

15 December 2015

CLP Power Reduces Tariff in 2016

CLP Power Hong Kong Limited (CLP Power) announced today (15 December) that all customers will, from January 2016, enjoy an average reduction of 1 cent per unit of electricity or 0.9 % in the Average Total Tariff.

The significant drop in fuel prices and CLP Power's constant efforts to control costs have enabled the company to offer a special fuel rebate of 8 cents per unit awarded in August this year based on customers' electricity consumption in the first six months of 2015 and a reduction in the Fuel Cost Adjustment by 2.7 cents per unit in 2016.

Announcing the 2016 tariff reduction, CLP Power Managing Director Mr Paul Poon said the company was confident that it could keep the tariff at the same level in 2017 provided fuel prices remain stable.

The Average Basic Tariff for 2016 will be adjusted upward by 1.7 cents per unit to 88.9 cents per unit of electricity, still at a level lower than that in 1998. The Fuel Cost Adjustment will decrease to 24.3 cents per unit of electricity. The Average Total Tariff from 1 January 2016 will therefore be HK\$ 1.132 per unit of electricity.

CLP Power will continue to offer the Energy Saving Rebate Scheme which was introduced in 2013 to help customers with low consumption levels and encourage energy conservation. The package will result in 34% of residential customers and 44% of small business customers enjoying lower electricity bills than four years ago, before the scheme's launch.

Detailing the reasons for the tariff reduction and challenges in the future, Mr Poon said, "In support of the government's environmental policy, the annual emission allowances for our power plants have been reduced significantly by 35% to 65% from January 2015. Our gas consumption volume in 2015 was almost doubled that of 2014."

"Because natural gas - in particular the supplies from the Second West-East Gas Pipeline (WEPII) - is three or four times more expensive than coal, our fuel costs for electricity generation have significantly increased, putting substantial pressure on our tariff."

"However, primarily because of a significant drop in fuel prices, the impact of the fuel cost increase has been contained, enabling us to reduce our tariff for 2016. If fuel prices continue at the

present level, we are confident that our tariff in 2017 can be maintained at the 2016 level, despite stricter emissions caps and increasing natural gas usage in 2017.”

Mr Poon added, “In 2016, we shall continue to provide tools and public education on energy efficiency and conservation to facilitate our customers save energy and reduce bills as well as to help our younger generation to lead a greener lifestyle. We are also committed to implement a range of initiatives to help the needy including the *Power Your Love* and the *Elderly Yum Cha* programmes.”

Full details of the new tariff will be posted on CLP’s website (www.clp.com.hk) and published in newspapers. Customers will also receive information by post in the coming weeks.

2016 Tariff Table

Tariff Component	2015 Tariff (cents per unit)	Change (cents per unit)	2016 Tariff (from 1 January) (cents per unit)
Average Basic Tariff	87.2	+1.7	88.9
Fuel Cost Adjustment	27.0	- 2.7	24.3
Average Total Tariff	114.2	-1.0	113.2 (-0.9%)

Impact of 2016 Tariff Changes on Residential and Small Business Customers

Consumption per bill * (kWh)	Tariff Impact (HK\$ per Month)	Approx. % (Number of Customers)
Residential Customers		
0 – 400	\$0 to \$2 reduction	34% (730,000)
401 - 875	\$2 to \$4.4 reduction	36% (770,000)
>875	≥\$4.4 reduction	30% (640,000)
Small Business Customers		
0 – 400	\$0 to \$4 reduction	44% (130,000)
401 – 1,384	\$4 to \$13.8 reduction	26% (80,000)
>1,384	≥\$13.8 reduction	30% (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 link:
[Powerpoint Presentation CLP Power submitted to Legislative Council Panel on Economic Development Meeting on 15 December 2015](#)

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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 5.9 million people in its supply area.

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