

ENERGY ADVISORY COMMITTEE

Thematic Household Survey 2003 Public opinion on electricity supply in Hong Kong

Introduction

This paper informs Members of the findings of a public opinion survey on electricity supply in Hong Kong, undertaken in the course of a series of routine Thematic Household Surveys by the Census and Statistics Department (C&SD), during the first quarter of 2003.

Background

2. In 1999, C&SD commenced a series of Thematic Household Surveys (THS) to collect statistical information on social topics proposed by individual Government bureaux and departments. At the suggestion of Economic Development and Labour Bureau (EDLB), electricity supply in Hong Kong was one of three topics covered by the round of survey conducted in the first quarter of 2003. We reckon it helpful if the THS could provide the Government with a general appreciation of how the public feels about the existing arrangement and expectations of the electricity supply sector in Hong Kong.

The Survey

3. C&SD identified a total of 2,172,600 households within the survey coverage during the first quarter of 2003 and arranged for a representative sample of 10,058 to be contacted. Of these, 8,433 households were successfully contacted and, from 24 March to 13 May 2003, face-to-face interviews were conducted with 8022 households. In each case, the member of household most knowledgeable about the household's electricity consumption pattern was invited to respond to questions contained in a questionnaire prepared jointly by C&SD and EDLB.

Main Findings of the THS

4. A summary of main findings is as follows -

A. *Opinion on electricity bills*

- The majority of respondents considered electricity bills provided sufficient information on electricity consumption (85.0%) and electricity charges (84.8%) while less than 4% held the opposite views.
- Slightly over half (55.7%) did not pay attention to information on electricity bills and 64.1% were not interested in understanding information on electricity bills.

B. *Electricity consumption habits*

- On questions relating to whether householders paid attention to the amount of electricity consumed in their homes, the most frequent response was “sometimes” (52.1 – 55.7%). When asked whether they would purchase energy saving models, again the most frequent response was “sometimes” (34.1%), closely followed by “never” (33.8%) and “often” (32.1%).
- If the tariff rate were reduced, 16.3% of the respondents said they would use more electricity while the majority (81.9%) would not.
- If the tariff rate were increased, 44% would use less electricity while (51.6%) would not.

C. *Relative importance of various aspects of electricity supply*

- Among the six aspects of electricity supply, most households (49.7%) considered “reliable and stable electricity supply” as the most important, followed by “low electricity tariff” (34.5%) and distantly behind by “availability of choice of electricity suppliers” (6.8%), “good customer services” (3.8%), “more environmentally sustainable energy” (3.7%) and “simple tariff structure” (1.6%).

D. *Government’s role in monitoring electricity suppliers*

- 51.4% of respondents knew that the Government monitored electricity suppliers, while 12.2% thought that the Government did not and 36.4% did not know whether or not the Government had such a role.
- Of those who knew that the Government had a monitoring role over electricity suppliers, 56.5% considered the current level of monitoring appropriate. While 43.3% thought that the Government should increase its monitoring over electricity suppliers, 0.2% thought that the Government should reduce it.
- The majority (87.8%) considered that the permitted return rate for electricity companies should be adjusted according to the economic situation of Hong Kong while a small proportion (3.1%) held the opposite view.

E. Views on renewable energy

- 63.6% of respondents supported the Government introducing renewable energy while 18.9% held the opposite view. The remaining 17.5% had no preference.
- 45.8% considered that, if renewable energy was introduced in Hong Kong, all households should use renewable energy and share the associated cost incurred. However, 38.6% considered that the associated cost incurred should only be borne by households that choose to use renewable energy.
- 31.9% would choose to use renewable energy if there was a choice while 36.9% would not. For the remaining, whether or not they would use renewable energy would depend on factors such as tariff charged for renewable energy (18.4%) and household financial condition (12.5%).
- Of those households that would use renewable energy or might use this energy subject to the tariff charged, 14.9% considered that the maximum percentage of increase in tariff for renewable energy acceptable to them was less than 5%; while 19.0% would accept a maximum increase of 5% to less than 10%; 44.6% would accept 10% to less than 20%; and 21.3% would accept 20% or more. The average (mean) maximum acceptable tariff increase was 11.5%.

F. Monthly household expenditure on electricity

- The median monthly expenditure on electricity was \$325 per household. (\$425 for summer and \$200 for winter).
- When dividing the monthly expenditure on electricity by monthly household income, the median percentage of household income spent on electricity per month was only 2%.

Observations

5. The findings of this THS, which is the first ever on electricity supply, show the general public is reasonably knowledgeable about arrangement and issues in electricity supply in Hong Kong including the use of renewable energy, although electricity payment represents only a small proportion of the monthly household expenditure. Of particular note is that maintaining a reliable and stable electricity supply is rated as the single most important aspect for the majority of households, and at a time prior to the recent major outages experienced in the US and London. This confirms our view that reliability of supply should be a prime objective in the post-2008 electricity market review.

6. Also of note is that about half of the households are aware that the Government monitors electricity suppliers and that the current level of monitoring is appropriate, although the majority considered that the permitted return rate should be adjusted according to the local economic situation.

7. This THS is a forerunner in our interface with the public on electricity supply. Indeed while the findings provide useful starting premises, at appropriate times in the future, we may consider undertaking other public opinion surveys to aid the electricity market review where necessary and appropriate.

Advice sought

8. Members are invited to note the findings of the THS and provide advice on any issues raised by the public opinion survey in the context of the electricity market review.