



07 January 2008

## **CLP Reaffirms its Commitment to Serving Hong Kong Community with the Conclusion of Scheme of Control Agreement**

CLP Power (CLP) announced today it has concluded an agreement with the Hong Kong SAR Government on the terms of the new Scheme of Control (SOC) which will come into effect on 1 October 2008, immediately following the expiry of the current agreement.

The new SOC incorporates three key principles set out by the Government, namely;

- a permitted return of 9.99%, compared with the current level of 13.5% – 15%;
- a duration of 10 years with an option for the Government to introduce changes to the electricity regulatory framework at the end of that period or to extend the SOC agreement for another 5 years; and,
- linking environmental performance to return which will penalise or reward the company for under- or over-performance in emissions.

The new SOC will include additional incentives to promote energy efficiency and the development of renewable energy. CLP's performance relative to supply reliability, operational efficiency and customer service will also be measured each year, with penalties or rewards for under- or over-performance.

Mrs Betty Yuen, Managing Director of CLP, said, "We welcome agreement on a new SOC which provides with us a clear regulatory framework. Excellence in electricity supply means striking and maintaining the optimum balance between supply reliability, fuel diversity, environmental performance and cost control. Under the new SOC, CLP remains committed to playing its part in achieving this.

"We believe the new SOC can serve as a platform to tackle the specific challenges of the decade ahead. These will include:

- investing in electricity infrastructure to meet ongoing growth in demand in Kowloon and the New Territories;
- enhancing supply security and environmental performance; and
- controlling tariffs, whilst maintaining reliability and quality customer services.

"The new SOC provides a regulatory framework for CLP to continue to provide a world-class electricity service, characterised by outstanding reliability, responsible environmental performance and competitive tariff. We look forward to working with the Government, within the framework of this SOC, to achieving all these goals and

continuing to deliver our community with the high standards of electricity service as we have done for over 100 years."

**About CLP Power**

CLP Power Hong Kong Limited is the largest electric utility in Hong Kong serving the business and domestic community in Kowloon, the New Territories, Lantau and most of the outlying islands. Operating a vertically integrated electricity generation, transmission and distribution business, CLP provides a highly reliable supply of electricity and excellent customer services to over 5.5 million people in its supply area.

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