

TUESDAY, JUNE 28, 1983

## A case of more bark than bite

In a classic case of the pot calling the kettle black, the Hongkong Energy Council has accused China Light and Power of "over-reacting" to its earlier charge that the company might take advantage of a loophole in the scheme of control and charge consumers for plant which it ordered in excess of needs. China Light's retort was blunt: "ridiculous and irresponsible."

When a body such as the Hongkong Energy Council makes a charge like that it should have been carefully considered before being made public. If the council had evidence that this would in fact be the case its charges would have merited widespread public concern. The council appears to have done no more than throw out an unwarranted suspicion, however.

In doing so, it has cast a serious reflection on China Light which has defended itself and rejected the accusation in forthright terms. Now it is further accused of over-reacting. The council should be told that it is doing its own credibility no good by putting its name to charges which seem to reflect a popular and widely held suspicion but have little basis in fact.

It is hard to understand in any case why China Light or any other organisation limited by a scheme of control should want to commit itself to heavy expenditure on plant apparently far in excess of demand in order to raise its permissible profit. For it would be spending billions of dollars not for the sake of providing a service to its customers but to justify a theoretical level of profit for shareholders.

And if the demand does not materialise and the plant cannot be employed to the full advantage, who in the long run is the loser but those same shareholders who stumped up money needlessly. There is no doubt that consumers are concerned about high electricity costs. However, it is one thing to question the basis on which these are assessed, but something else to suggest the company may fiddle with the scheme of control by rigging profits at the expense of consumers.

In an editorial earlier this month we questioned whether it was necessary for China Light to place orders for its plant at Tap Shek Kok immediately, not because we doubted the need to invest large sums of shareholders' money in future expansion, but because the timing seemed premature given the uncertainty about the rate of future expansion following this year's recession and uncertainties.

However, the average annual increase in maximum demand over the past decade has been in excess of 10 per cent and while the increase last year was only 8.1 per cent and 6.5 per cent in 1981 (with the industrial element much lower), it is believed that the higher export orders we are experiencing this year will result in a sharp increase in demand for electricity. This is what happened after the 1974-5 recession.

The kind of delay we envisaged before making a firm commitment was about six months, and it will probably be January next year when China Light has finalised its discussions with the Government. Suffice it to say that the members of Hongkong's Energy Council have been able to benefit from the progressive attitude taken by our two power companies for they have been able consistently to keep generating capacity ahead of demand and thus provide industry with adequate power to meet their needs.

It is ironical that in some countries the electricity generating authorities are being rebuked for failing to anticipate demand, resulting in brownouts and power shortages. Here the boot is on the other foot, and they are vilified for trying to keep realistically ahead of demand. If the Hongkong Energy Council continues to bark up wrong trees in this way, its comments will lose credibility because they are more bark than bite.