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CAPCO and HK Electric Sign Contract with MOL for Hong Kong Offshore LNG Terminal Project

The Hong Kong Offshore Liquefied Natural Gas (LNG) Terminal Project (HKOLNG Project) has entered a new milestone as Castle Peak Power Company Limited (CAPCO) and The Hongkong Electric Co., Ltd. (HK Electric) today announced that Hong Kong LNG Terminal Limited, the joint venture established by the two companies, has entered into an agreement with Mitsui O.S.K. Lines, Ltd. (MOL) for the hire of a Floating Storage and Regasification Unit (FSRU) vessel on a time charter basis for the HKOLNG Project.

The FSRU vessel will be used for receiving, storing, and regasifying LNG for the supply of natural gas to CAPCO and HK Electric for power generation through two separate subsea gas pipelines. MOL will also be responsible for providing operations and maintenance services for the FSRU vessel and the offshore LNG terminal.

MOL is one of the world's largest shipping operators and manages one of the biggest fleets of LNG vessels in the industry. It has been involved in numerous offshore LNG terminal projects worldwide since 2009.

CLP Power Managing Director Mr T K Chiang said, "We conducted a competitive tendering process for the provision of an FSRU vessel, together with the operation and maintenance of the offshore LNG terminal. This time charter party and services agreement is an important milestone for the project as it will enable us to receive natural gas from different markets across the globe at competitive prices and enhance the security of our natural gas supply in the long-run to the benefit of our customers and all of Hong Kong."

HK Electric Managing Director Mr Wan Chi-tin said, "The FSRU vessel, together with the jetty and submarine pipelines, will enable us to have access to diverse gas sources for cost-competitive LNG supplies. In addition, the new LNG terminal project will provide HK Electric with greater flexibility and a new channel for Lamma Power Station to obtain natural gas, easing the pressing need to enhance the security of gas supply."

In support of the Government's policy to reduce carbon intensity and increase the proportion of natural gas used for power generation by 2020, CLP Power and HK Electric first launched a study into building an offshore LNG terminal in 2016. The

terminal will enhance and diversify Hong Kong's natural gas supply sources, and ensure a more reliable supply of fuel at competitive prices.

About Castle Peak Power Company Limited (CAPCO)

Castle Peak Power Company Limited (CAPCO) is a 70:30 joint venture of CLP Power Hong Kong Limited (CLP Power) and China Southern Power Grid International (HK) Co., Limited, a wholly owned subsidiary of China Southern Power Grid Co. Ltd.. CAPCO currently owns three power stations, Castle Peak Power Station, Black Point Power Station, and Penny's Bay Power Station, which are all operated by CLP Power.

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.

About HK Electric

HK Electric has been powering Hong Kong for more than 125 years, providing an affordable, safe, reliable and clean electricity supply to more than 570,000 customers on Hong Kong and Lamma Islands. It has maintained a world-class supply reliability rating of more than 99.999% every year since 1997. Committed to reduce emissions in the process of power generation, HK Electric has been increasing the use of natural gas for power generation so as to meet the emissions reduction targets and create a greener Hong Kong.

Photo caption:



MOL will supply a FSRU vessel for the Hong Kong Offshore LNG Terminal Project.

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