Smart Power Loan Fund

Guide to Application

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Contents

1. Introduction ......................................................................................................................... 2
2. Eligibility ............................................................................................................................... 2
3. The Loan .............................................................................................................................. 3
4. Interest Subsidies ............................................................................................................... 3
5. Application Process .......................................................................................................... 4
6. Grant of Loan and Other Terms ...................................................................................... 5
7. Completion Site Inspection .............................................................................................. 7
8. Disbursement of Interest Subsidies .................................................................................. 7
9. Termination of Interest Subsidies ..................................................................................... 7
10. Responsibility and Limitation of Liability ....................................................................... 8
11. Data Protection and Information Disclosure ................................................................. 9
12. General ............................................................................................................................... 9
1. **Introduction**

1.1 HK Electric, in collaboration with designated banks (the Bank) provides interest-subsidised loans to its non-residential customers (except the HKSAR Government) to implement energy efficiency initiatives in their premises under the Smart Power Loan Fund (the SPLF) established by it. HK Electric, for its part under the SPLF, subsidises these customers who have successfully obtained bank loans (the Loans), the interest payments on the Loans actually made to the Bank.

1.2 The SPLF is open for application until 31 December 2032 or the funding is fully used up, whichever is the earlier.

1.3 This Guide to Application (the Guide) sets out the eligibility criteria, the application process and other terms and conditions for the SPLF. HK Electric may from time to time revise the Guide. Notice of any revision will be conclusively given by publishing the revision on HK Electric’s website at www.hkelectric.com or by sending to applicants a copy of the revised Guide or an appropriate extract or summary of the same. Any such revision will replace all previously published Guides and will take effect from the date when the revision is first published on HK Electric’s website (or such later date specified in the revision).

2. **Eligibility**

2.1 Application for the SPLF (the Application) will only be considered for the project costs incurred under the energy efficiency enhancement projects (the Projects) identified through HK Electric’s Smart Power Energy Audit (the SPEA) and/or approved under HK Electric’s Smart Power Building Fund (the SPBF), which include but not limited to costs of materials, installation, testing and commissioning, and service fee of qualified service provider (if any) (the Eligible Project Cost). The Eligible Project Cost shall be directly contributing to energy saving and/or energy efficiency enhancement and exclude cost items related to renewable energy generation facilities.

Applicants

2.2 An application for the SPLF shall be made by the eligible applicant (the Applicant) who is:

a) a non-residential registered customer (except the HKSAR Government) of HK Electric; and

b) a successful applicant of the SPEA and/or the SPBF.
2.3 HK Electric has the sole and absolute discretion to interpret Clauses 2.1 and 2.2 and decide the eligibility of the Eligible Project Costs, and its decision shall be final.

3. The Loan

3.1 The maximum loan principal amount of each Project shall be the lower of (i) HK$3 million; and (ii) up to 80% of the Eligible Project Costs (net of any contributions, grants, loans or rebates from other funding sources (including subsidy under the SPBF)) (the Loan Amount Cap).

3.2 An Applicant may make more than one Application within each five-year period commencing from 1 January 2019 until 31 December 2023, 1 January 2024 until 31 December 2028, and 1 January 2029 until 31 December 2033, subject to the following conditions:

a) they cover different energy efficiency enhancement projects; and

b) the cumulative amount of the Loans for the same Applicant does not exceed HK$6 million within each of the above five-year period.

4. Interest Subsidies

4.1 HK Electric has the sole and absolute discretion to vet, determine and approve the subsidy amount (the Interest Subsidies) and its decision shall be final.

