

**CB(1) 249/07-08(02)**

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Clerk to Panel  
Panel on Environmental Affairs  
Legislative Council  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong  
(Attn : Miss Becky YU)

Dear Miss Yu,

**Panel on Environmental Affairs  
CLP's proposal of constructing  
a liquefied natural gas receiving terminal at South Soko Island**

Thank you for your letter of 7 November 2007.

The Government is reviewing, with assistance from a professional energy consultant (Nexant Inc.), the new Financial Plan submitted by CLP, which covers a proposal to build an LNG terminal in Hong Kong. To ensure that the public can continue to enjoy reliable and safe electricity supply at reasonable prices, we will consider all relevant factors in examining CLP's proposal, including the distribution and development of natural gas in the region, the feasibility of supplying gas to Hong Kong from other natural gas/LNG projects in the region, the supply situation of the Yacheng gas field, the forecast of future electricity demand, environmental requirements, estimated expenditure and tariff impacts.

The Government has not taken any decision on the Financial Plan and the proposed LNG terminal. We target to complete the consultancy study in early 2008 and report to the LegCo as soon as possible thereafter.

Yours sincerely,

( Brenda Cheng )  
for Secretary for the Environment