

(Translation for Reference)

**Legislative Council Panel on Economic Development
Meeting on 2013 Interim Review of the Scheme of Control Agreement
25 November 2013**

CLP Speaking Points

Thank you Mr. Chairman.

Over the past few months, CLP has conducted a constructive dialogue with the Government on the 2013 Interim Review of the Scheme of Control Agreement. During the discussions, we have considered the views collected from our customers and various stakeholders. The Review is concluded with certain agreements reached.

The modifications agreed between CLP and the Government include initiatives that reflect CLP's continuous commitment to promoting energy efficiency and conservation in Hong Kong. They represent not only our strong support to Government policy in this regard, but also a key area of our work in the coming year.

An Energy Efficiency Fund will be set up to carry out improvement works to enhance the energy efficiency of non-commercial buildings. Based on the records of the two power companies in earning the relevant energy efficiency financial incentives in the past few years, it is estimated that some \$100 million in total may be injected into the Fund, of which CLP will contribute some \$70 million on a matching basis over the next four years to support energy improvement projects in these buildings. This new initiative shares exactly the same objective as CLP's programmes of giving out energy efficient electrical appliances to the community in need and our strengthened public education efforts to promote energy efficiency.

In addition, other modifications agreed in the Interim Review further reinforced CLP's ongoing efforts in improving our operations and services level, enhancing information transparency and bringing economic benefits to our customers.

We believe the 2013 Interim Review has met its objective in seeking continuous reviews and improvements in our services, and by doing so, upholding the integrity of the regulatory regime under the Scheme of Control Agreement.

The Scheme of Control Agreement is a binding contract signed between the Government and CLP. We are committed to upholding and honouring the contractual obligations and responsibilities placed with us. It is based on this ten-year contract that we made our planning, investment and associated financial arrangements, so that we can provide a safe, reliable and environmentally friendly supply to meet the electricity demand of our customers. We have made, and will continue to make, significant and sustained investment commitments over the contract period. If there is any change in key terms of the agreement, it would undermine our plans for the decade, and will have an impact on our delivery of quality services and benefits to our customers.

Under the current clear regulatory framework of the Scheme of Control Agreement, CLP has been able to provide highly reliable electricity supply to Hong Kong in an environmental manner and at a reasonable cost. As we always do over the past 112 years, CLP remains committed to delivering these benefits to our customers and the community of Hong Kong.

Thank you.