

16 December 2014

## CLP Announces 2015 Tariff Adjustment

CLP Power Hong Kong Limited (CLP Power) today announced that the Average Total Tariff increase for 2015 will be 3.1%. Average Basic Tariff will decrease by 1.2 cents per unit of electricity to a level lower than that in 1998. Due to increased fuel costs, Fuel Cost Adjustment will increase by 4.6 cents per unit of electricity. The Average Total Tariff will be HK\$1.142 per unit of electricity. The adjusted tariff will take effect on 1 January 2015.

CLP Power will continue to offer the Energy Saving Rebate Scheme, which was first introduced in 2013, to assist low consumption customers and encourage energy conservation. The new package will result in 36% residential customers and 44% small business customers seeing no tariff increase for three consecutive years, or even a slight decrease.

CLP Power Managing Director Mr Paul Poon explained the reasons for the tariff adjustment, “We have to face the great challenge of a significant increase in fuel costs in 2015. In support of Government’s environmental policy, from January 2015, the annual emission allowances for our power plants would be reduced significantly by 35% to 65%. To meet the new stringent emission requirements, our gas consumption volume in 2015 will need to be almost double that of 2014. This leads to a 50% increase in fuel costs in 2015, reaching almost HK\$15.5 billion (Charts 1 and 2 below). Since natural gas, especially the gas supplies from the Second West-East Gas Pipeline (WEPII), is much more expensive than coal, our fuel costs for electricity generation will significantly increase and put substantial pressure on tariff.”

Chart 1

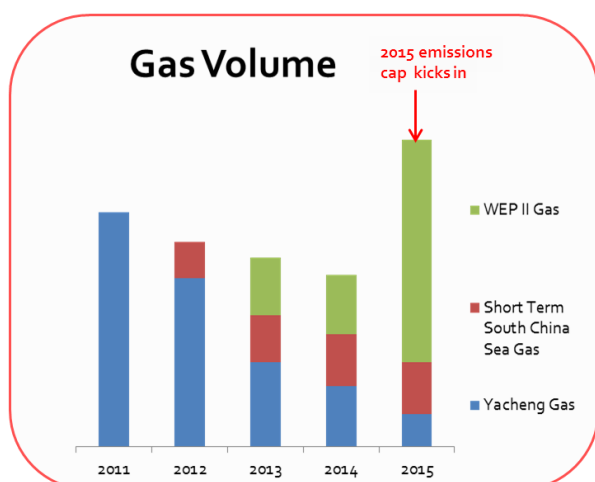
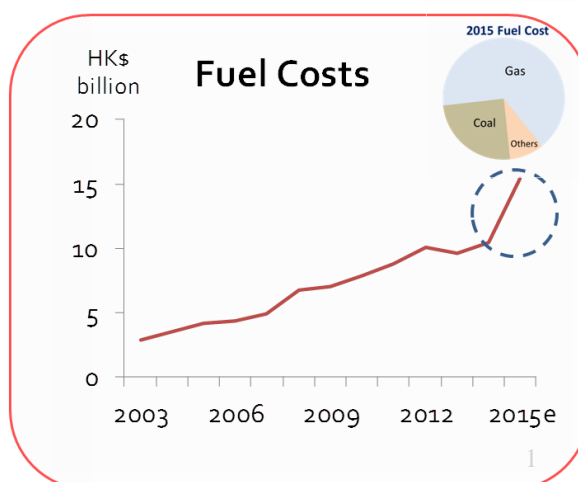


