



9 May 2014

The Hon James TIEN Pei-chun, GBS, JP
Chairman, Panel on Economic Development
Legislative Council
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong

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Dear Mr. Tien,

**Panel on Economic Development
Special Meeting on 12 May 2014
Public Consultation on the Future Fuel Mix for Electricity Generation**

On behalf of CLP Power Hong Kong Limited, I would like to provide our written submission for the captioned meeting.

The planning horizon of the Government's Future Fuel Mix for Electricity Generation Consultation is looking at 2023, which is a decade from now, due to the long lead time required to build any new infrastructure. Since the life of any new infrastructure will last for 40 to 60 years, today's decision will have a major impact on our energy objectives for the next 30, 40 or even 50 years. We would therefore like to stress that our focus is not on whether we choose option one or two. Our focus should be how to **preserve and create long-term value to Hong Kong** as a result of what we opt for today.

To deliver the long-term value, there are three important factors to consider, namely: reliability, flexibility and optionality.

It is important that our decision does not compromise our extremely **high supply reliability** which is the cornerstone for Hong Kong's social and economic development.

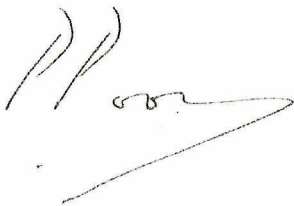
International fuel markets and technology do change over time. In delivering the optimal fuel mix over the long term for meeting the energy objectives in terms of reliability, environmental performance and affordability, Hong Kong should carefully evaluate all options to **ensure the highest degree of flexibility** can be provided to address the needs of the evolving market. At the same time, we should not close off any option at this stage since **optionality in fuel mix** plays a crucial role in allowing us to respond to various changes.



Both options in the consultation have their opportunities and challenges. They are not mutually exclusive. CLP will look carefully at elements of both options which can provide the flexibility to serve the best long-term interests of our customers.

It is important that we make the right choices today. We are collecting views from our stakeholders and will be presenting our views to the Government at a later stage. We will leverage our power expertise and experience to best address the needs of the future fuel mix decision and continue to deliver outstanding supply reliability and high levels of customer service for the benefit of the community as we always do.

Yours sincerely,



Paul Poon
Managing Director