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## **Advisory Council on the Environment**

### **Comments on the Consultation Paper on Future Development of the Electricity Market in Hong Kong – Stage II Consultation**

The Advisory Council on the Environment discussed the Consultation Paper on Future Development of the Electricity Market in Hong Kong – Stage II Consultation on 13 March 2006. The Council's views were as follows –

- (a) the Council was supportive, in general, of the overall approach laid down in the Consultation Paper;
- (b) in addition to reliability, safety and efficiency of electricity supply, the Council was concerned about how the future regulatory regime could help improve the environment, in particular air quality, as there was a close relationship between power generation and air quality;
- (c) the Council was supportive of imposing emission caps on major pollutants when renewing the licences of individual power plants. This would enable Hong Kong to achieve the emission reduction targets as agreed with the Guangdong Provincial Government with a view to improving the regional air quality;
- (d) the Council was supportive of the principle that the proposed rate of return should be performance-based which could help drive the power companies to minimize environmental impacts caused by electricity generation;
- (e) the Council was very supportive of facilitating the use and further development of renewable energy for electricity generation;
- (f) the Council urged the Government to pursue a long-term sustainable strategy and roadmap for the electricity market through various means,

such as demand side management, energy fuel mix, rate of return, enhancement of energy efficiency and public education, to achieve minimal environmental impact;

- (g) the Council considered that the mitigation of environmental impact caused by the production and use of energy was in the community's interest and the goal for minimizing environmental impact should be achieved as early as possible by multi-pronged approaches which should be objective-led; and
- (h) the Council recognized that all sectors of the community including the public, the Government and the power companies had to contribute to the costs for protecting the environment while enjoying the benefit of stable electricity supply.