

22 April 2015

Chief Executive Officer of CLP Holdings Speaks on Future Development of Electricity Market

Speaking at a forum organised by South China Morning Post Spotlight Forum – *Hong Kong's Electricity Market Development: Sharing Experiences from Home and Abroad today* (22 April 2015), Mr Richard Lancaster, Chief Executive Officer of CLP Holdings (CLP) gave his views on the future development of the electricity market.

In his opening remarks, Mr Lancaster said, “Under the current regulatory regime, Hong Kong has achieved the energy policy objectives set by the Government through supplying safe and reliable electricity at a reasonable price and in an environmentally acceptable manner. Today, CLP has one of the most reliable electricity supplies in the world at 99.999%, above that in the US or the UK. Its tariffs are lower as compared to major metropolitan cities. CLP’s air emissions and carbon intensity have been greatly reduced despite the need to meet electricity demand that has grown by 80% over the past two decades. Over the years, key terms of the Scheme of Control Agreement have evolved to keep pace with the city’s development and the changing aspirations of the community.

Overseas experience in energy industry reform indicates that the unique nature of each electricity market needs to meet different objectives, such as moving from government ownership to private ownership in the cases of the United Kingdom and Australia, and requires a regulatory framework that addresses local circumstances. CLP has experience in different electricity markets, from the competitive model in Australia to the regulated model in China and India. Each market has its own circumstances. Reform is not a unique one-off process and may not guarantee positive results.”

Mr Lancaster added, “In shaping the future development of Hong Kong’s electricity market, due consideration should be given to the city’s unique circumstances and what objectives and improvements need to be achieved by making structural changes. Hong Kong is a densely-populated city that demands a highly reliable electricity supply. With no indigenous fuel resources available, all fuels required for generating electricity are imported. The electricity industry in Hong Kong has always been funded by investors without any Government support or subsidies.

There is also a need to understand the nature of the industry which is hugely capital intensive and requires long-term investment. Certainty in the regulatory regime is therefore crucial. Equally important is a reasonable return that can attract sufficient long-term investments necessary to meet energy objectives.

CLP has been serving Hong Kong for generations and always put the interest of the Hong Kong community first. 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. It 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. CLP will provide its response to the consultation at a later stage.”

About CLP Holdings

CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange, is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to 80% of Hong Kong’s population.

Outside Hong Kong, CLP holds investment in the energy sector in Mainland China, India, Southeast Asia, Taiwan and Australia. Its diversified portfolio of generating assets uses a wide range of fuels including coal, gas, nuclear and renewable sources. CLP is one of the largest external investors in the Mainland’s renewable energy sector. In India, it is the largest foreign investor in the power sector and the biggest independent power producer in wind energy, foreign or domestic. In Australia, its wholly-owned subsidiary EnergyAustralia is one of the largest integrated energy companies, providing gas and electricity to 2.6 million customers.

CLP is listed in the Global Dow – a 150-stock index of the world’s leading blue-chips, the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Dow Jones Sustainability Asia Pacific 40 Index (DJSI Asia Pacific 40) and Hang Seng Corporate Sustainability Index Series.

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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