



13 July 2023

First LNG Shipment under Long-Term Supply Agreement Arrives as Hong Kong's Offshore LNG Terminal Goes into Service

CLP Power Hong Kong Limited (CLP Power) and The Hongkong Electric Co., Ltd (HK Electric) today (13 July) announced that Hong Kong's new offshore liquefied natural gas (LNG) terminal, jointly developed and constructed by the two power companies, has gone into operation. The first LNG shipment under a long-term supply agreement has arrived and the LNG was unloaded and stored in the Floating Storage and Regasification Unit (FSRU) vessel moored at the terminal. Regasified LNG is now being sent to CLP Power's Black Point Power Station and HK Electric's Lamma Power Station, raising the low-carbon generation capability and fuel supply security of the power companies in support of Hong Kong's energy transition.

The offshore LNG terminal in the south-western waters of Hong Kong is the first of its kind in the territory. Named Bauhinia Spirit, the world's largest FSRU vessel with an LNG storage capacity of 263,000 cubic metres, has moored at the jetty of the terminal.

CLP Power Managing Director Mr Joseph Law said, "Decarbonisation calls for urgent action. The offshore LNG terminal is a significant step towards helping Hong Kong achieve carbon neutrality before 2050 and strengthen the security of its gas supply. We successfully overcame difficulties during the construction period, in particular severe challenges arising from the pandemic, thanks to the close cooperation between the project teams of the two power companies and the contractor. This has enabled the largest offshore energy infrastructure project in Hong Kong in recent years to go into operation smoothly."

Mr Law added, "This new strategic gas facility enables Hong Kong to access competitively priced natural gas from international markets, which will further enhance the diversity of our gas supply sources and give us additional flexibility and supply security to ensure an orderly transition to carbon neutrality in support of the city's climate targets. CLP Power fully supports the Government's decarbonisation strategies and will continue to accelerate the energy transition, explore more zero-carbon energy sources through local projects and

regional cooperation, reduce the carbon intensity of its electricity supply, promote electrification, and help customers save energy and reduce carbon emissions.”

HK Electric’s Managing Director Mr Francis Cheng said, “HK Electric has been supporting the Government in achieving its decarbonisation target for 2035. The offshore LNG terminal gives us additional fuel supply security and reliability, together with the commissioning of the new gas-fired combined-cycle generating unit L12 in 2024, the Company is progressing steadily on its decarbonisation journey. The completion of the project also enables us to procure LNG from more diverse sources and with more bargaining power.”

Mr Cheng added, “Constructing such a complex offshore structure was never easy. We are very grateful for the support from various parties and stakeholders, especially governments of the Mainland and Hong Kong which helped us overcome difficulties in different stages, from planning, through to construction and commissioning. To support the Government’s target in achieving carbon neutrality by 2050, HK Electric will continue to keep an eye on innovative advanced technologies including hydrogen fuel, and keep an open mind about other suitable zero-carbon generation solutions.”

The power companies expressed their gratitude to Guangdong and Guangzhou Maritime Safety Administration for their support in implementing marine traffic management measures to facilitate the arrival of the FSRU vessel and LNG shipment, and in providing escorts to ensure safe navigation through the Dangan Channel. The power companies also thanked the Hong Kong SAR Government, particularly the Environment and Ecology Bureau for their strong support of the project and Marine Department for their liaison with project teams and Mainland counterparts in ensuring the safety of marine navigation and arrangements for the shipment’s arrival and departure.

The power companies signed a long-term LNG supply agreement with Shell Eastern Trading (Pte.) Ltd. (Shell), a subsidiary of Shell Plc, before construction of the terminal began. With the full operation of the terminal, Shell is supplying LNG to the power companies from its worldwide portfolio. The first shipment of around 139,000 cubic metres LNG is sufficient to meet the monthly electricity needs of around 1.5 million residential households, based on a typical three-member household in Hong Kong using 275 units of electricity a month.

LNG is natural gas that has been cooled to -162°C , and its volume is reduced to around 1/600 of its original volume, making it easier to store and transport. The completion of the offshore LNG terminal gives the power companies direct access to international LNG markets and provides a long-term alternative source of fuel to meet Hong Kong’s needs. It will also strengthen their ability to source competitively priced gas and ultimately benefit customers and Hong Kong as a whole.

About CLP Power Hong Kong Limited

CLP Power Hong Kong Limited (CLP Power) is the Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer service to more than six million people in its supply area.

About HK Electric

HK Electric has been powering Hong Kong for more than 130 years, providing a reliable and clean electricity supply to customers on Hong Kong and Lamma Islands. HK Electric has been constructing new gas-fired generating units to replace coal-fired generation as part of its decarbonisation strategy.

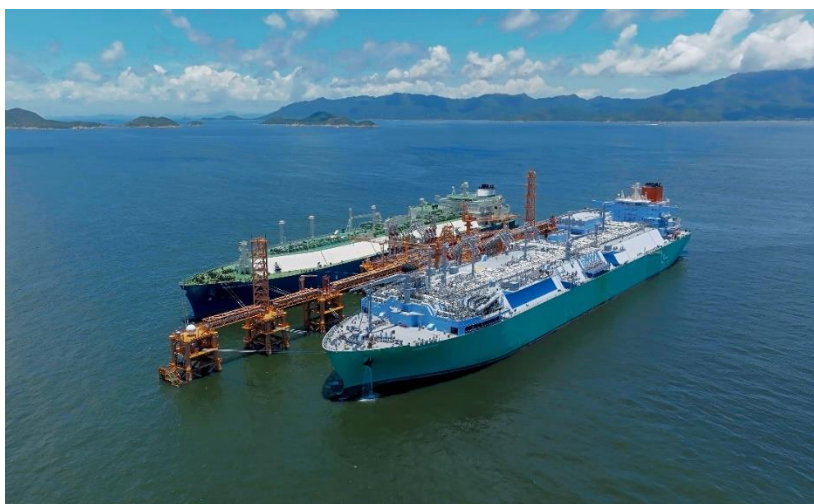
About Hong Kong LNG Terminal Limited

Hong Kong LNG Terminal Limited (HKLTL) is a joint venture of Castle Peak Power Company Limited (CAPCO) and The Hongkong Electric Co., Ltd. (HK Electric). HKLTL develops, owns and operates a liquefied natural gas (LNG) terminal in Hong Kong and provides LNG regasification and related services to CAPCO and HK Electric.

**CAPCO is a 70:30 joint venture of CLP Power and China Southern Power Grid International (HK) Co., Limited, a wholly owned subsidiary of China Southern Power Grid Company Limited.*

Photo caption:

Photo 1 and Photo 2





The Hong Kong offshore LNG terminal, jointly developed and constructed by CLP Power and HK Electric, has gone into service. The photos show the first LNG shipment under a long-term supply agreement arriving at the terminal. The shipment (left) was unloaded to the Floating Storage and Regasification Unit (FSRU) vessel (right) before it is sent to CLP Power's Black Point Power Station and HK Electric's Lamma Power Station through two separate undersea pipelines.

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