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LEGISLATIVE COUNCIL BRIEF

2024-28 DEVELOPMENT PLAN AND 2024 TARIFF REVIEW

2023 INTERIM REVIEW ON SCHEME OF CONTROL AGREEMENTS

INTRODUCTION

At the meeting of the Executive Council on 28 November 2023, the Council ADVISED and the Chief Executive ORDERED that the 2024-28 Development Plans ("new DPs") including the projected levels of Basic Tariff Rate for the new DP period; and the 2024 Tariff Review proposed by the two power companies , viz., CLP Power Hong Kong Limited ("CLP Power") and Castle Peak Power Company Limited ("CAPCO") (hereinafter referred to collectively as CLP) as well as The Hongkong Electric Company, Limited ("HKE") (CLP and HKE are collectively referred to as the "power companies") should be approved pursuant to the respective Scheme of Control Agreements ("SCAs"). The Council also took note of the outcome of the interim review of the SCAs undertaken in 2023 ("2023 Interim Review").

2024-28 DEVELOPMENT PLANS AND 2024 TARIFF REVIEW

JUSTIFICATIONS

2. CLP's and HKE's current DPs were approved by the Council in July 2018, and will expire on 31 December 2023. Pursuant to the SCAs, CLP and HKE submitted their new DPs, covering the new DP Period to tie in with the expiry of the respective current DPs. Each new DP covers, inter alia, the relevant power company's electricity demand forecasts, proposed capital projects and projected average Basic Tariff Rate for each year in the new DP Period.

3. In considering the new DP proposals, we are mindful that they must be conducive to achieving the Government's four overarching energy

policy objectives, i.e. safety and reliability of electricity supply, affordability, and environmental performance. With the assistance of an independent energy consultant, we have reviewed the financial and technical aspects of the new DPs, with a view to accepting only those capital project proposals which are considered absolutely necessary to meet the actual needs of Hong Kong and avoiding investments that are excessive, premature or unnecessary.

KEY FEATURES AND ASSESSMENT

4. With the support of an independent energy consultant, we have examined the power companies' maximum demand and load forecasts underlying the new DPs. Our assessment has concluded that the power companies' maximum demand and load forecasts, which could lead to the need for new generating capacity and additional power import from the Mainland to ensure reliable electricity supply and tariff projections, are reasonable.

5. We have also critically reviewed the capital projects proposed by the power companies on the project need, timing and budget, with assistance of the independent energy consultant. The total estimated CAPEX for the new DPs of the power companies are both lower than the level of their respective current DPs[1], mainly due to less investment in generation projects, partly offset by higher investment in transmission and distribution (T&D) system. The generation investment will be reduced after the substantial investment in the current DPs for replacement of coal generation by cleaner energy. There is also a need to contain further investment in local generation for the time being when we are looking for clean electricity import. The higher investment in T&D is for maintaining supply reliability and meeting the electricity demand of Hong Kong, in particular for CLP under the development of Northern Metropolis and New Development Areas. The assessment on reasonableness of projects has been made with consideration of the recommendations from the independent energy consultant. These capital projects will be monitored and adjusted in the light of actual demand build-up through the annual Auditing Review and Tariff Review under the SCAs.

I. Load and Sales Forecast

6. CLP projects that the local maximum demand and local electricity sales will grow at an average annual rate of 0.3% and 0.9% respectively for 2024 to 2028. As for HKE, it projects local maximum demand to decline at an average annual rate of 0.7% for 2024 to 2028 and local electricity sales to

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[1] In November 2021, the Council's approval was given to increase CLP's total estimated CAPEX, as approved under the current DP, from $52.9 billion to $56.1 billion.

decline at an average annual rate of 0.6% owing to the impacts from community-wide energy efficiency and conservation initiatives.

II. Capital Projects

7. The total estimated CAPEX for the new DP Period proposed by CLP and HKE is as follows –

	Project Type	CLP ($ billion)	HKE ($ billion)
(A)	Generation System	13.2	10.6
(B)	Transmission and Distribution System	38.3	9.2
(C)	Customer and Corporate Services Development	1.4	2.2
		52.9	22.0

8. The major capital project proposals of the power companies are as follows –

CLP Projects

(A) Utility Scale battery energy storage system ("BESS") project

9. CLP will construct a new 100MW 1-hour (100MWhr) capacity utility scale BESS in Castle Peak A Power Station for commissioning in 2028 to shave the system peak demand by 100MW, and to help compensate for the intermittency of renewable energy connected to the system and support system load regulation.

