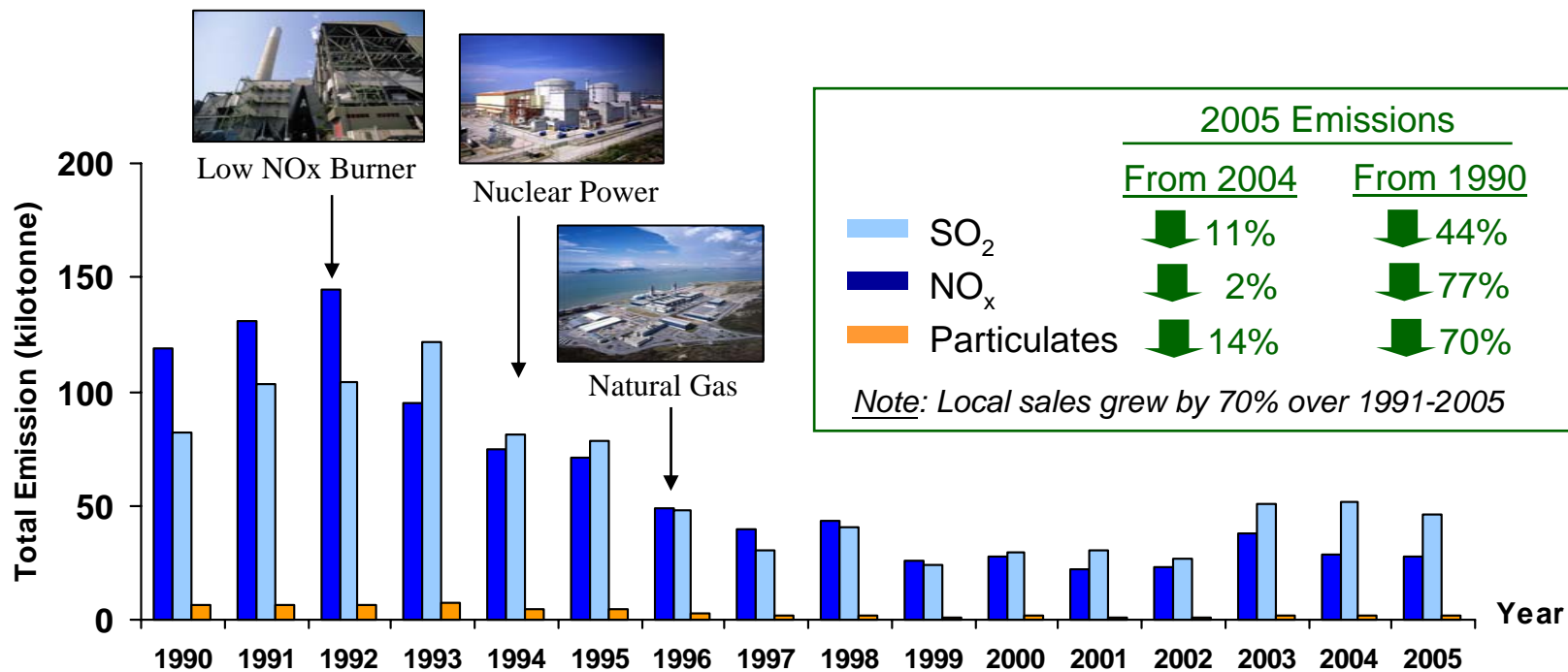


Future Development of the Electricity Market in Hong Kong

Environmental Issues

Presentation to Legco ES Panel
25/9/2006

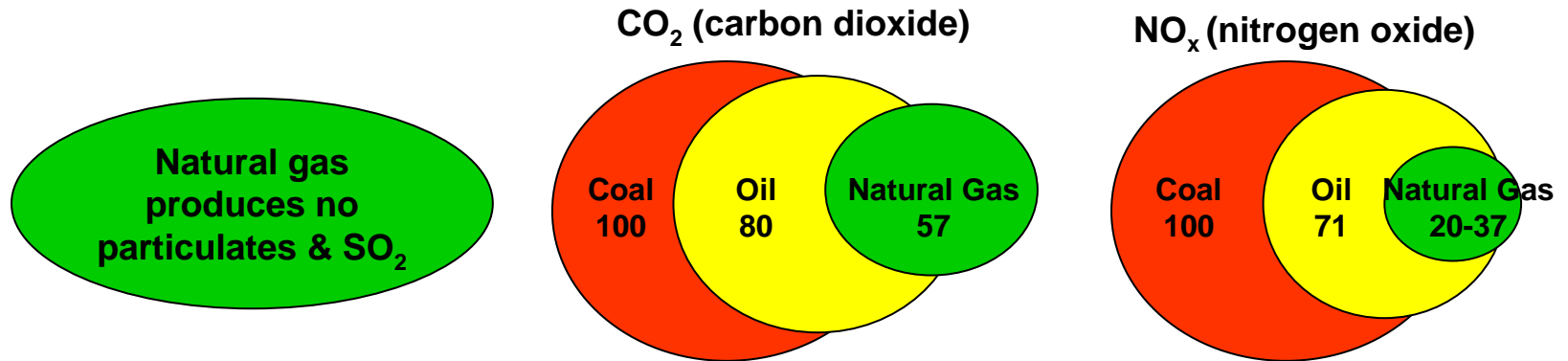
Significant Environmental Improvements



Achieved emissions reductions from early 1990's through use of emissions abatement technology and introduction of cleaner energy sources

Initiatives to Further Reduce Emissions

- Import Liquefied Natural Gas (LNG)



- Install Emissions Control Equipment for Coal Units
 - Retrofit at Castle Peak to be completed in phases starting 2009
 - Up to 80% and 90% fall in NO_x and SO₂ emissions from current level
- Increase use of Ultra Low Sulphur Coal








Completion of these projects is critical to contribution towards Hong Kong's air quality improvement initiatives

Regulatory Considerations

- Environmental policy must be consistent with Hong Kong's future electricity market framework and its objectives by
 - Ensuring an adequate and reliable electricity supply at reasonable tariff level
 - Supporting long-term investments to improve and / or sustain environmental performance
- Clear long-term emissions targets are important, enabling effective environmental improvements
 - Targets should be set based on practicable, available technology and achievable implementation schedule

Renewable Energy (RE) Development

To date, RE accounts for about 1.8% of CLP Group's generating capacity:

Operation				* Thru' Roaring 40's		HK – offshore feasibility
				 Photo by Elsam		
Guangdong, Huaiji 98MW Hydro (82MW in operation)	Australia, Bluff Point* 65MW wind farm	Australia, Cathedral Rocks* 66MW wind farm	Shandong, Changdao 27MW wind farm			
Construction				* Thru' Roaring 40's		HK – Wind Turbine Pilot Demonstration (2008)
						
Shandong, Weihai (2006/7) 19.5MW wind farm	Jilin, Shuangliao* (2006/7) 49MW wind farm	Guangdong, Nanao (2007) 45MW wind farm	Shandong, Rongcheng* (2007) 49MW wind farm			

CLP Group has set a target to have 5% of total generating capacity from renewable energy sources by 2010

Other Initiatives

- CLP's energy conservation programs
 - PowerWise
 - Energy Audit
 - Go-Green Campaign
- Supporting community-wide initiatives
 - CLP was among the first corporations to sign the Clean Air Charter
 - Continue to support Government and community in energy efficiency efforts through education and promoting public awareness

