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Panel on Environmental Affairs

Meeting on 25 May 2009

Background brief on promoting the use of biodiesel

Purpose

This paper sets out the progress of promoting the use of biodiesel, and gives a brief account of previous discussions on the subject by the Panel on Environmental Affairs (the Panel) and its Subcommittee on Improving Air Quality (the Subcommittee).

Introduction

2. Biodiesel is a form of renewable energy and can be manufactured from vegetable oils or recycled restaurant greases. Use of biodiesel to replace fossil diesel can reduce greenhouse gas emissions and help avert global warming. However, biodiesel is more costly than fossil diesel.

Promoting the use of biodiesel

3. To support the global effort in tackling climate change and realising the Government's commitment to reducing greenhouse gas emissions, the Administration has been encouraging drivers to use biodiesel as vehicle fuel by adopting a duty-free policy on auto-biodiesel. Although in-use diesel vehicles are not designed to run on biodiesel, vehicle manufacturers consider it acceptable for them to use up to 5% biodiesel in ultra-low sulphur diesel (ULSD) provided that the biodiesel can meet certain quality specifications. If a fuel with higher biodiesel content is used, it may cause possible corrosion problems to the fuel system of certain incompatible vehicles. To this end, the Administration kicked off a consultation exercise in January 2007 to gauge the views of relevant stakeholders on the draft specifications for biodiesel for use as motor vehicle fuel.

4. In the 2008-2009 Policy Address, the Administration proposed to implement a mandatory labelling requirement at the selling points of motor vehicle diesel having biodiesel content over 5% to assist owners in choosing a fuel suitable for their vehicles. Consideration would also be given to amending the Air Pollution Control (Motor Vehicle Fuel) Regulation (Cap. 311L) to stipulate the specifications for pure biodiesel with

reference to the European Union (EU) standards. This would not only help develop the local biodiesel market, but also ensure the quality of the fuel, thereby strengthening users' confidence and helping to control its impact on the environment. The Administration planned to conduct a consultation for preparing the enabling legislation for implementation in 2009.

Deliberations by the Panel and the Subcommittee

5. The subject of promoting the use of biodiesel was discussed at the Panel meetings on 22 October and 9 November 2007. Deputations were invited to express their views at the latter meeting. While welcoming the formulation of specifications on the use of biodiesel as motor vehicle fuel, some members considered it necessary for the Administration to also work out a plan for the local manufacture of biodiesel to develop the biodiesel market. Given that EU countries had allowed for the blending of 5% to 10% biodiesel in ULSD, the Administration should follow suit and should consider introducing biodiesel in Hong Kong to facilitate competition, which would in turn render the fuel price more competitive.

6. Similar subject was also discussed by the Subcommittee at its meeting on 13 January 2009. Some members were concerned that it might not be cost-effective to promote the biodiesel market if the percentage of biodiesel to be blended with ULSD was only 5%, contrary to the practice in overseas countries where a much higher percentage of biodiesel was allowed. To this end, more research studies on the improvements to biodiesel should be carried out with reference to overseas experience.

Relevant papers

Minutes of the meeting of the Panel on Environmental Affairs on 22 October 2007
<http://www.legco.gov.hk/yr07-08/english/panels/ea/minutes/ea071022.pdf>

Minutes of the special meeting of the Panel on Environmental Affairs on 9 November 2007
<http://www.legco.gov.hk/yr07-08/english/panels/ea/minutes/ea071109.pdf>

Information paper provided by the Administration for the meeting of the Panel on Environmental Affairs on 9 November 2007
<http://www.legco.gov.hk/yr07-08/english/panels/ea/papers/ea1109cb1-221-19-e.pdf>

Minutes of the meeting of the Subcommittee on Improving Air Quality on 13 January 2009
http://www.legco.gov.hk/yr08-09/english/panels/ea/ea_iaq/minutes/iaq20090113.pdf

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