(B) Life Extension of Generating Plants

10. In order to better utilize the technical lives of existing generating units and defer the investment for replacement capacity, CLP will extend the useful lives of all four coal-fired units at Castle Peak B Power Station ("CPB") to 2035, eight gas-fired units at Black Point Power Station and three oil-fired units at Penny's Bay Power Station for further 5 years. The useful life extension of the CPB coal-fired units will not compromise the environmental benefits because these units are equipped with advanced emission control facilities and will have limited generation output when we rely more on gas-fired units for local electricity generation.

11. Other major new projects in the CLP's new DP are to carry out T&D

projects including new substations, additional circuits, improvement and reinforcement of existing system to ensure that adequate T&D facilities will be in place to meet demand including from new developments in Northern Metropolis and new data centres, maintain reliability of supply and safety of CLP's system.

HKE Projects

(A) Construction of a New Gas-fired unit "L13" at Lamma Power Station ("LPS")

12. HKE will construct a new gas-fired unit "L13" (380MW) at LPS for commissioning in 2029 to replenish the capacity of an existing coal-fired unit (350MW) to be retired in the same year. Given the existing coal-fired units have already passed its design service life and in light of its deteriorating conditions, life extension on some coal-fired units is considered not a cost-effective option as compared with that of a new gas-fired unit "L13", which has advantages from financial and environmental aspects. On the other hand, HKE has included in this new DP extending the service life of some coal-fired units of better condition to meet the demand.

13. Other major new projects in the HKE's new DP are to carry out T&D projects including the construction of new substations, additional circuits, improvement and reinforcement of existing system to ensure that adequate transmission and distribution facilities will be in place to meet demand, maintain reliability of supply and safety of HKE's systems.

III. Electricity Tariff

2024 Electricity Tariff

14. Net Tariff is the rate payable by consumers. It has two main components, namely Basic Tariff and the Fuel Clause Charge, and takes into account Special Rebates which are ad hoc accounting arrangements.

15. Owing to capital investment made and cost escalation, CLP will increase its Basic Tariff on average by 3.1% to 96.6¢/kWh with effect from 1 January 2024; whilst HKE will increase on average by 4.4% to 119.5¢/kWh. However, due to recent drop in international fuel prices, the resultant 2024 Net Tariff actually will be reduced on average by 7.4% and 16.0% for CLP and HKE respectively as compared with January 2023.

2025 to 2028 Projected Electricity Tariffs

16. The projected electricity tariffs for 2025 to 2028 are only projections and the actual tariffs to be charged to consumers each year will be determined in the respective annual Tariff Review having regard to various factors, particularly the actual fuel costs prevailing at the time. The Basic Tariff from 2025 to 2028 is projected to increase at an average annual rate of 2.0% for CLP and 2.7% for HKE. Assuming that fuel prices for 2025 to 2028 will remain stable as projected by the power companies, the average annual increase in Net Tariff in the years is projected to be moderate at 1.6% for CLP and 1.7% for HKE. The Basic Tariff during the entire new DP period is projected to increase at an average annual rate of 2.2% for CLP and 3.1% for HKE. Details of the 2024 electricity tariff and the projected electricity tariffs from 2025 to 2028 are set out in **Annex A1** (for CLP) and **Annex A2** (for HKE).

2023 INTERIM REVIEW

17. The current SCAs signed between the Government and CLP, and between the Government and HKE, came into effect on 1 October 2018 and 1 January 2019 respectively. The SCAs have a term of about 15 years and will expire on 31 December 2033. The Government and the power companies shall have the right during the year ending 31 December 2023 to request modification of any part of the SCAs. Any proposed modification to an SCA will not take effect until a written agreement as to the modification is made by all parties to that SCA and comes into effect in accordance with its terms.

