

CLP

More than light

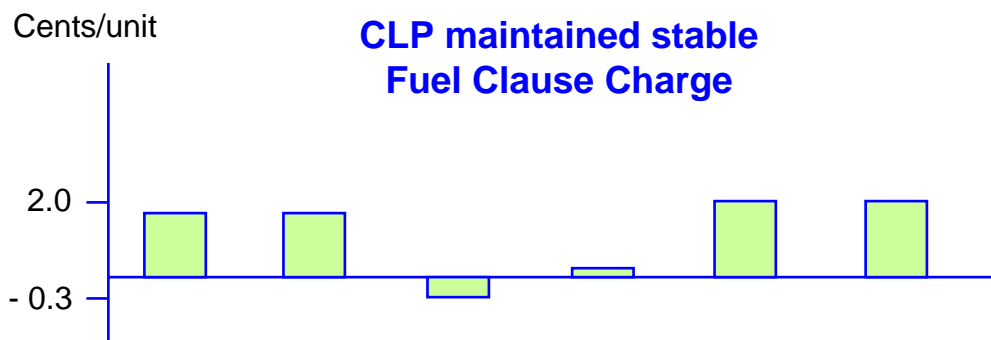
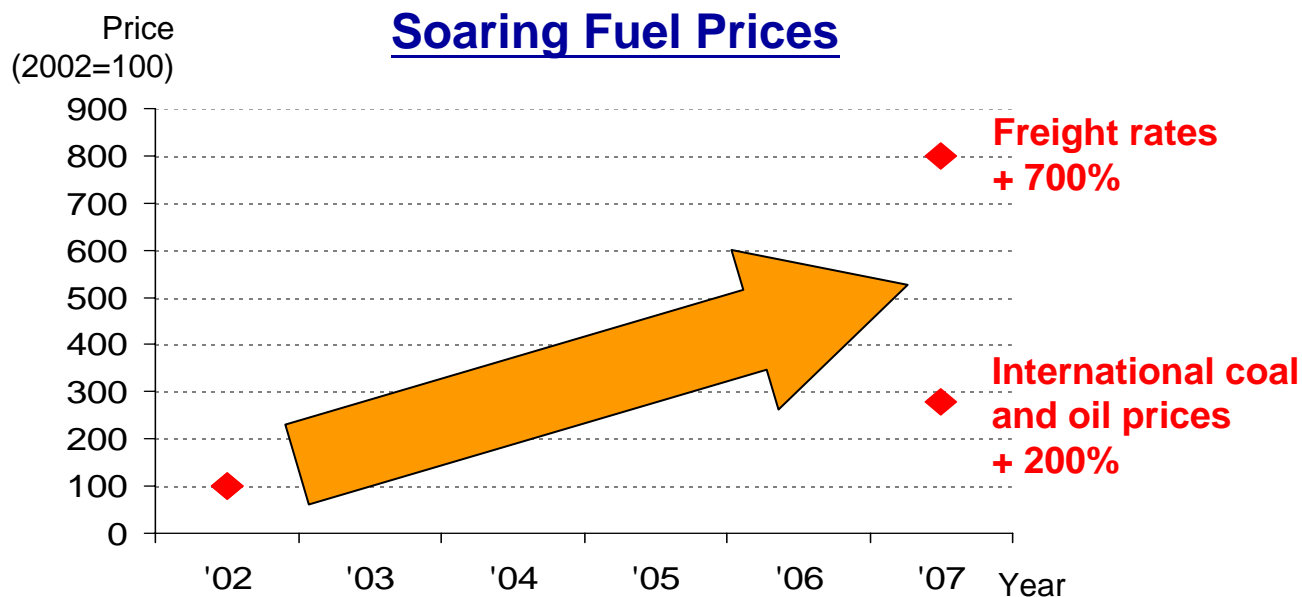
2008 Tariff

