

2004 Tariff Review

中華電力
CLP Power



**Tariff Freeze for the 6th Consecutive Year
and
Rebate **\$500,000,000** to Customers**

**Presentation to Legislative Council Panel on
Economic Services
16 December 2003**



Tariff Freeze for 2004

- Tariff frozen and simplified
 - Reduce Fuel Clause Charge by 2.2 ¢/u
 - Remove DSM Charge, Business Relief Rebate and Special Rebate

Tariff Level (¢/u)	2003	2004
Basic Tariff	88.5	88.5
Fuel Clause Charge/(Rebate)	1.9	(0.3)
Rate Reduction Rebate	(0.6)	(0.6)
Special Rebate	(2.2)	-
Demand Side Management Charge	0.2	-
Business Relief Rebate	(0.2)	-
Total Tariff	87.6	87.6

- Net tariff contained at the 1998 level for 6 years
- Simplified bill for customers with no financial impact



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2004 Tariff Rebate of \$500,000,000

- One-off rebate of 1.7 ¢/u based on 2003 consumption
 - Equivalent to about 2% reduction in electricity price
 - With the mid-2003 rebate, a 3.8% price reduction
 - Immediate relief on the electricity bill
- Rebate to be credited to customer accounts starting March 2004

- Rebate is possible due primarily to CLP's successful efforts in controlling costs and strong China sales



Benefits to Residential Customers

Monthly Consumption (kWh)	Distribution	Cumulative	This Rebate	Total Rebate (Incl. mid-2003 Rebate)
Up to 150	27%	27%	Up to \$30	Up to \$95
151-250	24%	51%	\$30 to \$50	\$95 to \$160
251-500	29%	80%	\$50 to \$100	\$160 to \$300
501-1000	17%	97%	\$100 to \$200	\$300 to \$400

- Including the mid-2003 rebate, about 50% of residential customers can receive \$160 to \$400, equivalent to free electricity of one half to three quarters of a month.



Benefits to Non-Residential Customers

- General Service Tariff Customers

Monthly Consumption (kWh)	Distribution	Cumulative	This Rebate	Total Rebate (Incl. mid-2003 Rebate)
Up to 500	47%	47%	Up to \$100	Up to \$340
501-1000	15%	62%	\$100 to \$200	\$340 to \$680
1001-2000	14%	76%	\$200 to \$400	\$680 to \$1370
2001-5000	12%	88%	\$400 to \$1020	\$1370 to \$3430

	This Rebate	Total Rebate (Incl. mid-2003 Rebate)
▪ Bulk Tariff Customers	\$30,000-\$540,000	\$40,000-\$550,000
▪ Large Power Tariff Customers	\$200,000-\$4,500,000	\$210,000-\$4,510,000

CLP Shares the Benefits with Our Customers



Over the years, CLP has offered the following rebates/tariff reductions:

	Effect on the Year's Electricity Price	HK\$M
▪ Since 1998, tariff level frozen for the sixth year	-	-
▪ 1999: \$50/customer Tax Rebate	-0.4%	90
▪ 2001: \$200/customer Centenary Rebate	-1.7%	380
▪ 2002: \$220/customer rebate and tariff reduction of 0.3¢/u	-2.2%	560
▪ 2003: 1.5¢/u rebate, based on 2002 consumption (min. \$250/Residential & \$700/Non-Residential)	-3.7%	910
▪ Mid-2003: Half-month electricity rebate, based on March 2003 consumption (max. \$200/Residential & \$10,000/Non-Residential)	-1.8%	460
▪ 2004: 1.7¢/u rebate, based on 2003 consumption	-2.0%	500
	Total	2,900

Summary

- **CLP supports Hong Kong's growth with a reliable electricity supply at reasonable cost**
- **Through success in managing costs, CLP Power has been able to freeze its tariff for 6 years and rebate close to \$3 billion to customers**

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