

31 March 2015

CLP's Preliminary Views on the Consultation Document on the Future Development of the Electricity Market

In response to the Consultation Document on the Future Development of the Electricity Market issued by the Environment Bureau today, CLP Power Hong Kong Limited (CLP Power) notes the Government's analysis of the current electricity market, its proposal for some possible options to improve the regulatory arrangement, and laying out of the plan to implement the fuel mix for electricity generation in 2020 to meet the demand for electricity and achieve the environmental targets. CLP Power will work closely with the Government and the community to draw up the regulatory arrangement for the future electricity market to deliver the best long-term value for Hong Kong.

CLP Power's Managing Director Mr Paul Poon said, "The future development of the electricity sector and its regulatory regime has far-reaching consequences on customers and the community in Hong Kong, as well as the electricity industry. Discussion on its way forward involves a number of complex issues. It will be important to make sure the public is clear on its objectives, ensuring the right balance achieved through delivering safe and reliable electricity supply at reasonable prices, while minimising the environmental impact of electricity generation for Hong Kong's long term development, and has a thorough understanding of relevant issues and the implications of the proposals put forward for future development."

Mr Poon noted that under the current regulatory framework, the Scheme of Control Agreement (SCA) has been serving Hong Kong well. Its terms have evolved over time to keep pace with Hong Kong's development and changing aspirations of the community. Under the existing SCA, CLP Power meets the Government's energy policy objectives by providing customers with a world-class supply reliability exceeding 99.999%, with tariffs lower than many other key metropolitan cities in the world. At the same time, CLP Power has been supporting the Government's environmental policy by adopting a diversified fuel mix and implementing emissions control measures to continuously improve the environment.

“In shaping future industry development and regulatory arrangements, there is a need to understand the nature of the industry which is hugely capital intensive and requires long-term investment. Reasonable return and certainty in the regulatory regime are important factors in attracting sufficient investment to meet the needs of the economy,” Mr Poon pointed out.

“We will actively engage in close dialogue with the community during the consultation, and will provide relevant information about the proposals to facilitate a thorough understanding of relevant issues and the implications of the proposals put forward for future development. We will submit our response to the consultation at a later stage,” he said.

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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