



12 September 2008

CLP's Statement in Response to Media Coverage on Gas Options

In response to media reports today, CLP wishes to highlight the following with regard to the signing of the Memorandum of Understanding (MOU) on cross border energy supply by the HKSAR Government and the Central Government on 28 August, 2008.

1. CLP welcomes the commitment from the Central Government to continue to supply natural gas and nuclear electricity to Hong Kong for 20 years. CLP, under the guidance of Hong Kong Government, is now working directly with the National Development and Reform Commission and other Mainland parties on the implementation of the MOU.

2. The three new gas supply options highlighted in the MOU include:

- a commitment from the Central Government to dedicate new supplies from the South China Sea to Hong Kong to replace the dwindling reserves of the Yacheng gas field;
- studying the feasibility of supplying natural gas to Hong Kong via the Second West-East Natural Gas Pipeline;
- agreement by the Central Government and Hong Kong to jointly develop an Liquefied Natural Gas (LNG) terminal on the Mainland for supplying natural gas to Hong Kong.

With these new options available, CLP confirms that it will not pursue its plan to build an LNG Terminal on South Soko Island.

CLP stands ready to explore all possible options for sourcing new gas supplies, including LNG receiving terminal construction in the mainland.

3. CLP projects its annual gas usage to be 3.4 billion cubic metres in 2013 based on the 2010 emission caps Government has advised to CLP and forecast local electricity demand. Detailed information on CLP's gas supply status and projected gas demand is regularly reported to Government.

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For media enquiries, please contact:

Ms. Rhonda Lam

Public Affairs Manager – Environment

CLP Power Hong Kong Limited

Tel: +852 2678 8345

Pager: +852 7116 3131 a/c 9923

Email: rhondalam@clp.com.hk