18. Having engaged key stakeholders including business sector, professionals, think tanks, green groups and members of the Legislative Council, the Government has negotiated with the power companies to modify the current SCAs in various areas, including reducing the permitted returns, requesting power companies to share fuel cost in the event of energy crisis, reviewing the incentive/penalty mechanism, and enhancing transparency of information dissemination by power companies, etc. Upon rounds of negotiations, the power companies have agreed to modifications in the following three areas –

(a) Special Tariff Relief Mechanism during Energy Crisis

The power companies have agreed to implementing a Special Tariff Relief Mechanism for customers most in need of support during an energy crisis as a result of geopolitical situation, natural disaster or unforeseeable market volatility when there is persistent surge in fuel prices, leading to an increase in Total Tariff[2] ("TT") of more than 20% for HKE or more than 10% for CLP as compared with January of that year[3]. When the Mechanism is triggered, CLP and HKE will each make contribution from their non-Scheme of Control accounts to provide Special Tariff Relief to the low-consumption residential households, subject to a cap[4] of 100% of the incentives earned by shareholders in the year for HKE after deducting contributions to Community Energy Saving Fund ("CESF") and another concessionary tariff programme for disadvantaged groups, i.e. around $55 million adopting 2022 figures, and $180 million for CLP. The specific amount of subsidy for each household will be determined in consultation with the Government with reference to the magnitude of increase in the Fuel Clause Charge and other actual circumstances when the Special Tariff Relief Mechanism is triggered.

(b) New Penalty Scheme for Large-scale Electricity Supply Interruptions

The power companies have agreed to introducing a new penalty scheme for large-scale electricity supply interruptions[5], which is

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[2] Total Tariff is defined as Basic Tariff plus Fuel Clause Charge.

[3] The percentages are determined based on the changes in tariff of the power companies during the energy crisis in 2022 and the difference in the power companies' operation (e.g. fuel mix). From January to December 2022, CLP's TT have increased by 15% while HKE's TT have increased by 39%. Review will be conducted when there is significant change in fuel mix and / or related arrangements.

[4] The caps are determined based on the power companies' operation scale as well as customer bases.

[5] Incidents subject to CID will not be counted for incentives/penalties under Average Service Availability Index (ASAI) or Average Grid Supply Restoration Time (Average GSRT).

based on a new performance index of Customer Interruption Duration (CID) for supply interruption incident with details in the table below. CID is the sum of the product of "number of customers being interrupted" and "duration of power interruption" expressed in minutes for each group of affected customers for each large-scale electricity supply interruption incident[6].

Threshold		**Penalty Adjustment on Permitted Return**
CLP	**HKE**	
30 000 000 minutes > CID >= 15 000 000 minutes	10 000 000 minutes > CID >= 5 000 000 minutes	-0.015%
CID >= 30 000 000 minutes	CID >= 10 000 000 minutes	-0.03%

Interruptions due to severe weather conditions, third party damages, requests of customers, planned events approved by the Government and any other force majeure events will be excluded from the new penalty scheme.

(c) Enhancing transparency on information disclosure to public

To address the need for more information transparency, the power companies have agreed to enhancing the content of the following areas in the annual electronic information booklets issued pursuant to the SCAs for disclosure to the public –

(i) Information related to fuel costs and fuel procurement;
(ii) Breakdown of operating expenses and staff establishment;
(iii) Related party transactions and loan borrowing;
(iv) Performance targets achieved and rewards earned under the incentive/penalty scheme; and
(v) Information on CESF funding and CESF achievements.

19. The power companies have confirmed in writing to the Government their agreement to the proposals of modifications and conditions at **Annex B1**

[6] A single incident may cause supply interruptions to different groups of customers with different interruption durations. Therefore, summation is required to get the total CID for a single incident.

(for CLP) and **Annex B2** (for HKE). On the basis of the agreed proposals, the Government will arrange for the written agreements to be made with the two power companies to give effect to the modifications as stated in **Annexes B1** and **B2**. For the initiative in paragraph 18(c) above, the power companies will follow up to amend the electronic information booklet as required to be compiled by the two power companies in the SCAs, to incorporate the information in the newly added areas.

IMPLICATIONS OF THE PROPOSAL

Environmental Implications

20. During the new DP period, both power companies shall comply with the emission caps as stipulated in the Eighth and Ninth Technical Memoranda issued under the Air Pollution Control Ordinance (Cap. 311). The emissions for sulphur dioxide, nitrogen oxides and respirable suspended particulates from the power plants in 2026 onwards will be reduced by 89%, 74% and 71% respectively as compared with the emission caps in 2010. While there is no new generator installation by CLP, HKE will construct a new gas-fired unit (i.e. L13) for commissioning in 2029 to replace a retired coal-fired unit. As a result, HKE's gas generation will increase from around 70% to 80-85% of its fuel mix for electricity generation. This will further reduce HKE's reliance on coal-fired generation, thus reducing the emission of air pollutants. It will help further improve Hong Kong's air quality, and alleviate visibility, smog as well as acid rain problems affecting the Pearl River Delta Region.