4.2 The Interest Subsidies for each Project shall be the lower of (i) interest payments on the Loan actually made by the Applicant to the Bank; or (ii) interest payments on a portion of the Loan which equal to the Actual Loan Amount Cap (as determined by HK Electric in accordance with Clause 7.2), but excludes:

a) loan arrangement fees, handling charges, late payment charges, default payments and any other interests, bank charges or payments of whatever nature which would not have been payable other than by reason of late payment, default or early termination of the Loan agreement;

b) interest attribute to any part of the Loan to be applied towards payment of system(s)/equipment under the Project to be commissioned or installed after 31 December 2033; and

c) interest attributable to any part of the Loan to be applied to system(s)/equipment under the Project for which project contracts/purchase order(s) is/are not placed within 3 months (or such other period of time approved by HK Electric in its sole and absolute discretion) from the date on which the Bank approves the Loan.
4.3 The period (the **Eligible Period**) during which the Applicant shall be eligible for Interest Subsidies will be the shortest of:

a) the Actual Eligible Payback Period (as determined by HK Electric in accordance with Clause 7.2);

b) the tenor approved by the Bank; or

c) 5 years,

from the date on which the Loan was first drawn down.

5. **Application Process**

Application Submission

5.1 The Applicant shall make the Application by submitting to HK Electric a duly completed SPLF Application Form (available at HK Electric’s website www.hkelectric.com/SPLF-en) together with the required supporting documents/information by any one of the following ways:

   Email: SPLF@hkelectric.com  
   (Please mark “Application for Smart Power Loan Fund” and the building/estate name in the email subject)

   Post: Head of Customer Business Development, Customer Services Division, 4/F, Hongkong Electric Centre, 44 Kennedy Road, Hong Kong  
   (Please mark “Application for Smart Power Loan Fund” on the envelope)

5.2 HK Electric will not process the Application in the following circumstances:

a) If the SPLF Application Form is not duly completed, or any supporting document or otherwise required by HK Electric is incomplete;

b) If any document which requires signing by the Applicant is not signed with the required authorised signature and official chop; and/or

c) If the SPLF Application Form relating to Projects approved under SPBF is submitted more than 3 months from the date of the SPBF Letter of Approval.

Special Notes for SPBF Projects

5.3 The Application shall cover all the project item(s) as listed in the SPBF Letter of Approval.
5.4 Any Project that is both approved under the SPBF and identified through the SPEA shall be regarded as a SPBF Project for the SPLF Application purpose.

Joint Pre-Project Inspection for SPEA Projects

5.5 Upon satisfactory preliminary assessment by HK Electric of the documents submitted under the Application for the Project identified under the SPEA, HK Electric (or its designated service provider) and the Applicant shall jointly conduct an on-site pre-project inspection (the *Joint Pre-project Inspection*) and the Applicant shall sign with official chop a *Pre-project Verification Form*, to confirm and/or verify such matters arising out of the Joint Pre-project Inspection and in such form as may be required by HK Electric.

5.6 The Application will be terminated automatically if, based on the results of the Joint Pre-project Inspection, any system/equipment of the Project has been delivered to the premises as set out in the SPLF Application Form.

Technical Assessment

5.7 HK Electric will carry out technical assessment (the *Technical Assessment*) of the Project based on the information given in the SPLF Application Form (and the results of the Joint Pre-project Inspection for SPEA Projects, if applicable) to determine the Eligible Project Cost and the estimated period for the payback of the Loan by the Applicant (the *Eligible Payback Period*).

5.8 Upon satisfactory results of the Technical Assessment, HK Electric will inform the Applicant such information including but not limited to, the Eligible Project Cost, the Loan Amount Cap (taking into account, amongst other things, the cumulative amount of the Loan as detailed in Clause 3.2(b)) and the Eligible Payback Period in writing.

