

21 June 2019

CAPCO and HK Electric Sign Contract with Shell for Long-Term Liquefied Natural Gas Supply to Hong Kong

Castle Peak Power Company Limited (CAPCO) and The Hongkong Electric Co., Ltd. (HK Electric) today announced that an agreement has been entered into with Shell Eastern Trading (Pte.) Ltd. (Shell), a subsidiary of Royal Dutch Shell, for long-term liquefied natural gas (LNG) supply for the Hong Kong Offshore Liquefied Natural Gas Terminal. After completion of the project, Shell will supply LNG to both CAPCO and HK Electric from its worldwide LNG portfolio.

With more than 50 years of experience in the industry, Shell is a leading independent producer and marketer of LNG with a globally diversified supply portfolio.

CLP Power Managing Director Mr T K Chiang said, “The Government has established new emissions and carbon reduction targets, among which include setting a new proportion for natural gas in the fuel mix for power generation. This fuel supply contract will enable us to access price-competitive natural gas and broaden our sources of natural gas, ensuring a reliable and stable fuel supply for Hong Kong. Throughout our procurement process, we received very positive responses from LNG suppliers worldwide, and the terms achieved in the agreement reflect the keen competition among suppliers at the time.”

HK Electric Managing Director Mr Wan Chi-tin said, “HK Electric is taking steps to substantially increase the use of natural gas for power generation, from currently over 30% of total output to around 70% by 2023, as we support the Government’s policy and targets to combat climate change and improve air quality while transforming Hong Kong into a low-carbon city. With the substantial increase in gas demand by the Company in the coming years, the signing of this agreement will provide HK Electric with another gas source to help secure stable, safe and reliable 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.

- Ends -