Chart 2



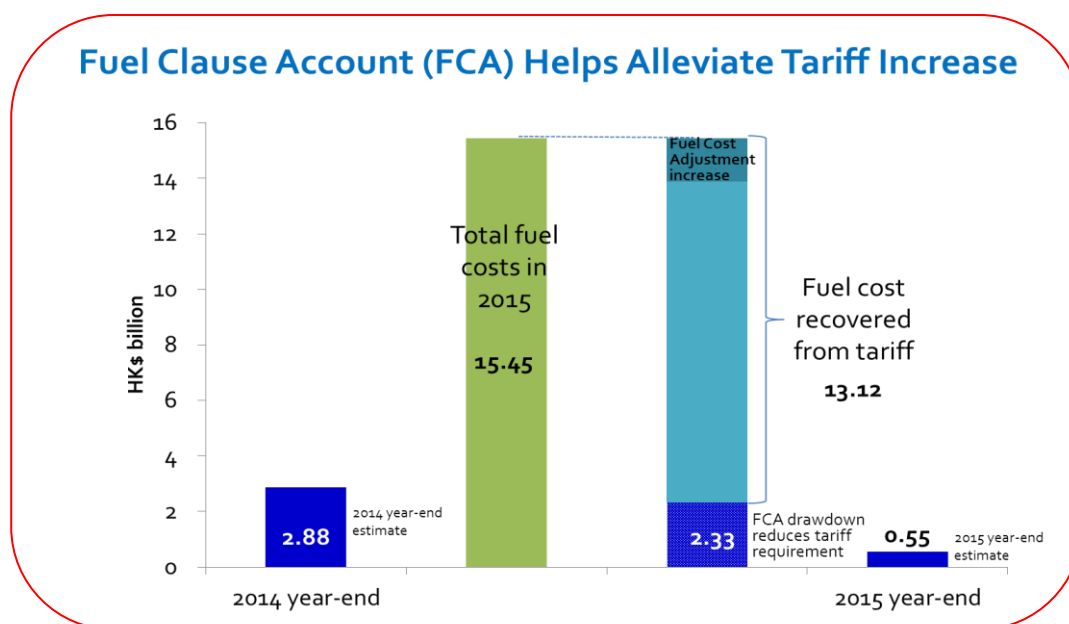
CLP Power has taken a wide range of measures to optimise fuel usage including:

- maximise the use of cheaper gas from Yacheng gas field
- procure more low emission coal
- temporary import of additional nuclear energy from Daya Bay
- enhance operation performance of generation plants and emission reduction equipment

These measures help reduce the usage of the more expensive gas supplies from the WEPII.

In addition, CLP Power has exercised strict discipline in controlling costs and fuel expenditure and made significant efforts to maintain tariff adjustment at an acceptable level. Coupled with a notable drop in coal price, the Fuel Clause Account recorded a healthy positive balance this year. This balance can alleviate the impact of tariff adjustment for the benefit of our customers (Chart 3 below).

Chart 3



“We are committed to make every effort to mitigate the impact of this tremendous challenge. In 2015, we shall continue to provide tools and public education on energy efficiency and conservation to help our customers save energy and reduce bills. We shall continue our care for the community by implementing a range of programmes to assist the underprivileged groups. One of the initiatives would be ‘Power Your Love Donation’. The programme has a dual purpose – integrating energy savings with caring for the community. Every unit of electricity saved in the campaign period in 2015, comparing to the same period in 2014, can be ‘transferred’ to pay for the electricity bills of the needy households funded by CLP shareholders,” Mr Poon concluded.

Details of the new tariffs will be posted on our website ([www.clponline.com.hk](http://www.clponline.com.hk)) and published in newspapers. Our customers will also receive details in the coming few weeks.

### 2015 Tariff Table

<b>Tariff Component</b>	<b>2014 Tariff</b> (cents per unit)	<b>Change</b> (cents per unit)	<b>2015 Tariff</b> <b>(effective 1.1.2015)</b> (cents per unit)
<b>Average Basic Tariff</b>	88.4	-1.2	<b>87.2</b>
<b>Fuel Cost Adjustment</b>	22.4	+ 4.6	<b>27.0</b>
<b>Average Total Tariff</b>	110.8	+ 3.4	<b>114.2</b> (+ 3.1%)

### Impact of 2015 Tariff Changes on Residential and Small Business Customers

<b>Consumption per bill *</b> (kWh)	<b>Tariff Impact</b> (\$ per Month)	<b>Approx. %</b> <b>(Number of Customers)</b>
<b>Residential Customers</b>		
0 – 400	No change	36% (760,000)
401 - 800	Up to \$15	35% (740,000)
>800	>\$15	29% (610,000)
<b>Small Business Customers</b>		
0 – 400	No change	44% (140,000)
401 – 1,500	Up to \$51	28% (90,000)
>1,500	>\$51	28% (90,000)

\* CLP Power provides bi-monthly billing for residential customers and monthly billing for small business customers.

Supplementary information can be downloaded from the following links:

- [PowerPoint Presentation CLP Power submitted to Legislative Council Panel on Economic Development Meeting on 16 December 2014](#)
- [Fact Sheet on 2015 CLP Energy Saving Initiative “Power Your Love Donation”](#)

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### **About CLP Power Hong Kong Limited**

CLP Power Hong Kong Limited ("CLP Power") is a 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 service to 5.8 million people.

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