

For information

LEGISLATIVE COUNCIL PANEL ON ECONOMIC SERVICES

THE HONGKONG ELECTRIC COMPANY LIMITED

COMMISSIONING OF THE FIRST 300MW GAS COMBINED CYCLE

UNIT (L9) AT THE LAMMA EXTENSION IN 2004

PURPOSE

This note informs Members that The Hongkong Electric Company Limited (HEC) will proceed with its original proposal to commission the first 300MW gas combined cycle unit (L9) at the Lamma Extension in 2004.

INTRODUCTION

2. In June 2000, we briefed Members that, at the meeting of the Executive Council on 30 May 2000, the Council advised and the Chief Executive ordered, among other things, that HEC's proposal to commission the first 300MW gas combined cycle unit (L9) at the Lamma Extension in 2004 should be accepted in principle, subject to review and adjustment of the year of commissioning, if necessary, in the light of HEC's updated demand forecasts before firm contractual commitment is made for procurement of the unit.

3. HEC has advised that to commission L9 in 2004, it would need to procure the generation unit before 1 July 2001.

LATEST DEVELOPMENT

4. We have conducted a review of the need for the commissioning of L9 in 2004 in the light of updated maximum demand forecasts from HEC, the Government's consultants Burns and Roe (B&R) and the Economic Analysis Division (EAD) of the Financial Services Bureau.

5. Based on its updated maximum demand forecasts, HEC's capacity addition schedule indicates that same as the one put forward to the Administration in May 2000, L9 will be required in 2003. Taking into account a practical implementation timetable, it remains of the view that L9 should be commissioned in 2004.

6. B&R's and EAD's updated maximum demand forecasts indicate that L9 will be required in 2003 and 2004 respectively.

CONCLUSION

7. The current review confirms the need to commission L9 in 2004 in the light of the latest maximum demand forecasts of HEC, B&R and EAD. Since the Administration has previously accepted the need to commission L9 in 2004 on the basis of the maximum demand forecasts and capacity addition schedule put forward in May 2000 and the latest review confirms that L9 would need to be commissioned either in 2003 or 2004, HEC would proceed to procure L9 with a view to commissioning it in 2004.

Economic Services Bureau
July 2001