas from the Yacheng field near Hainan at a lower price because the deal was signed about 20 years ago.

Chow said since CLP will have to sign new contracts with mainland suppliers as the field is drying up, it is expected the cost will increase sharply and this will be transferred to consumers.

William Chung Siu-wai, head of the Energy and Environmental Policy Research Unit at Hong Kong City University, said the government should consider opening the electricity market to allow mainland suppliers to use CLP and Hongkong Electric networks to serve local consumers.