

12 November 2013

### **CLP Publishes Monthly Energy Costs Data**

CLP Power Hong Kong Limited (“CLP Power”) today releases a set of new data in relation to energy costs for electricity generation and electricity sales on its website as a step to enhancing information transparency. The new data published on a monthly basis reflect actual cost information to enable our customers to better understand the current fuel mix, fuel cost movements and fuel charge mechanism.

The new data are displayed on the CLP website on “Electricity Sales”, “Energy Costs” and “Tariff Component” web pages. The new data set includes the following:

- Monthly electricity sales and year-on-year change
- Electricity sent out (with breakdown by energy type)
- Energy cost (with breakdown by energy type)
- Total fuel costs per unit and fuel costs not included in basic tariff — two indicators related to fuel costs paid by customers

The enhanced web pages also help customers understand energy costs in detail through providing the definition of terms, explaining how energy costs are reflected in their electricity bills as well as listing the components of fuel costs. Illustrations are supported by simple graphical presentation and an example of fuel costs calculation.

Mr Paul Poon, Managing Director of CLP Power, said, “CLP is committed to providing more information for our customers. The new data set gives customers a clearer picture of the impact of different fuel costs on their electricity tariff. This proactive monthly data disclosure represents our continuous strive for customer excellence and more information transparency.”

### **Data for the month of September 2013**

The web pages updated today (12 November) release data for the month of September 2013.

Local electricity sales for the month of September were 3,059 GWh, representing a 0.4% decrease over September 2012. In the first nine months of 2013, local sales of electricity decreased by 1.2% over the same period last year. The reduction was attributable to lower humidity in the first quarter and cooler weather in summer compared with the corresponding period in 2012, which included an extra day due to that being a leap year.

In September 2013, the total amount of electricity sent out was 3,230 GWh. Total energy costs incurred were HK\$1,513 million, of which fuel costs accounted for HK\$902 million. Total fuel costs per unit of electricity were 29.5¢. Fuel costs not included in basic tariff were 19.2¢ per unit.

On our customers' bills, the fuel costs not included in the basic tariff are currently charged through the "Fuel Clause Charge", the rate of which was set at 22.4¢ per unit in January 2013. The actual costs in September 2013 were lower than this rate due to a few reasons: (1) lower electricity sales for reasons explained above; (2) CLP has taken steps to defer the use of the more costly replacement natural gas from the second West-East Gas Pipeline; and (3) a drop in international coal prices since early 2013.

For details, please visit CLP website:

**Electricity Sales** web page:

<https://www.clp.com.hk/ourcompany/electricityjourney/customerservices/electricitysales/Pages/electricitysales.aspx?lang=en>

**Energy Costs** web page:

<https://www.clp.com.hk/ourcompany/electricityjourney/customerservices/energycosts/Pages/energycosts.aspx?lang=en>

**Tariff Component** web page:

<https://www.clp.com.hk/ourcompany/electricityjourney/customerservices/tariffcomponent/Pages/tariffcomponent.aspx?lang=en>

An Explanatory Note illustrating the details of the above web pages is found below.

## Explanatory Note 1

### Electricity Sales web page

<https://www.clp.com.hk/ourcompany/electricityjourney/customerservices/electricitysales/Pages/electricitysales.aspx?lang=en>

CLP Hong Kong 中文 | Customers logon

Our values Our company Our operations Our customers

About us Electricity sales 2

Electricity journey

Generation

Power grid

Customer services

Residential customers

Business customers

Energy services

Community communications

Electricity sales 1

Energy costs

Tariff component

News

Careers

Procurement

Contact us

Related links

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### Electricity sales

#### Monthly analysis of electricity sales

Sep 2013	Millions of kWh	% Change over previous year
Local total	3,059.03	-0.4
Sales to Mainland	255.60	143.5
System total	3,314.63	4.4

#### Year-to-date analysis of electricity sales

Year-to-date	% Growth Jan 2013 to Sep 2013	% Share of total sales Jan 2013 to Sep 2013
Local total	-1.2	94.7
Sales to Mainland	-4.1	5.3
System total	-1.3	100.0