Presentation to LegCo Panel on
Economic Development

21/12/2007

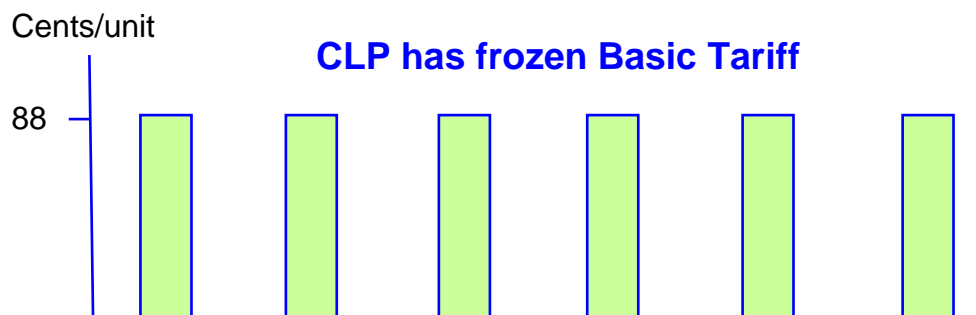
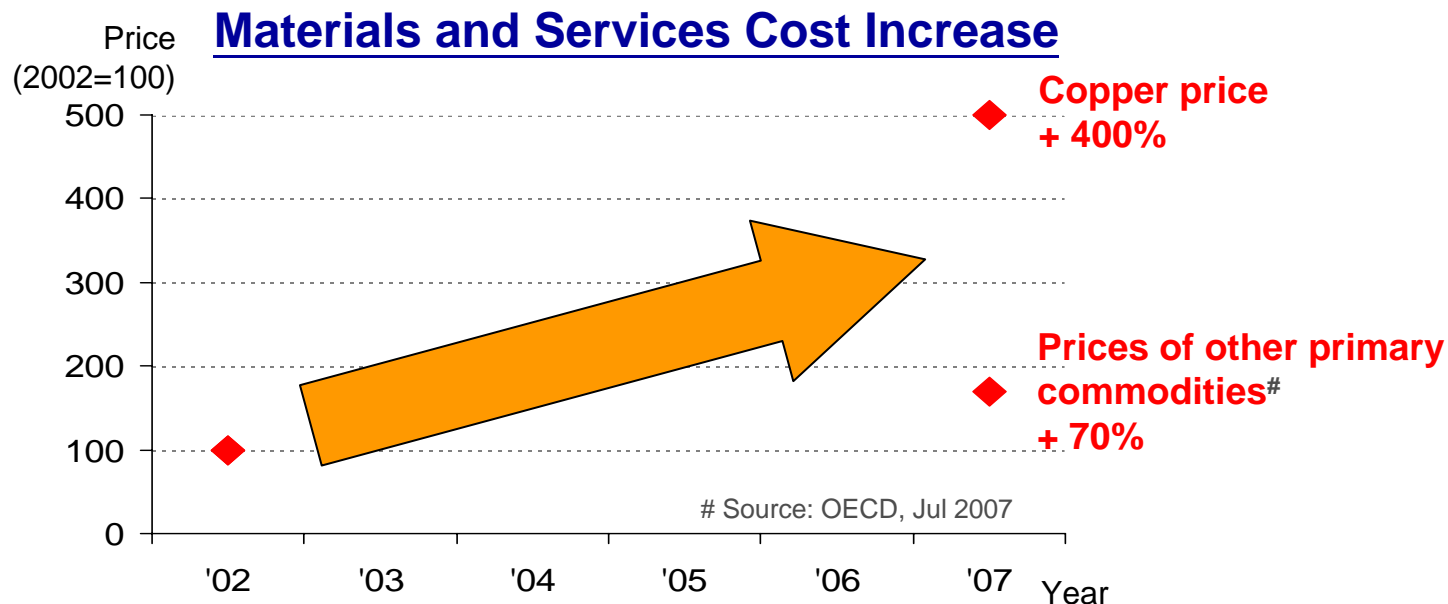
CLP 中電

Fuel Costs Challenges



CLP managed to stabilize fuel charges through effective contract and commercial management

Non-fuel Costs Challenges



CLP managed to freeze Basic Tariff through rigorous cost control and enhanced operating efficiencies

Use of SoC Reserve Accounts

Fuel Clause Account :

- In deficit balance now
- Continuous increase in fuel costs put further pressure on deficit balance
- Fuel Clause charge increase required to bring it back to balance

Development Fund :

- Over the past 9 years, we have utilized \$4 billion from the Development Fund to alleviate cost pressure
- Transfer of \$670 million from the Fund in the form of a Special Rebate of 2.1cents per unit minimizing tariff increase in 2008

2008 Tariff

- Key Aspects:**
- **Basic tariff remains unchanged**
 - **Fuel Clause Charge to cover increasing fuel costs**
 - **A special rebate funded by the Development Fund is provided to minimize net tariff increase**

