



Towngas Tariff Adjustment

(2 June 2022) The Hong Kong and China Gas Company Limited (Towngas) has informed Environment Bureau that it plans to raise its basic tariff from 1 August 2022. Legislative Council's Panel on Economic Development has circulated the related paper to its members today.

Towngas proposes to raise its basic tariff by 1.15 cents per MJ from 1 August 2022. The 4.4% increase is equivalent to 3.95% of the effective gas tariff (including basic tariff and fuel cost variation charge) in 2021. It is estimated that around 70% of Towngas' residential customers will pay no more than HK\$10 extra for their gas consumption each month, and about 50% of its commercial and industrial customers will pay less than HK\$290 extra for their gas consumption each month.

Beneficiaries of Towngas' various concession schemes will not be affected by this tariff adjustment. Around 50,000 beneficiaries, including the eligible elderly, people with disabilities, single-parent families and low income families, will continue to enjoy a 50% discount for the first 500MJ of town gas consumed each month, and the monthly maintenance charge and spare parts costs will continue to be waived. To provide further relief to the needy families and to support the food and beverage sector during this difficult time, Towngas has provided each household under its concession schemes with \$200 dining cash coupons.

"We are very prudent when it comes to tariff adjustment, taking into full consideration our customers' ability to absorb the additional expenses. The last adjustment took place three years ago on 1 August 2019. Since then, operating costs including materials and staff expenses have gone up substantially, and the cumulative inflation rate will be 4%. Towngas has made every effort to raise revenue and reduce costs, as well as improve our workflow to enhance efficiency and control expenses. However, the increase in costs still



could not be offset by the increase in revenue. On the other hand, we have continued to invest over HK\$1 billion in our gas network and infrastructure annually to ensure safe and reliable gas supply to our customers. Thus, it is necessary to adjust our tariff to cope with the rise in costs. The proposed adjustment of gas tariff is therefore modest,” said Towngas Managing Director Alfred Chan Wing-kin.

As an energy supplier, Towngas is committed to protecting the environment, carrying out effective cost control measures, and strengthening its competitiveness in the market. Natural gas from Australia was introduced as dual feedstock for its town gas production in October 2006, resulting in cumulative fuel savings of HK\$19 billion, which has since been passed on to its customers. For Towngas’ residential customers, for instance, that has translated into an average annual saving of HK\$360 per customer in the past 15 years. Towngas has also passed cost savings on to customers through the fuel cost variation charge. Despite the increase in international crude oil price, the effective town gas tariff in 2021 was only 3.5% higher than that in September 2006 just before the introduction of natural gas, while the cumulative inflation rate during the period was around 50%.

Towngas undertakes the promise to keep its basic tariff frozen for the next two years, while it continues its investments in infrastructure, environmental protection, safety and services. Its efforts to care for the underprivileged, shoulder social responsibilities and provide quality services for customers will also continue.

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