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中電控股有限公司 CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Announcement

EnergyAustralia and the Victorian Government collaborate on accelerating the energy transition – Agreement on the advanced retirement of Yallourn Power Station to 2028

Highlights:

- CLP Holdings' EnergyAustralia and Australia's Victoria State Government have agreed on the advanced retirement of Yallourn Power Station.
- EnergyAustralia will build a new commercial utility-scale battery capacity of 350MW* by 2026 with the support of the Victorian Government.
- EnergyAustralia's current direct carbon emissions will reduce by approximately 60 per cent when Yallourn retires in 2028.

On 9 March 2021, EnergyAustralia Holdings Limited ("**EnergyAustralia**"), a wholly-owned subsidiary of CLP Holdings Limited ("**CLP Holdings**" or the "**Company**"), entered into an agreement (the "**Agreement**") with the State Government of Victoria, Australia (the "**Victorian Government**") on the advanced retirement of Yallourn coal-fired power station located in the Latrobe Valley, Victoria ("**Yallourn**").

The Agreement

The Agreement encompasses the following:

- 1) the orderly retirement of Yallourn in 2028, four years prior to the end of its technical life;
- 2) EnergyAustralia to deliver by 2026 a new utility-scale battery capacity of 350MW* in Victoria;
and
- 3) EnergyAustralia will provide a comprehensive workforce transition package.

a) Retirement Plan

Under the Agreement, EnergyAustralia will continue the operation of Yallourn in line with generally accepted industry standards until its retirement on or around 30 June 2028. In addition, there are mechanisms in place to facilitate Yallourn to operate economically through to 30 June 2028 and to operate at certain required operational and performance availability levels. It is envisaged that the advanced retirement plan for Yallourn will result in the acceleration of Yallourn's annual depreciation and an increase of provisions to cover the workforce transition package under the Agreement and the earlier realisation of the costs associated with Yallourn's closure and rehabilitation.

b) New Battery Project

As part of the Agreement, EnergyAustralia will build a new utility-scale battery storage and dispatch facility consisting of 350MW* of capacity (*based on forecast assumptions) and four-hour duration providing a total of 1,400MWh of storage capacity (the "**New Battery Project**"). It is envisaged that the targeted commercial operation date will be no later than 31 December 2026. Subject to regulatory approvals, the New Battery Project is proposed to be co-located with EnergyAustralia's Jeeralang Power Station in Victoria. This commercial New Battery Project, with the support of the Victorian Government, is expected to assist the Victorian electricity system in providing reliable power to the State.

c) Workforce Transition

To support Yallourn's workforce through this transition, EnergyAustralia will deliver a comprehensive support package for re-training and support services. The support will offer a range of transitional services for direct employees at Yallourn, its contractors and alliance partners. EnergyAustralia will continue to train apprentices and deliver trainee programmes until Yallourn's retirement.

Reasons for entering into the Agreement

CLP Holdings and EnergyAustralia recognise the need for further climate action. This Agreement was reached following the collaborative efforts of the Victorian Government and EnergyAustralia on working on an orderly advanced closure of Yallourn with a view to accelerating the transition to cleaner energy for the State of Victoria.

The retirement of Yallourn will reduce EnergyAustralia's current direct emissions by approximately 60 per cent based on current direct carbon emissions from Yallourn. The Agreement offers a safety net to avoid an unplanned exit of Yallourn through a risk sharing mechanism, while providing advanced notice to the market of the potential opportunity for new investment. The New Battery Project delivers on EnergyAustralia's strategy to transition its portfolio to cleaner and more flexible capacity.

For the CLP Group, the proposed advanced retirement of Yallourn under the Agreement has the potential to reduce the CLP Group's carbon emissions intensity by approximately 20 per cent based on current business projections. It will support the decarbonisation of the CLP Group portfolio at a faster pace than currently projected, bringing the CLP Group portfolio's carbon intensity to significantly below the 2030 decarbonisation target of 0.50 kg CO₂/kWh. This change will allow the CLP Group to strengthen its Climate Vision 2050 targets as part of its commitment to review these targets in 2021.

General information about Yallourn

Yallourn coal-fired power station, with a gross capacity of 1,480MW, is owned by EnergyAustralia Yallourn Pty Ltd, a wholly-owned subsidiary of EnergyAustralia and is supported by the Yallourn brown coal mine. It supplies approximately 20 per cent of Victoria's electricity needs and approximately eight per cent of the National Electricity Market. It commenced operations in 1974 with four generating units commissioned between 1974 and 1982.

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 10 March 2021

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The Directors of the Company as at the date of this announcement are:

Non-executive Directors:

The Hon Sir Michael Kadoorie, Mr William Mocatta,
Mr J. A. H. Leigh, Mr Andrew Brandler and
Mr Philip Kadoorie

Independent Non-executive Directors:

Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Fanny Law,
Mrs Zia Mody, Ms May Siew Boi Tan, Ms Christina Gaw and
Mr Chunyuan Gu

Executive Directors:

Mr Richard Lancaster and Mr Geert Peeters

