10 December 2013

**2014-2018 Development Plan and 2014 Tariff Adjustment**

CLP Power Hong Kong Limited (CLP Power) today welcomed the Executive Council’s approval for its 2014-2018 Development Plan. It also announced that the average Total Tariff increase for 2014 will be 3.9%.

**2014-2018 Development Plan**

The Development Plan, covering the period from January 2014 to September 2018, projects a capital expenditure of HK$34.1 billion, representing an 18% reduction over the previous Development Plan.

The capital projects under the Development Plan aim to support Hong Kong’s major infrastructure development, newly developed and redevelopment areas and to address the new demand for electricity; maintain CLP’s safe and reliable supply through refurbishment work for existing generation and network facilities; and enhance environmental performance through upgrading the efficiency and emission performance of generation facilities as well as implementing demand side measures.

Under the approved Development Plan, no construction of new generation plant is included in the projection. Of the total spending on capital projects, around one-third is related to electricity generation and two-thirds to the transmission and distribution of electricity to homes and businesses. This approved capital spending, together with operating costs, is expected to increase the Basic Tariff by an average of around 1.8% per annum over the next five years.

**2014 Tariff Adjustment**

Following last year’s freeze in average Basic Tariff, this will increase by 4.2 cents per unit of electricity for 2014, while the Fuel Clause Charge will remain unchanged. Effective 1 January 2014, CLP’s average Total Tariff will therefore increase by 3.9%.

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1 The 2014-2018 Development Plan was jointly submitted by CLP Power Hong Kong Limited and Castle Peak Power Company Limited to the Government.
The increase in Basic Tariff is due to an overall increase in non-fuel operating costs, supporting infrastructure development projects in Hong Kong, and the exhaustion of the Tariff Stabilization Fund, whose function is to smooth out tariff rises.

The unchanged Fuel Clause Charge is the result of CLP’s efforts to introduce a range of measures to mitigate the impact of increasing fuel costs, including deferring the use of the more costly natural gas, using more low emission coals and enhancing the operational performance of generation facilities.

In the 2014 Tariff Package:

- CLP will continue to provide the Energy Saving Rebate Scheme, which was introduced in 2013, to assist low consumption customers and encourage energy conservation. The new package is expected to result in 33% (or around 700,000) domestic customers and 43% (or around 133,000) small business customers seeing no tariff increase next year.

- A 7th Block will be added to the Domestic Tariff structure which will encourage high electricity consumption customers to consider energy saving. Only the very top consumption households will be affected, accounting for only 0.2% of our customers.

CLP Power’s Managing Director Mr Paul Poon said, “The approved Development Plan charts the course for CLP to meet Hong Kong’s needs for the next five years. The Plan has taken into consideration the importance of balancing the city’s needs for high supply reliability, environmental protection and cost-effective tariffs.”

“We have been exercising very prudent financial management to maintain a reasonable level of tariff adjustment. When the Government’s stringent emission requirements for 2015 were set, the expectation was that CLP would have to shoulder the responsibility for around 90% of the required increase in natural gas generation to meet Hong Kong’s targets for emissions reduction. Our gas consumption volume in 2015 will need to be double that of 2014, leading to high fuel costs and tariff pressure for our customers. CLP’s key commitment is to make every effort to mitigate the impact of this tremendous challenge. At the same time, we will continue to care for the community by implementing a range of programmes to help our customers save energy and reduce bills.”

Details of the new tariffs will be posted on our website (www.clponline.com.hk) and published through print advertisements. Our customers will receive detailed information in the next few weeks.
2014 Tariff Table

<table>
<thead>
<tr>
<th>Tariff Component</th>
<th>2013 Tariff (cents per unit)</th>
<th>Change (cents per unit)</th>
<th>2014 Tariff (effective 1.1.2014) (cents per unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Basic Tariff</td>
<td>84.2</td>
<td>+ 4.2</td>
<td>88.4</td>
</tr>
<tr>
<td>Fuel Clause Charge</td>
<td>22.4</td>
<td>–</td>
<td>22.4</td>
</tr>
<tr>
<td>Average Total Tariff</td>
<td>106.6</td>
<td>+ 4.2</td>
<td>110.8 (+ 3.9%)</td>
</tr>
</tbody>
</table>

Note: In 2013, CLP provided a Rent and Rates Special Rebate at 2.1 cents per unit to customers. Since the Government interim refunds of overcharged rents and rates received by CLP were fully rebated to customers on 15 October 2013, the Rent and Rates Special Rebate was discontinued from 16 October 2013.

Impact of 2014 Tariff Changes on Residential and Business Customers

<table>
<thead>
<tr>
<th>Consumption per bill * (kWh)</th>
<th>Tariff Impact ($ per Month)</th>
<th>Approx. % (Number of Customers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Customers (Domestic Tariff)</td>
<td>No change or a reduction up to $2</td>
<td>33% (700,000)</td>
</tr>
<tr>
<td>0 – 400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401 – 834</td>
<td>Increase no more than $20</td>
<td>37% (800,000)</td>
</tr>
<tr>
<td>&gt;834</td>
<td>Increase more than $20</td>
<td>30% (600,000)</td>
</tr>
<tr>
<td>Business Customers (General Service Tariff)</td>
<td>No change</td>
<td>43% (133,000)</td>
</tr>
<tr>
<td>0 – 400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401 – 1,400</td>
<td>Increase no more than $68</td>
<td>27% (84,000)</td>
</tr>
<tr>
<td>&gt;1,400</td>
<td>Increase more than $68</td>
<td>30% (93,000)</td>
</tr>
</tbody>
</table>

* CLP provides bi-monthly billing for domestic customers and monthly billing for business customers.
A list of supplementary information can be downloaded from the following links:

Information Pack to Legislative Council Panel on Economic Development Meeting on 10 December 2013:

- Information Paper and Annexes
- PowerPoint Presentation
- Fact Sheet (1) – CLP Energy Efficiency & Community Care Programmes
- Fact Sheet (2) – Generating Capacity & Reserve Margin
- Fact Sheet (3) – Timeline for CLP Importing Natural Gas

- End -

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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