## New Features

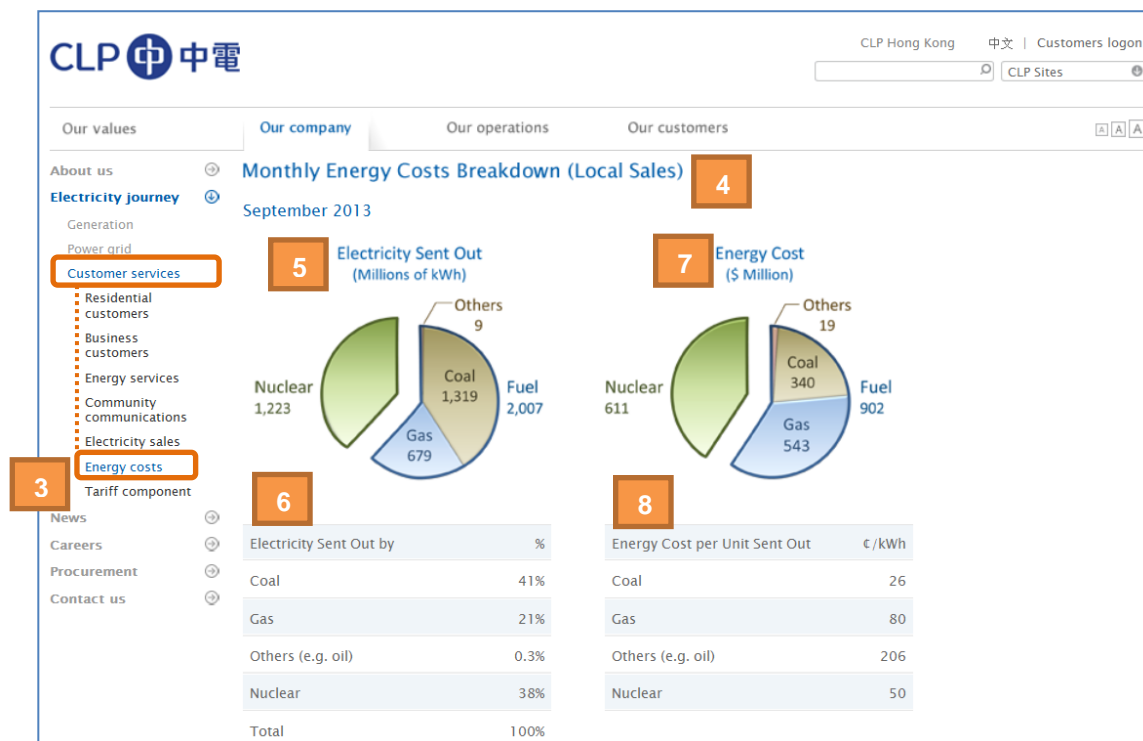
### Monthly electricity sales volume and year-on-year change

- 1 – "Electricity sales" web page is an existing web page under the section of "Customer services".
- 2 – Monthly analysis of electricity sales is newly added to the existing year-to-date analysis of electricity sales.
  - The new monthly analysis reports the total monthly electricity sales volume which comprises local sales and sales to the Mainland.
  - It also provides a year-on-year percentage change of sales volume for comparison.

## Explanatory Note 2

Energy Costs web page:

<https://www.clp.com.hk/ourcompany/electricityjourney/customerservices/energycosts/Pages/energycosts.aspx?lang=en>



## New Features

- 3 – A new “Energy Costs” web page is published under the section of “Customer services” to provide a set of new data in relation to energy costs for the supply of electricity to our customers.
- In the web page, energy refers to nuclear energy and fuel which includes coal, gas and others (e.g. oil).

### 4 Monthly Energy Costs Breakdown

- The monthly energy cost breakdown comprises two sets of data, namely the electricity sent out to our customers and the energy cost derived from local sales in that month.
- Nuclear purchased by CLP from Daya Bay Nuclear Power Station is already in the form of electrical energy, which is different from the fuel (i.e. coal, gas and others) CLP purchases for power generation. As shown in the pie charts, nuclear is distinct from fuel.

### 5 Electricity Sent Out by energy types

- Electricity Sent Out refers to the amount of electricity produced by power plants after deducting the amount used by the plants, which is then sent out to customers through the power grid for meeting local demand.
- The pie chart shows a breakdown of electricity sent out in the month by nuclear and by generation from different fuel types: coal, gas and others (e.g. oil). The amount of electricity derived from each fuel type is indicated.

6

### **Electricity Sent Out by percentage**

- The table indicates CLP's current energy/fuel mix for the amount of electricity sent out.

7

### **Energy Cost by energy types**

- Total energy cost comprises the cost of nuclear energy and the cost of fuel. As nuclear is purchased in the form of electrical energy, CLP pays for it as part of our operating costs, which are recovered through the basic tariff. Fuel used in our power stations (i.e. coal, gas and others) is charged through the basic tariff and the Fuel Clause mechanism.
- The pie chart shows a breakdown of total energy cost incurred for nuclear energy and each fuel type in the month for meeting local electricity demand.

8

### **Energy Cost per unit sent out**

- The table shows the cost of nuclear energy and each fuel incurred per unit of electricity sent out. This also indicates a cost comparison among different energy types to provide one unit of electricity to our customer.