6. Grant of Loan and Other Terms

6.1 Upon satisfactory completion of the application process requirements under Clause 5, HK Electric has the sole and absolute discretion to decide and refer the Application to a Bank, and the Bank shall decide whether or not any Loan shall be granted based on the circumstances of each individual Application. The Applicant consents to HK Electric (i) to refer its Application to the Bank for consideration of the Loan application; and (ii) to release its documents/information submitted to HK Electric reasonably requested by the Bank for the purpose of any matter relating to the Loan application and the Loan drawdown. For the avoidance of doubt:

a) the Bank has the sole and absolute discretion to decide if the Loan should be granted to an Applicant, and if granted, its amount, tenor, terms and conditions. The Applicant can decide whether to accept any Loan granted by the Bank;
b) HK Electric does not guarantee or will not make any recommendation as to whether or not the Loan will be granted or, if granted, on what terms, and does not assume any liability to the Bank in respect of the grant of the Loan;

c) HK Electric may, but is not obliged to, provide comments to the Bank on the Eligible Project Cost and Eligible Payback Period based on the Technical Assessment. In doing so, HK Electric does not assume any responsibility to the Applicant, the Bank or any other party for use of its comments; and

d) no Loan shall be granted for any system(s)/equipment under the Project to be commissioned or installed after 31 December 2033.

6.2 The Applicant shall:

a) make arrangement for the drawdown of the Loan directly with the Bank such that the drawdown amount will be directly paid to it and/or its suppliers/vendors of the system(s)/equipment installed under the Project, and/or as it may otherwise direct, in such manner as provided in the terms and conditions of the Loan agreement;

b) bear at all times the sole obligation to repay to the Bank directly, the principal, interest, loan arrangement fees and handling charges, any late payment charges and other bank charges and all other payments in respect of the Loan in accordance with the terms and conditions of the Loan agreement; and

c) inform HK Electric in writing within 7 days on the occurrence of any of the following events:

   i. the Loan agreement has been terminated, whether by the Applicant or the Bank or by full repayment of the Loan; or

   ii. any term or condition of the Loan agreement which relates to or may affect interest payments is amended, varied, exercised or waived.

6.3 For the avoidance of doubt, the Applicant may apply for, and the Bank may approve, the Loan for a principal amount exceeding the Loan Amount Cap.

6.4 The Applicant shall not use the system(s)/equipment installed under the Project as collateral for any type of financing (other than the Loan) until the Loan has been fully repaid.
Completion Site Inspection

7.1 Upon completion of the Project, the Applicant shall:

a) either (i) arrange with HK Electric (or its designated service provider); or (ii) engage a third party qualified service provider approved by HK Electric to conduct site visit(s) and complete a verification form (signed with official chop) or a completion report in such form as may be required by HK Electric to confirm and/or verify the completion of the Project (the Completion Site Inspection); and

b) confirm to HK Electric in writing the actual costs of the Project with substantiating proof (the Project Costs Confirmation).

7.2 Based on result of the Completion Site Inspection, the Project Costs Confirmation, the cumulative amount of the Loan as detailed in Clause 3.2(b), and other relevant information, HK Electric will in its sole and absolute discretion determine, and inform the Applicant in writing, the Actual Loan Amount Cap and the Actual Eligible Payback Period of the Project eligible for the Interest Subsidy under the SPLF.

Disbursement of Interest Subsidies

8.1 Upon the completion of the requirements under Clause 7, HK Electric will disburse Interest Subsidies to the Applicant on a reimbursement basis.

8.2 The Applicant shall apply in writing to HK Electric to claim for Interest Subsidies by submitting the invoice/debit note of expenses accompanied by copies of supporting documents for its payment of Loan interest, such as bank statement of the Loan (the Reimbursement Application). HK Electric has the sole and absolute discretion to decide whether or not the supporting documents are sufficient to support the Reimbursement Application and, if not, shall request the Applicant for further supporting documents. HK Electric shall, upon the approval of the Reimbursement Application, reimburse the Interest Subsidies, on a dollar to dollar basis, to the Applicant.

Termination of Interest Subsidies

9.1 The Interest Subsidies to the Applicant shall terminate if:

a) it moves from the premises as set out in the SPLF Application Form (provided that this shall not affect Interest Subsidies for any part of the energy saving installations which will be re-installed at the new premises);

b) it terminates its business;
c) it is no longer a customer of HK Electric;

d) there is any fraud or misrepresentation in its Application;

e) the Loan agreement is terminated (other than by reason of full repayment); or

f) the subsidy agreement or the application under the SPBF is terminated.