Sustainability Implications

21. The power companies' proposals should contribute positively to the development of Hong Kong by ensuring the continued delivery to consumers of reliable, safe and efficient electricity supply. Furthermore, the proposals will continue strengthen our efforts in combating climate change.

PUBLICITY

22. A press release announcing the Executive Council's decision will be issued.

ENQUIRIES

23. Any enquiry on this brief should be addressed to Ms Lisa Chan, Principal Assistant Secretary for the Environment and Ecology (Financial Monitoring), at 3509 8638 *(2024-28 Development Plans and 2024 Tariff Review)*; and Dr Iona SHAM, Principal Assistant Secretary for the Environment and Ecology (Energy), at 3509 8619 *(2023 Interim Review)*.

Environment and Ecology Bureau
28 November 2023

<u>Annex A1</u>

CLP
Projected Tariff,
Year End Balances of Tariff Stabilisation Fund and
Fuel Clause Recovery Account

(¢/kWh)	2023 Rates	**2024 Rates**	Projected Rates in the 2024-28 Development Plan 2025	2026	2027	2028
<u>Tariff Components</u>						
Average Basic Tariff	93.7	**96.6**	100.3	101.5	102.7	104.4
Fuel Clause Charge	62.0	**46.3**	43.7	46.2	47.4	47.7
Special Rent and Rates Rebate	(1.3)	**-**	-	-	-	-
Average Net Tariff	154.4	**142.9**	144.0	147.7	150.1	152.1
Change in - Average Basic Tariff		**+2.9** ***(+3.1%)***	+3.7 *(+3.8%)*	+1.2 *(+1.2%)*	+1.2 *(+1.2%)*	+1.7 *(+1.7%)*
- Average Net Tariff		**-11.5** ***(-7.4%)***	+1.1 *(+0.8%)*	+3.7 *(+2.6%)*	+2.4 *(+1.6%)*	+2.0 *(+1.3%)*

<u>Average annual change – 2024 to 2028</u>

Basic Tariff	+2.2%
Net Tariff	-0.2%

	2023	Projected Balances in the 2024-28 Development Plan 2024	2025	2026	2027	2028
<u>Year End Balance</u>						
Tariff Stabilisation Fund ($Million)	1,758	754	437	406	404	404
- % of Sales of Electricity	*3.5%*	*1.5%*	*0.9%*	*0.8%*	*0.7%*	*0.7%*
Fuel Clause Recovery Account ($Million)	(771)	(1,617)	(1,340)	(735)	3	1

Annex A2

HKE
Projected Tariff,
Year End Balances of Tariff Stabilisation Fund and Fuel Clause Recovery Account

(¢/kWh)	2023 Rates	**2024 Rates**	Projected Rates in the 2024-28 Development Plan			
			2025	2026	2027	2028
Tariff Components						
Average 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
Change in - Average Basic Tariff		**+5.0** ***(+4.4%)***	+4.7 *(+3.9%)*	+3.7 *(+3.0%)*	+2.5 *(+2.0%)*	+2.6 *(+2.0%)*
- Average Net Tariff		**-31.5** ***(-16.0%)***	+1.2 *(+0.7%)*	+1.7 *(+1.0%)*	+4.2 *(+2.5%)*	+4.6 *(+2.7%)*

Average annual change – 2024 to 2028

Basic Tariff	+3.1%
Net Tariff	-1.8%

	2023	Projected Balances in the 2024-28 Development Plan				
		2024	2025	2026	2027	2028
Year End Balance						
Tariff Stabilisation Fund ($Million)	495	309	230	239	337	319
- % of Sales of Electricity	*2.9%*	*1.9%*	*1.4%*	*1.5%*	*2.0%*	*1.9%*
Fuel Clause Recovery Account ($Million)	(28)	1	72	178	271	299

Annex B1

2023 SCA Interim Review
Note on proposals of modifications (CLP)

1. Special Tariff Relief in the event of energy crisis

When an energy crisis as a result of geopolitical situation, natural disaster or unusual market volatility occurs, to lessen the tariff impact on customers, CLP Power Hong Kong Ltd (CLP) will implement a Special Tariff Relief mechanism as follows –

(a) When the Fuel Clause Charge (FCC) increases, as a result of persistent surge in fuel prices amid energy crisis, leading to a sharp increase in Total Tariff (TT)[1] of more than 10% as compared with January of that year[2], a Special Tariff Relief will be provided to targeted customers most in need of the support, who are the low-consumption residential customers, to mitigate the impact of the sharp rise in fuel costs. The Special Tariff Relief does not aim to subsidise normal electricity consumption.

