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來函檔號 Your Ref :

Ms Connie Szeto  
Clerk to Panel on Economic Development  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

3 October 2007

Dear Connie,

**Meeting with the Secretary for the Environment on 18 July 2007**

As a follow-up to the Panel on Economic Development meeting on 18 July 2007, I attach a letter the Administration sent to Hon Abraham Shek on 26 July 2007 with regard to the Development Fund of the CLP Power Hong Kong Limited.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Yam'.

(José Yam)

for Secretary for the Environment

(Translation)

Tel : 2810 2538

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26 July 2007

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Hon Abraham SHEK Lai-him, SBS, JP  
Room 806, Manning House  
48 Queen's Road Central  
Hong Kong

Dear Mr Shek,

### **CLP's Development Fund**

Thank you for your enquiry regarding the way to deal with the balance in CLP's Development Fund (DF) in 2008 in the Panel meeting on Economic Services held on 18 July 2007. Our reply is as follows –

- CLP's DF balance in 2008 will depend on a number of factors including, inter alia, the electricity demand and sales, operating costs, capital investments, measures to control cost and increase in productivity, permitted rate of return and actual basic tariff charged to consumers etc., for the period. The DF will continue to provide funds to ameliorate any tariff increase arising from increase in fuel prices or other factors during the period.
- Regarding the way to deal with the balance in the DF, there are suggestions to return the balance to consumers before the expiry of the current Scheme of Control Agreement (SCA). There are also views suggesting to transfer some balance in the DF to the future 'Tariff Stabilisation Fund' as proposed in the consultation document, which will provide funds, where necessary, to ameliorate the impact of tariff increase on consumers under the new SCA. We will consider the views and discuss with CLP on the way to deal with the balance in the DF.

Yours sincerely,

(Ms Brenda Cheng)  
for Secretary for the Environment