CLP Announces 2011 Tariff

Average Net Tariff to Rise by 2.8%:
Basic Tariff Unchanged but Fuel Clause Charge Moved up because of Rapidly Rising International Fuel Prices

CLP Power Hong Kong Limited (CLP) today announced that the Company is increasing its tariff by an average of 2.8%, with Basic Tariff remaining unchanged and Fuel Clause Charge adjusted upward resulting from rapidly rising international fuel prices.

With effect from 1 January 2011, the Fuel Clause Charge will be raised by 2.6 cents per unit, which results in an average net tariff of 94.1 cents per unit of electricity, up 2.8% from the current level of 91.5 cents. With this adjustment, about 70% of CLP’s residential customers will pay an additional of less than $10 per month while about 70% of business customers will experience a monthly increase of less than $36.

The Fuel Clause Charge reflects the costs of fuels for generating electricity and is directly passed through to customers. CLP makes no profit on fuel. Fuel costs represent about a quarter of the cost of providing electricity.

"Rising fuel prices have hit the world hard in recent times and Hong Kong is not immune to the price pressure as all of our fuel needs to be imported. During 2010, international coal and gas prices have risen by more than 30% and 20% respectively and this upward trend is expected to continue," said Mr. Richard Lancaster, Managing Director, CLP Power Hong Kong Limited.

"Although nuclear power provides a stable and competitive source of energy, the rising fuel price of coal and gas, accounting for almost 70% of CLP’s fuel mix, has been rapidly depleting CLP’s Fuel Clause Charge Account, which worsened its deficit at the end of 2010. The Fuel Clause Charge adjustment in 2011 is necessary to alleviate the pressure of rising fuel costs, so that the impact on our customers can be spread out in a gradual and manageable way ", added Mr. Lancaster.

Mr. Lancaster stressed that CLP was able to freeze the Basic Tariff for 2011 despite the continuing inflationary pressure on the operating costs as reflected by the rise of 3.1% in the CPI(A) index in the
past year. This is achieved by the Company’s ongoing efforts to contain tariff adjustments to a minimum through prudent financial management and enhancing operational efficiency.

Even with the adjustment for 2011, CLP’s Basic Tariff is below the level of the mid-1990s. The adjusted tariff level remains highly competitive amongst other major metropolitan cities around the world including New York, London, Tokyo and Singapore. (please refer to diagram below)

CLP will continue to ensure that its tariff remains competitive amongst the world’s major metropolitan cities while maintaining its excellent supply reliability and environmental performance.

For the tariff adjustment, CLP will start to inform customers of the details of the changes later this month. Customers can also phone 2678 2678 or visit www.clpgroup.com for information.

Diagram

**CLP’s tariff compares favourably to other major cities**

Notes: Tariffs and exchange rates are as of November 2010
Comparison based on annual residential customer consumption of 3,300 kWh
About CLP
CLP Power Hong Kong Limited (CLP Power) 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 Power provides a highly reliable supply of electricity and excellent customer services to over 5.7 million people in its supply area.

CLP Power is a subsidiary of CLP Holdings which also invests in energy businesses in Chinese Mainland, Australia, India and Southeast Asia. It is the largest external investor in the Chinese Mainland electricity industry, and a leading international private sector power company in the Asia Pacific region with a diversified portfolio of power generation from gas, coal, renewables and nuclear.

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