

Renewable Energy (FiT) & Energy Efficiency under the New Scheme of Control Agreements



This Topical Digest explains the detailed renewable energy (RE) and energy efficiency provisions, under the new Scheme of Control Agreements (SCAs), which were announced on 23 April 2018.

The new SCAs (2018/19-2033) with CLP Power Hong Kong Limited (CLP) and Hongkong Electric Company Limited (HEC) encourage renewable energy and energy efficient buildings.

As 70% of Hong Kong's CO₂ emissions are from electricity and on the demand-side 63% from buildings, these measures are of significance to Hong Kong's decarbonization in line with the goals the Paris Agreement.

Both businesses and households stand to gain from these new provisions.

Come join BEC's seminar on 8 May 2018 to learn the practical details of the Feed-in-Tariff scheme. Please click [here](#) to register.

Renewable Energy

Feed-in-Tariff: Eligible Renewable Energy Systems

- FiT is offered for solar photovoltaic systems and wind systems connected to the grid with 1 MW or less generating capacity. Systems exceeding 1 MW will be considered on a case-by-case basis.
- Systems built prior to commencement of the new SCAs may participate and receive FiT.
- The private sector, households, and non-Government bodies, including statutory bodies and organizations that may have received public funding, are eligible for the FiT.

Feed-in-Tariff: Incentive Structure

- FiT will be paid for all units of electricity generated by RE systems within the scheme.
- The rates are intended to help achieve a 10-year payback period. Rates adopted at the launch of the scheme are:

System Generating Capacity	FiT Rate
≤10 kW	HK\$5/kWh
>10 kW to ≤200 kW	HK\$4/kWh
>200 kW to ≤1 MW	HK\$3/kWh

- FiT rates will be reviewed annually. They will be applied to RE systems that join the scheme within the period from rate announcement to publishing of new rates, if any.
- The same FiT rate as applied to the RE system upon joining the scheme will be effective for the RE system lifetime or until end 2033.
- FiT will be offered throughout the life of the RE systems or until end 2033. After 2033, the electricity generated by the systems will belong to the system owner. There is no guarantee of FiT after that date.

Renewable Energy Certificates

- RE Certificates represent units of electricity from local RE sources.
- They may be purchased to support RE generation.

Looking Ahead

- CLP will begin receiving FiT applications on 4 May 2018, with its scheme commencing on 1 October 2018.
- HEC will begin receiving FiT applications on 1 September 2018, with its scheme commencing on 1 January 2019.
- EMSD will revamp the HK RE NET [website](#) to provide relevant information on RE, including guidance on RE systems installation and information on grid connection.
- EMSD will establish a hotline to handle enquiries regarding RE.

Energy Efficiency

Eco-Building Fund (EBF) of CLP & Smart Power Fund (SPF) of HEC

- These funds will support retrofitting, retro-commissioning, and implementing smart technologies for communal areas of residential, commercial and industrial buildings.
- Fund Size: HK\$100 million/year for EBF & HK\$25 million/year for SPF; plus any roll-over from previous years.

Energy Saving Loan Funds

- To provide loans to implement energy efficiency initiatives, and can be used to supplement projects under EBF and SPF.
- Fund Size: HK\$25 million/year for CLP & HK\$12.5 million/year for HEC.

Education Funds

- To promote energy efficiency in the community through educational programs.
- Fund Size: HK\$10 million/year for CLP & HK\$5 million/year for HEC.

Community Energy Saving Funds

- To support customers upgrade to use energy efficient appliances, primarily targeting residential premises of disadvantaged groups.
- Fund Size: Supported by 65% of the total energy efficiency incentives amount earned by the power companies each year.

Energy Audits

- CLP and HEC are incentivized to conduct energy audits for premises of commercial and industrial customers.
- Scale: The SCAs incentivize CLP to conduct 600 energy audits/year & HEC to conduct 200 energy audits/year.
- These energy efficiency provisions are open to non-Government customers, including statutory bodies and organizations that may have received public funding.

For more information, please see the Government's [paper](#), CLP's [paper](#), and HEC's [paper](#).

About Business Environment Council Limited 商界環保協會有限公司

Business Environment Council Limited ("BEC") is an independent, charitable membership organisation, established by the business sector in Hong Kong. Since its establishment in 1992, BEC has been at the forefront of promoting environmental excellence by advocating the uptake of clean technologies and practices which reduce waste, conserve resources, prevent pollution and improve corporate environmental and social responsibility. BEC offers sustainable solutions and professional services covering advisory, research, assessment, training and award programs for government, business and the community, thus enabling environmental protection and contributing to the transition to a low carbon economy.

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