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CLP Power Proposes an Offshore LNG Terminal to Ensure Gas Supply Security

In response to the government's policy to increase the use of natural gas in power generation, CLP Power Hong Kong Limited (CLP Power) is taking forward the development work to build an offshore liquefied natural gas (LNG) terminal in Hong Kong waters. The project will not only enable Hong Kong to have direct access to the international market for gas supplies at competitive prices and enhance the city's bargaining power for natural gas purchases, but also improve Hong Kong's energy security with diversified sources of natural gas. A project profile of the proposal has been submitted to the Environmental Protection Department and is now available for a 14-day public inspection.

To further study whether the proposed project can serve as a potential gas supply option to meet Hong Kong's future fuel supply needs, CLP Power and The Hongkong Electric Co., Ltd. have agreed to jointly explore the feasibility of siting an offshore LNG import terminal in Hong Kong waters based on the floating storage regasification technology.

Currently, the Second West-East Gas Pipeline and gas sources in the South China Sea via subsea pipelines are the main sources of natural gas for CLP Power. With the government's target to use more natural gas in power generation for 2020 onwards, power companies are exploring more gas sources, both physically and commercially, to help meet the government's environmental objectives.

A LNG terminal is the key infrastructure facility to enable the import of LNG. Traditionally, LNG terminals were built on land but technological advancements in recent years have made it possible to locate the terminal facilities offshore. Experience shared by offshore LNG terminal operators has demonstrated that the technology is safe, reliable and cost-effective, making it an option favoured by many countries and territories worldwide.

CLP Power Senior Director – Commercial Mr Edward Chiu said, “An offshore LNG terminal is particularly suitable for Hong Kong as it occupies no land space. The construction is also simpler, cheaper, and it takes less time to build compared to a

land-based terminal, hence less impact on the environment due to its small size and remote location.”

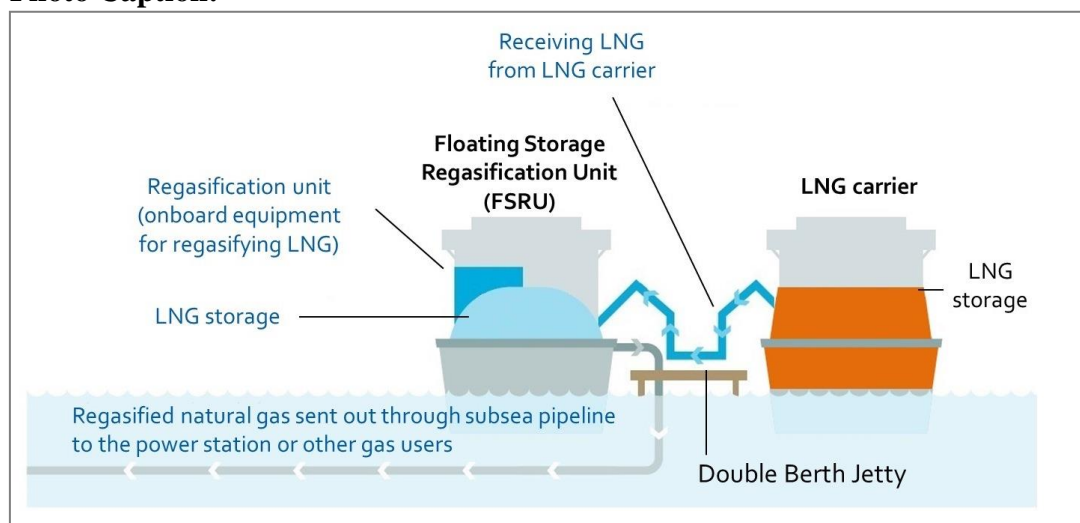
A site selection study has identified the waters to the east of the Soko Islands as a preferred location for the offshore LNG terminal after taking into considerations factors including marine operational safety, environmental conservation and ocean conditions.

A detailed Environmental Impact Assessment (EIA) study will be carried out to examine the impacts of the offshore LNG terminal on the environment and marine ecology during the construction and operation phases. Appropriate mitigation measures will be developed when needed to minimise the environmental impact of the project. CLP Power will closely communicate with the relevant government departments and stakeholders to listen to their views on the proposed project.

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 6 million people in its supply area.

Photo Caption:



The operations of an offshore LNG terminal using floating storage regasification technology.

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