21 December 2011

CLP Revises 2012 Tariff

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Average Net Tariff Rise Cut from 9.2 % to 7.4%
All customers to see a reduction in Fuel Clause Charge increase

CLP Power Hong Kong Limited (CLP) today announced that the Company has revised its Average Net Tariff adjustment for 2012 - down from original 9.2% to 7.4%. This has resulted from cutting the Fuel Clause Charge increase from 3.7 cents to 2 cents per unit of the electricity that will benefit ALL customers across the board. The adjustment in average Basic Tariff announced on 13 December will remain unchanged.

From 1 January 2012, the average Basic Tariff will be increased by 5 cents while Fuel Clause Charge will rise by 2 cents. As a result, the Average Net Tariff will be adjusted to 101.1 cents per unit of electricity, up 7.4% from the current level.

With the latest adjustment to the Fuel Clause Charge, the 2012 tariff impact on our customers will be as follows:

Residential customers
- 30% of our customers are expected to have ZERO increase in their electricity bill
- 50% of our customers are expected to have a monthly tariff increase of not more than about $5
- 80% of our customers are expected to have a monthly tariff increase of not more than $22, an increase of less than 4.6%

Business customers
- 50% of business customers are expected to have a monthly tariff increase of not more than $41

“The adjustment is made in response to the views expressed by the community and our customers over the past week after we first announced our plan for the 2012 tariff,” said Mr Richard Lancaster, Managing Director of CLP Power. “We understand that the tariff increase will have a significant impact on our customers and we have taken extra steps to keep the adjustment as low as we can. By reducing the Fuel Clause Charge increase we will be shouldering a bigger deficit in the Fuel Clause Account.”
The Fuel Clause Account balance provides a stabilisation mechanism to help keep a stable tariff level. However, the account has remained in deficit for 5 consecutive years. By cutting down the Fuel Clause Charge increase, the deficit forecast will rise from the original $800M to $1400M by end of 2012, an increase of more than 60%.

“This exceptionally large deficit means that the Fuel Clause Account’s function as a stabilising factor will be reduced” Mr Lancaster continued. “This is particularly important as the price of the new gas supplies from the Mainland will be 2 to 3 times higher than our current supplies which were contracted 20 years ago. We will need to closely monitor the deficit to ensure that we can manage our Fuel Clause Account in a responsible manner,” added Mr Lancaster

Changes introduced in the tariff structure will continue so as to ensure that the tariff impact on lower consumption customers will be reduced and energy saving is encouraged.

CLP customers will receive detailed information in the near future.

**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 5.7 million people in its supply area.

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Annex
1) 2012年電價 2012 Tariff

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<td>平均基本電費 Average Basic Tariff</td>
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<td>101.1</td>
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2) 對客戶影響 Customer Impact

住宅客戶 Residential Customers
- 三成住宅客戶將不受電價調整影響
  30% of our customers are expected to have ZERO increase in their electricity bill
- 五成的住宅客戶每月多付的電費少於約5元
  50% of our customers are expected to have a monthly tariff increase of not more than about HK$5
- 八成住宅客戶每月多付的電費少於22元，預期升幅將低於4.6%
  80% of our customers are expected to have a monthly tariff increase of not more than HK$22, an increase of less than 4.6%

工商業客戶 Business Customers
- 五成的工商業客戶每月多付的電費少於41元
  50% of business customers are expected to have a monthly tariff increase of not more than HK$41