(b) The Special Tariff Relief will be in the form of tariff credit per unit of electricity consumption for each low-consumption residential household. The specific amount of subsidy for each household and the payment mechanism will be determined in consultation with the Government with reference to the magnitude of increase in the FCC and other actual circumstances when the Special Tariff Relief mechanism is triggered. The tariff credits will be provided until end of year or when TT drops below the triggering point, whichever is the earlier.

(c) The Special Tariff Relief will be funded by the non-Scheme of Control (SoC) accounts of CLP. In addition to CLP shareholders' annual contributions to the CLP Community Energy Saving Fund (CESF) in accordance with provisions

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[1]Total Tariff (TT) is defined as Basic Tariff Rate plus Fuel Clause Charge.

[2]The triggering percentage is determined based on the changes in tariff of CLP during the energy crisis in 2022 and CLP's operation (*e.g.* fuel mix). From Jan to Dec 2022, CLP's TT has increased by 15%. Review of the triggering percentages will be conducted when there is significant change in fuel mix and/ or related arrangements.

under the SoC[3], in the event the Special Tariff Relief is triggered, CLP shareholders will contribute an additional amount capped at HK$180 million to help targeted residential customers most in need of support. Due to the variance of forecast and actual relief amount provided, if the total special relief offered exceeds the cap of CLP's contribution, it will be treated as deficit in Fuel Clause Recovery Account.

2. New penalty scheme for large-scale single electricity supply interruption based on Customer Interruption Duration mechanism

CLP will adopt a new performance index of Customer Interruption Duration (CID) for single supply interruption incident -

(a) CID is the total sum of the product of "number of customers being interrupted" and "duration of power interruption" expressed in minutes for each group of affected customers for each single electricity supply interruption incident. An example is set out as follows –

A single supply interruption incident has caused interruptions to three different groups of customer with different interruption durations with details as below –

Number of customers being interrupted (a)	**Duration of power interruption expressed in minutes (b)**	**(a) x (b)**
10 000	900	9 000 000
20 000	600	12 000 000
30 000	300	9 000 000
CID of the incident in minutes: (total sum of the above)		30 000 000

[3]HK$218 million in 2022

(b) The penalty for each single electricity supply interruption incident in any year shall be that specified in the "Penalty Adjustment on Permitted Return" column according to the severity of each electricity supply interruption incident determined in accordance with the "Threshold" column of the table below –

Threshold	**Penalty Adjustment on Permitted Return**
30 000 000 minutes > CID >= 15 000 000 minutes	-0.015%
CID >= 30 000 000 minutes	-0.03%

(c) In determining CID, no account shall be taken of any interruption to the supply of electricity to a customer where -

- the interruption is due to severe weather conditions, including but not limited to, Typhoon No. 8 or above and Black Rain Storm;
- the interruption is at the request of the customer concerned or agreed by the customer concerned for any improvement works on equipment owned and operated by CLP to supply this customer or caused by equipment owned or operated by any customer;
- the interruption is caused by third party;
- any other planned interruption to facilitate improvement of CLP's transmission and distribution facilities which the Government approves as being, or having been, fair and reasonable; or
- any other force majeure event(s).

(d) For incidents where CLP is penalised under the CID mechanism, the interruption to the supply of electricity of such incidents will not be included in the calculation of incentives or penalties for the Average Service Availability Index (ASAI) or the Average Grid Supply Restoration Time (Average GSRT).

3. **Enhancing transparency on information disclosure to public**

CLP will enhance the content in the annual electronic information booklets for disclosure to the public to address the need for more information transparency, including but not limited to -

(a) Information related to fuel costs and fuel procurement;
(b) Breakdown of operating expenses and staff establishment;
(c) Related party transactions and loan borrowing;
(d) Performance targets achieved and rewards earned under the incentive/penalty scheme; and
(e) Information on CESF funding and CESF achievements.

