

20 April 2015

Vice Chairman of CLP Power Speaks on Future Development of Electricity Market

The following are remarks made by Mrs Betty Yuen, Vice Chairman of CLP Power Hong Kong Limited, on the future development of the electricity market after officiating at the launch of Power Your Love programme today:

- The future development of the electricity industry and its regulatory framework will have far-reaching consequences on the community. Given the complexity of the subject, it will be important to make sure the public is clear on its objectives, and has a thorough understanding of relevant issues and the implications of the proposals put forward for future development.
- Under the current regulatory framework, electricity supply in Hong Kong has been delivered at a world-class level. The safe and reliable service provided at reasonable tariff and in an environmental manner has achieved the energy policy objectives set and has served Hong Kong's long-term development well.
- Over the years, key terms of the Scheme of Control Agreement (SCA) have evolved to keep pace with the city's development and the changing aspirations of the community. In shaping future development, due consideration should be given to Hong Kong's unique circumstances and the way forward must be in the best interests of the community at large.
- There is also 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 Hong Kong's needs.
- Overseas experience indicates that an uncertain regulatory framework will discourage investment, which could in turn affect the electricity supply reliability. For instance, supply reliability in the United Kingdom has become an issue of concern as its electricity capacity reserve margin has been forecast to drop to 2% by the winter 2015-2016, a much lower level than the reasonable range of 20% to 35%.

- CLP will actively engage in discussion with the Government and the community, listen to their views and will provide relevant information to facilitate a thorough understanding of the implications of change. We will work closely with the Government and the community to develop the regulatory arrangement for the future electricity market to deliver the best long-term value for Hong Kong. We will provide our response to the consultation at a later stage.

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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