9.2 Upon the termination under Clause 9.1, then in addition to its rights in law:

a) HK Electric shall have no obligation to disburse any Interest Subsidy to the Applicant;

b) HK Electric shall have the right to recover all Interest Subsidy amount already disbursed to the Applicant; and

c) HK Electric may refrain the Applicant from re-applying for the SPLF.

9.3 HK Electric shall have, in its sole and absolute discretion, the right to suspend the disbursement of all or any part of the Interest Subsidies if the Applicant defaults in payment of the Loan or fails to comply with any requirement for the Application or any requirement under Clause 7, until such time as the Applicant has made good all default payment or remedied such non-compliance. For the avoidance of doubt, the Eligible Period shall remain unchanged.

9.4 HK Electric may in its sole and absolute discretion to deduct or setoff all or part of the Interest Subsidies against any outstanding payments (whether in relation to the premises as set out in the SPFL Application Form or any other matter) due from the Applicant to HK Electric.

10. Responsibility and Limitation of Liability

10.1 At all times the Applicant shall be solely and fully responsible for all matters in relation to the Project(s) and the Loan. The Applicant is fully responsible for ensuring that the Project(s) comply with all applicable laws, regulations, codes of practice, guidelines, safety and technical requirements from time to time.
10.2 HK Electric shall have no responsibility whatsoever, whether to the Applicant or the Bank or any other party, for any indirect or consequential or economic loss, or loss of revenue, profit or data, or any claims and/or liabilities relating to and/or arising out of the Project(s), the Loan (including without limitation, the grant of the Loan, the terms of the Loan, the Applicant’s failure to repay the Loan or any default under the Loan agreement or the provision of information/documents to the Bank in connection with all such matters), and the Interest Subsidies (including without limitation, any usage of the Interest Subsidies by any Applicant), other than to disburse the Interest Subsidies in accordance with the terms and conditions in this Guide.

11. Data Protection and Information Disclosure

11.1 The Applicant shall, and shall procure all parties to, consent to HK Electric to:

a) disclose the name and address of the premises under the Application to administrators of other fund/loan schemes to verify against false information and/or double benefit;

b) use the data and information submitted in the Application and/or disclose those data and information to the HKSAR Government; and

c) publish the information related to the premises and Project(s) (including energy savings) under the Application in HK Electric’s publicity/communication materials, whether for internal or external readership, in printed, electronic and digital channels such as leaflets, brochures, posters, banners, videos, interviews, advertisements, websites, mobile phone applications, etc..

11.2 HK Electric and/or the HKSAR Government may at their discretion verify the data and information provided by the Applicant for compliance with relevant laws and regulatory purposes under its 2019-2033 Scheme of Control Agreement. Upon request, the Applicant shall provide additional data/information and/or provide evidence to HK Electric to prove the accuracy and authenticity of the data and information submitted by the Applicant. The Applicant shall consent to HK Electric and HKSAR Government to carry out site inspection(s) for verification purposes.

12. General

12.1 The Applicant consents to the Bank to release to HK Electric such information relating to the Loan as necessary for HK Electric (i) to validate the Applicant’s claim for Interest Subsidies; and (ii) to fulfil any obligations under its 2019-2033 Scheme of Control Agreement with the HKSAR Government.
12.2 Subject to Clauses 11.1 and 12.1, the Applicant’s information shall be kept confidential by HK Electric at all times and shall not be disclosed to any other third party (other than the third party organisation designated by HK Electric for the purposes of verifying the particulars provided and other purposes related to the Application) without the consent from the Applicant except as required by law or government or regulatory authorities or for the purpose of complying with the obligations under its 2019-2033 Scheme of Control Agreement with the HKSAR Government (as may be amended from time to time).

12.3 A term or condition of the SPLF may not be waived by HK Electric except in writing.

12.4 If there is any inconsistency or ambiguity between the English and Chinese versions, the English version shall prevail.

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