\- End -

Annex B2

2023 SCA Interim Review
Note on proposals of modifications (HKE)

1. Special Tariff Relief in the event of energy crisis

When an energy crisis as a result of geopolitical situation, natural disaster or unusual market volatility occurs, to lessen the tariff impact on customers, The Hongkong Electric Company, Ltd (HKE) will implement a Special Tariff Relief mechanism as follows –

(a) When the Fuel Clause Charge (FCC) increases, as a result of persistent surge in fuel prices amid energy crisis, leading to a sharp increase in Total Tariff (TT)[1] of more than 20% as compared with January of that year[2], a Special Tariff Relief will be provided to targeted customers most in need of the support, who are the low-consumption residential customers, to mitigate the impact of the sharp rise in fuel costs. The Special Tariff Relief does not aim to subsidise normal electricity consumption.

(b) The Special Tariff Relief will be in the form of tariff credit per unit of electricity consumption for each low-consumption residential household. The specific amount of subsidy for each household and the payment mechanism will be determined in consultation with the Government with reference to the magnitude of increase in the FCC and other actual circumstances when the Special Tariff Relief mechanism is triggered. The tariff credits will be provided until end of year or when TT drops below the triggering point, whichever is the earlier.

(c) The Special Tariff Relief will be funded by the non-Scheme of Control (SoC) accounts of HKE. HKE has been making contributions to its Community Energy Saving Fund (CESF) and other tariff-relief measures for disadvantaged customers. In the

[1]Total Tariff (TT) is defined as Basic Tariff Rate plus Fuel Clause Charge.

[2]The triggering percentage is determined based on the changes in tariff of HKE during the energy crisis in 2022 and HKE's operation (*e.g.* fuel mix). From Jan to Dec 2022, HKE's TT has increased by 39%. Review of the triggering percentages will be conducted when there is significant change in fuel mix and/ or related arrangements.

event of an energy crisis where the Special Tariff Relief is triggered as set out in part (a) above, HKE's contributions to the total of these amounts and the Special Tariff Relief will be capped at 100% of the incentives earned by HKE in the year. Due to the variance of forecast and actual relief amount provided, if the total special relief offered exceeds the cap of the HKE's contribution, it will be treated as deficit in Fuel Clause Recovery Account.

2. New penalty scheme for large-scale single electricity supply interruption based on Customer Interruption Duration mechanism

HKE will adopt a new performance index of Customer Interruption Duration (CID) for single supply interruption incident -

(a) CID is the total sum of the product of "number of customers being interrupted" and "duration of power interruption" expressed in minutes for each group of affected customers for each single electricity supply interruption incident. An example is set out as follows –

A single supply interruption incident has caused interruptions to three different groups of customer with different interruption durations with details as below –

Number of customers being interrupted (a)	**Duration of power interruption expressed in minutes (b)**	**(a) x (b)**
10 000	900	9 000 000
20 000	600	12 000 000
30 000	300	9 000 000
CID of the incident in minutes: (total sum of the above)		30 000 000

(b) The penalty for each single electricity supply interruption incident in any year shall be that specified in the "Penalty Adjustment on Permitted Return" column according to the severity of each electricity supply interruption incident determined in accordance with the "Threshold" column of the table below –

Threshold	**Penalty Adjustment on Permitted Return**
10 000 000 minutes > CID >= 5 000 000 minutes	-0.015%
CID >= 10 000 000 minutes	-0.03%

(c) In determining CID, no account shall be taken of any interruption to the supply of electricity to a customer where -

- the interruption is due to severe weather conditions, including but not limited to, Typhoon No. 8 or above and Black Rain Storm;
- the interruption is at the request of the customer concerned or agreed by the customer concerned for any improvement works on equipment owned and operated by HKE to supply this customer or caused by equipment owned or operated by any customer;
- the interruption is caused by third party;
- any other planned interruption to facilitate improvement of HKE's transmission and distribution facilities which the Government approves as being, or having been, fair and reasonable; or
- any other force majeure event(s).

(d) For incidents where HKE is penalised under the CID mechanism, the interruption to the supply of electricity of such incidents will not be included in the calculation of incentives or penalties for the Average Service Availability Index (ASAI) or the Average Grid Supply Restoration Time (Average GSRT).

3. **Enhancing transparency on information disclosure to public**

HKE will enhance the content in the annual electronic information booklets for disclosure to the public to address the need for more information transparency, including but not limited to -

(a) Information related to fuel costs and fuel procurement;
(b) Breakdown of operating expenses and staff establishment;
(c) Related party transactions and loan borrowing;
(d) Performance targets achieved and rewards earned under the incentive/penalty scheme; and
(e) Information on CESF funding and CESF achievements.

- End -