

A Word from Our CEO

“ I am delighted to present HKEI’s third Sustainability Report. 2015 marked the 125th year HK Electric has been lighting up the homes and businesses of Hong Kong. It is an achievement to be proud of as we reaffirm our long-standing commitment to providing a world-class electricity supply. ”



For HKEI, 2015 can best be summed up by one word: balance. During the year, HK Electric continued to deliver a safe, reliable, affordable and environmentally friendly electricity supply to our customers, whilst striving to look after the interests of our many stakeholders. At the same time, the energy sector, the Government and the public sought to strike a balance as we deliberated on the future development of Hong Kong’s electricity market.

HK Electric’s response to the Government’s public consultation held between March and June 2015 is that no change should be made to the current Scheme of Control Agreement (“SCA”) simply for the sake of change. The SCA has allowed power companies in Hong Kong to balance two key priorities: providing value-for-money services to customers, and offering investors a rate of return that enables them to continue to invest in energy supply over the long term. According to the Government, the mainstream opinion of the respondents was that the current SCA should be retained, as it allowed the city’s four fundamental energy policy objectives – safety, reliability, affordability and environmental protection – to be met with success.

Caring for Customers

Providing unparalleled service to our customers is our key responsibility. In 2015, we continued to meet or exceed our

18 pledged customer service standards. In particular, we have maintained a world-class reliability rating of more than 99.999% for 19 consecutive years since 1997. We have honoured our 2013 pledge to freeze the net tariff until the end of 2018, and have even gone one step further by reducing the net tariff by 1.1% on average in 2016 due to the bigger-than-expected drop in international fuel prices over the past year.

We also expanded our services and set up a dedicated team to provide a one-stop service for operators who wish to establish data centres. We strived to be their energy partner of choice and hosted a symposium to share views and experiences from within the IT community.

A Green Message for All

The historic Paris UN Climate Change Conference last December highlighted the fact that combating climate change remained one of the most important global issues. As a power company, we are keenly aware of our role in this and maintain our pledge to increase the use of natural gas in our fuel mix to reduce emissions. This is in line with the results of the Government’s 2014 public consultation about the future fuel mix for electricity generation, as the majority of respondents indicated that local gas generation would be their preferred choice.

With the Government's formal approval, we began constructing a gas-fired combined-cycle generating unit at Lamma Power Station in January this year. The efficiency of this new unit surpasses the existing units at Lamma Power Station. It will help further reduce air emissions and carbon intensity, and promote fuel efficiency, while maintaining power supply reliability, when the new unit is operational in 2020. Depending on the price of gas, the annual fuel cost saving could amount to hundreds of millions of dollars compared to an existing older gas-fired unit.

In 2015, we continued to support the use of electric vehicles to reduce roadside emissions and improve air quality. We unveiled the "Drive EV Charge Easy" service to provide a more efficient and proactive response to those who intend to build charging facilities. We also organised a seminar with an EV exhibition for relevant stakeholders to share knowledge and experience on installing charging facilities.

In promoting energy saving, our Smart Power Fund helps building owners enhance the energy efficiency of their properties. During the year, we approved 15 applications for the fund and hosted a seminar to further promote this green initiative within the community.

We continued to spread our green messages through two of our anchor programmes – the Smart Power Campaign and Green Hong Kong Green ("GHKG"). The newly launched "Green Energy Dreams Come True" initiative under the Smart Power Campaign sponsored brilliant ideas from secondary school students, while the third GHKG Eco-tour Festival in November, as well as the monthly eco-heritage tours organised throughout the year, continued to educate the public about conserving the environment and eco-heritage.

Caring for People and the Community

Throughout 2015, we worked ceaselessly to improve our safety performance. We conducted a corporate-wide Safety Climate Index Survey, which revealed that overall our people's attitudes towards occupational health and safety were satisfactory. Based on the detailed findings, we have developed action plans so that we can see sustained improvement in the future.

To ensure our operations are sustainable, we continued to develop our employees' potentials and abilities, as well as encouraging more young people to join the power

industry. In November last year, we signed a Memorandum of Understanding with The Hong Kong Polytechnic University for co-organising postgraduate courses, which will go some way to addressing the shortage of power-engineering talents within the industry.

For our community, we launched the CAREnJOY programme to help single elders and promote mutual support in the neighbourhood, while establishing stronger ties with society through our partnership with local NGOs and district councils. All this was supported by our corporate volunteer team which continued to reach out through various kinds of services.

Strengthened Governance with New Partnership

The way we govern our business is the key to sustainability. In 2015, we continued to enhance our corporate governance, such as developing a structured Regulatory Compliance & Monitoring Framework, and promptly enhancing our environmental and quality management systems to meet the new ISO standards released in September. We were also glad to see that HKEI was included in the MSCI HK Index.

In June, the Qatar Investment Authority acquired a 19.9% stake in HKEI and became our third largest shareholder after Power Assets Holdings Limited and the State Grid Corporation of China. We believe this new partnership is of great benefit to the Group.

Looking Ahead

We shall continue to provide safe, reliable, clean and affordable electricity to support the sustainable development of Hong Kong. We shall also work closely with the Government and other stakeholders to work out a roadmap for developing the future electricity market in the city, balancing the needs, interests and concerns of our various stakeholders.

Thank you for reading this report. Let us work together for a balanced, harmonious, brighter and greener future for all.

Wan Chi-tin
Chief Executive Officer
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