新聞稿
Media Release

中華電力有限公司
CLP Power Hong Kong Ltd

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CLP Finalises Tariff Package with Government
2012 Tariff Increase Narrowed To 4.9%

CLP Power Hong Kong Limited (CLP) today announced that it has finalised with Government a revised package for its electricity tariff for 2012, following thorough discussions with Hong Kong Government.

Tariff for 2012 is 98.7 cents, an increase of 4.9% from the current year.

The new package has significantly narrowed the increase of 9.2% as announced on 13 December, taking into account a number of measures, namely:

- Savings from the removal of planned capital expenditure on additional generating capacity, and further efforts to reduce operating costs.
- A deeper draw-down on our Tariff Stabilisation Fund ("TSF").
- A Rent and Rates Special Rebate.

Details are explained as follows:

1. **On Basic Tariff**:

   Our Basic Tariff will be increased by 4.2 cents, compared with a 5-cent increase in our announcement two weeks ago. The adjustment is attributable to savings from the removal of planned capital expenditure on additional generating capacity and extra efforts in enhancing cost control measures on operation.

   In addition, drawing down the TSF to a projected level of $100 million also allows buffer to reduce the impact of tariff increase.   This is the lowest TSF balance ever recorded and represents just one day of electricity sales for CLP.

2. **On Rent and Rates Special Rebate:**

   CLP has made a commitment to return to customers any repayments made by Government upon the final resolution of the Court in our favour in respect of CLP's claim against Government's overcharging of our rent and rates over the past decade.

   While the case is still continuing, our latest discussion with our lawyer has increased our confidence of possible refund from the Government on this case. We have therefore taken the initiative to provide a special rebate of 3.3 cents per unit, which in effect offsets part of the tariff increase.

3. **On Fuel Clause Charge:**

   Global fuel costs are moving on a trajectory of significant increases with high volatility and Hong Kong is competing with many economies for cleaner fuels, in particular, gas to generate cleaner electricity. The challenges that we face are only becoming more serious going forwards in the context of rising costs and increasing use of gas to meet Government's regulatory requirements, including tightened emissions caps on our operations.

   CLP is already carrying a deficit Fuel Clause Account (FCA) on behalf of the customers and the deficit is deteriorating. There are concerns that our earlier proposal to carry a bigger FCA deficit would increase the pressure of tariff increase in the future. To address these concerns, we consider it prudent to increase the Fuel Clause Charge by 3.7 cents per unit in order to smooth out the impact of fuel costs in future. There remains a forecast deficit of over $800 million in the FCA by the end of 2012.

   CLP will continue to monitor the fuel market and its implications to our tariff carefully.

In addition, as opinions on the tariff structure change for our commercial customers are divided, we will defer the implementation of this energy efficiency driven initiative until a wider public acceptance is reached. This means that the current tariff structure for commercial customers will remain unchanged.

CLP Power's Vice Chairman, Mrs Betty Yuen, said, "The new package represents a balanced outcome that meets Government's objectives without compromising the quality of our service to our customers in Hong Kong. At the same time, our ability to exercise strict discipline for a prudent and long-term financial management on behalf of our customers and our shareholders can also be upheld."

"CLP has critically reviewed options to help reduce the tariff increase. This final package is a result of extensive discussions with Government and has addressed their concerns. We believe Government will find it acceptable," said Mrs Yuen.

<u>Details of the 2012 tariff are as follows:</u>

Components (¢/u)	**Current**	**Effective 1 Jan 2012**
Average Basic Tariff	80.0	84.2 (+4.2)
Fuel Clause Charge *	14.1	17.8 (+3.7)
Rent & Rates Special Rebate	- -	- 3.3
Average Net Tariff	94.1	98.7 (+4.6)

*** Fuel Clause Charge is the cost of fuel used to generate electricity which is directly passed through to customers. CLP makes no profit on fuel.**

With the adjustment, 30% of our domestic customers will have no impact from the tariff package while 50% will have a monthly increase of no more than $3.4 and 90% of our customers will see electricity bills increase of $40.7 or less per month.

50% of our commercial customers will have no more than $27.5 increase monthly.

CLP will continue to work with the Government on the delivery of quality electricity service to customers, at a competitive price and in an environmentally friendly manner, to meet the demand of our customers. We also pledge to continue complying with the Hong Kong Government's regulatory and policy requirements.

About CLP Power Hong Kong Limited

CLP Power Hong Kong Limited ("CLP Power") is the Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer services to 5.7 million people in its supply area.

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