

29 June 2015

For Immediate Release

Competition Commission Makes Submission to Environment Bureau on the Future Development of the Electricity Market in Hong Kong

The Competition Commission (Commission) today (29 June) made a submission (Submission) to the Environment Bureau on its “Public Consultation on the Future Development of the Electricity Market” (Consultation Paper).

The Commission notes that there is currently no competition in the electricity sector in Hong Kong. However, the Government, as stated in the Consultation Paper, is committed to the introduction of competition. To facilitate achievement of this explicit goal of the Government, the Commission proposes that the Government establishes an independent advisory body with the mandate to make recommendations on:

- (a) a regulatory and institutional framework which would include the terms and conditions of network access for potential new entrants;
- (b) a mechanism to allow for the selling of electricity at the wholesale level to facilitate competition from new suppliers;
- (c) the specific measures required to enhance the interconnection between the Hong Kong grids themselves, and between the power grids in the Mainland and in Hong Kong; and
- (d) the measures required to deal with the transitional issues arising from introducing competition in Hong Kong.

To avoid further delay to introducing competition in the electricity sector, the Commission also recommends that the Government exercises the renewal provision under the Scheme of Control Agreements (SCAs) between the Government and the power companies and renews the SCAs for five years upon the expiry of the current agreements in 2018, rather than entering new long-term agreements.

Dr. Stanley Wong, the Chief Executive Officer of the Commission said, “Under the Competition Ordinance, the Commission’s functions include promoting public understanding of the value of competition and advising the Government on competition matters. The Submission aims at achieving both.”

The submission is available on the Commission's website www.compcomm.hk.

Note to the Editor

The Competition Commission is an independent statutory body established to enforce the Competition Ordinance (Cap. 619), which was enacted in June 2012. The objective of the Ordinance is to prohibit conduct that prevents, restricts or distorts competition, and mergers that substantially lessen competition in Hong Kong. At the present time, the Merger Rule applies only to a merger involving an undertaking that directly or indirectly holds a carrier licence issued under the Telecommunications Ordinance (Cap. 106).

The Commission also has the functions "to promote public understanding of the value of competition and how this Ordinance promotes competition" and "to advise the Government on competition matters in Hong Kong and outside Hong Kong" (Competition Ordinance, section 130(b) and (d)).