Components ¢/u	Current	Changes	Effective Jan. 08
Average Basic Tariff	88.1	---	88.1
Fuel Clause	2.0	+3.9	5.9
SoC Rebate	-1.1	+0.3	-0.8
2008 Special Rebate	<u>-1.8</u> *	<u>-0.3</u>	<u>-2.1</u>
Average Net Tariff	<u>87.2</u>	<u>+3.9</u>	<u>91.1</u> (+ 4.5%)

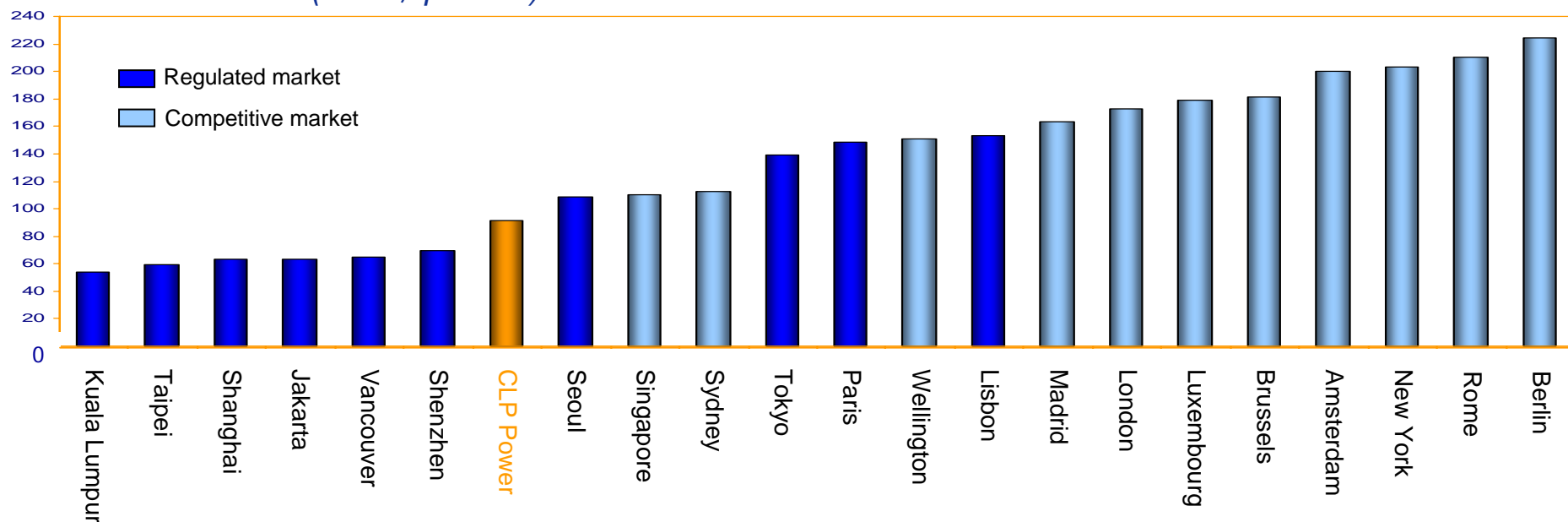
* 2007 Special Rebate

Impacts to Customers

Residential Customers	Non-Residential Customers
70% of customers will experience monthly tariff increase of \$15 or less	70% of customers will experience monthly tariff increase of \$56 or less

CLP Tariff Compares Favorably to Metropolitan Cities

Residential Tariff (in HK¢ per unit)



Notes: Tariffs and exchange rates are as of Jul 2007 for metropolitan cities
 CLP tariffs is after the 3.9 cents increase
 Comparison based on annual residential customer consumption of 3,300 kWh

CLP Supply Reliability is Among the World's Best

	Power interruption time (minutes per customer per year*)
CLP Power	2.6 (2006)
Paris	17.3
New York	31.2
London	34.5
Sydney	43.1

* Average 2004-2006, Source: UMS Group; EDF; EnergyAustralia
CLP's 3-year average was 4.4

CLP's supply reliability outperforms metropolitan cities such as Paris, New York, London and Sydney

Way Forward

CLP will continue to provide quality service to our customers

- **Operate in a responsible manner**
- **Improve efficiency**
- **Control cost**