



港燈
HK Electric



Press Release
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Fuel Clause Charge Drops in April Based on Monthly Adjustment Mechanism But Will Increase Significantly from Mid-Year

HK Electric announced today that the Company's Fuel Clause Charge (FCC) for April will be adjusted to 30.4 cents per unit of electricity, down from 34 cents per unit in March. A spokesperson, however, remarked that the monthly adjustment mechanism for FCC has an inherent deferred effect and therefore the present FCC has not reflected the recent sharp increase in fuel prices under the tight supply, due to the instability in the Middle East. If the fuel prices stay at high levels or further increase, there will be a significant increase in the FCC from the middle of the year.

The Net Tariff charged to HK Electric customers is made up of Basic Tariff and the FCC. Fuel prices are subject to fluctuations arising from changes in market supply and demand attributable to a host of factors, including geopolitical forces and economic climate, which are beyond the control of power companies. Fuel costs are incorporated based on a pass-through mechanism without making any profit, as stipulated under the Scheme of Control Agreement. From 2019, the FCC of the following month is adjusted monthly based on the average of the previous three months' actual fuel costs.

Given the ongoing geopolitical tensions, particularly the rapidly evolving situation in the Middle East, global energy markets have been highly volatile since March, driving a sharp increase in both fuel prices and the actual fuel costs. However, under the current mechanism, there will be a deferred effect on the FCC when fuel prices are volatile.

As such, the FCC for April will be adjusted to 30.4 cents per unit of electricity, down from 34 cents per unit in March. Together with the Basic Tariff, HK Electric's average net tariff for April will be 158.3 cents per unit, lower than 161.9 cents per unit in March. The spokesperson cautioned that the FCC would face an unavoidable and significant increase from mid-year if the current market conditions persist or even worsen.

HK Electric's power generation relies primarily on natural gas and coal. Given the ongoing global uncertainties, the Company will continue to closely monitor energy markets and supply conditions, manage fuel inventory, generation operations and emissions prudently. A range of contingency measures have been put in place, including adjustments to the fuel mix and activation of standby coal-fired units as necessary, to ensure that electricity supply to more than 590,000 customers on Hong Kong Island and Lamma Island remains stable and reliable.

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