9

### Energy cost of the generation to meet local electricity demand

We use nuclear energy and coal, gas and oil as fuel to supply electricity for our customers to use. We pay for nuclear energy as part of CLP's operating costs which are recovered through the basic tariff. Fuel used in our power stations is charged as fuel expenses and also recovered from customers in the basic tariff through a standard cost of fuel. However, as these costs will vary over time, the total fuel costs may be higher (or lower) than the standard cost of fuel, so the balance will be charged (or rebated) to customers through the Fuel Clause mechanism.

10

### Monthly Fuel Costs (Local Sales)

September 2013

	Amount	Per unit sold
Total fuel costs	\$902m	29.5¢/unit
Fuel costs not included in basic tariff	\$587m	19.2¢/unit

*Note: The fuel costs not included in basic tariff are currently charged through "Fuel Clause Charge" in customer bills, which is set at 22.4 ¢/unit. The rate was last adjusted in January 2013.*

Local sales in millions of kWh	3,059
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Click [here](#) to see how these fuel costs are related to your electricity bill and how they are calculated.

9

### Energy cost of the generation to meet local electricity demand

- This part explains how CLP collects energy and fuel costs through the charging mechanism

10

### Monthly Fuel Costs (Local Sales)

- The table shows "Total fuel costs" and "Fuel costs not included in basic tariff" per unit of electricity provided locally. These two figures will be updated every month.

## Explanatory Note 3

Tariff Component web page:

<https://www.clp.com.hk/ourcompany/electricityjourney/customerservices/tariffcomponent/Pages/tariffcomponent.aspx?lang=en>

The screenshot shows the CLP Hong Kong website. The top navigation bar includes 'CLP 中電', 'CLP Hong Kong', '中文', 'Customers logon', and a search bar. The main navigation menu has 'Our values', 'Our company', 'Our operations', and 'Our customers'. The 'Our customers' section is expanded, showing 'Understanding your tariff component' (12) and 'Tariff component' (11). The 'Tariff component' page content includes a diagram of the 'Main Components of Tariff' and a list of details.

**Main Components of Tariff**

Component	Sub-Component	Description
Fuel Clause Charge	Fuel Costs	Purchases of oil, coal and gas to generate electricity
	Nuclear Purchase	Nuclear energy purchased from Daya Bay
Basic Tariff	Other Costs	(e.g. non-fuel operating costs, depreciation and tax etc.)

**Tariff component**

Tariffs paid by our customers have two main components –

- The basic tariff which comprises a standard cost of fuel and other costs required for electricity supply;
- A Fuel Clause Charge (or rebate) to customers to cover any fuel costs above or below the standard cost of fuel already included in the basic tariff.

Customers pay the Fuel Clause Charge for each unit of energy they use on their bills. The current rate of 22.4 cents was last adjusted in January 2013.

## New Features

11

- A new web page on “**Tariff Component**” is published under the section of “Customer services”. The web page provides explanation of tariff components, showing how energy cost is reflected in electricity bills with an example of fuel costs calculation.

12

### Understanding your tariff component

- This part illustrates the two main components of tariff (i.e. Basic Tariff and Fuel Clause Charge) that a customer pays in a graphical presentation.
- An explanation of the main components and the mechanism of collecting fuel cost is provided here.

**13 Total fuel costs & fuel costs not included in basic tariff**

To help our customers better understand fuel costs, we are publishing two indicators each month.

Firstly, the total fuel costs represent the average cost of fuel of each kWh of electricity consumed in a month.

Example: The total fuel costs for September 2013 are 29.5 ¢/unit

Secondly, not all fuel costs are included in the basic tariff and these need to be paid separately through the Fuel Clause Charge.

Example: Fuel costs not included in basic tariff for September 2013 are 19.2 ¢/unit

**14 Example of fuel costs not included in basic tariff calculation**

Fuel costs, September 2013		Amount		Per unit
Total fuel costs	(a)	\$902m	(a)/(d)	29.5 ¢/kWh
Fuel costs included in basic tariff*	(b)	\$315m	(b)/(d)	10.3 ¢/kWh
Fuel costs not included in basic tariff	(c)	\$587m	(c)/(d)	19.2 ¢/kWh
Local sales in millions of kWh	(d)	3,059		

\* Part of the fuel costs already collected through basic tariff at a standard rate of \$700/44GJ

**13 Total fuel costs & fuel costs not included in basic tariff**

- This part provides definition of the two monthly updated indicators.

**14 Example of fuel costs not included in basic tariff calculation**

- This part illustrates how to calculate fuel costs paid by customers.

- End -

**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 5.8 million people in its supply area.



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