



## **Towngas Tariff Adjustment**

(3 July 2015) The Hong Kong and China Gas Company Limited (Towngas) has informed Environment Bureau that it plans to raise its standard tariff from 1 August 2015. Legislative Council's Panel on Economic Development will submit related Paper to its Members for circulation today.

Towngas proposes to raise its standard tariff by 1 cent per MJ from 1 August 2015. The actual increase of gas tariff (including standard tariff and fuel cost adjustment) is equivalent to 3.5%. It is estimated that about 80% of its residential customers will pay no more than \$10 extra for their gas consumption each month, and about 50% of its commercial and industrial customers will pay less than \$260 extra for their gas consumption each month.

Recipients of various Towngas concession schemes would not be affected by this tariff adjustment. For the 90,000 eligible elderly, people with disabilities, single-parent families and low income families, they will continue to enjoy 50% discount for the first 500MJ of town gas consumed each month, and the monthly maintenance charge and spare parts costs will be waived.

“We are very prudent in terms of tariff adjustment, bearing in mind all the time of our customers' ability to bear the additional expenses. We only adjusted our tariff four times over the past 18 years, and the last adjustment took place two more years ago on 1 April 2013. During the period, operating costs including materials, rentals and staff costs have gone up substantially. Towngas has made every effort to raise revenue and reduce costs, along with improvement in our work flow to enhance efficiency and control expenses. However, the increase in costs still cannot be offset by increase in revenue.



On the other hand, we continue to invest over \$1 billion in our gas network and infrastructure annually to ensure a safe and reliable gas supply to our customers. It is therefore necessary to adjust our tariff to cope with the rise in costs. The proposed adjustment of gas tariff at 3.5 % is therefore modest,” said Towngas Managing Director Alfred Chan Wing-kin.

As an energy supplier, Towngas has been conscious of its efforts in 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 town gas production since October 2006, passing on fuel savings amounting to \$14 billion to its customers since then. For our residential customers, as an example, that translates into an annual average saving of \$500 per customer. The average town gas price in first half of 2015 was still lower than that before the introduction of natural gas in 2006 and 11% less than the average in 2013, bringing both economical and environmental benefits to Hong Kong.

Towngas undertakes the promise to keep its standard tariff frozen for the next two years, at the same time keep on investing in infrastructure, environmental protection, safety and services. Its efforts to care for the underprivileged and provide quality services for our customers will continue.

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