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Legco Council - Panel on Environmental Affairs Special Meeting on 6 October 2009

Submission by CLP/ Castle Peak Power Company, Limited (CAPCO) on Air Quality Objectives Review

Honourable members of Legislative Council,

Thank you for giving CLP/CAPCO this opportunity to express our views on Government's proposed AQO objectives and proposed emission control measures. Our views are straightforward: We support moving towards higher air quality standards in accordance with World Health Organisation guidelines, and we will do our part to contribute to meeting this goal.

Progressively using diversified and more clean energy mix to help Hong Kong achieve better air quality has been a cornerstone of our operations since the early 1990s and it will remain so. We have used cleaner fuels for power generation since the early 1990s when we pioneered the introduction of nuclear and natural gas power generation to Hong Kong. With these clean energy sources, CLP has reduced its emissions of SO₂, NO_x and particulates by 70-80% over the past 18 years despite electricity demand increasing during this period by 80%. Our diversified fuel mix, has benefited Hong Kong with reliable supplies of electricity at reasonable prices and minimal environmental impact.

In order to meet more stringent Air Quality Objectives (AQO), increased use of natural gas will definitely contribute to controlling emissions from power generation. We are making good progress in installing Flue Gas Desulphurization and other emissions control measures to its Castle Peak power plant to help meet the emissions targets required by the Hong Kong Government by 2010. To meet the more challenging targets contemplated by the proposed new AQOs, we would have to significantly increase the use of natural gas for at least 50% of its locally produced electricity.

For CLP/CAPCO to achieve this, a timely and sufficient supply of replacement gas is critical. The Memorandum of Understanding on Hong Kong's long-term energy needs that was signed last year by the Central Government and the SAR Government has provided a framework for us to source more natural gas for clean power generation over the long term. When these new supplies of natural gas become available, the proportion that gas burning represents in our local generation mix can be increased to the above-mentioned target of about 50%.

We are currently working hard with Government, Mainland gas suppliers and other stakeholders to develop the infrastructure needed to bring adequate supplies of natural gas to Hong Kong. However, a lot of work still needs to be done and many challenges need to be overcome. Coordinated efforts between many parties are required to ensure that a timely additional gas supply comes to fruition.

Better air quality benefits us all, so improving air quality should be the collective responsibility of all sectors. CLP/CAPCO will do its part to implement a realistic plan together with the SAR Government. We welcome the Government's continued engagement with industry and other stakeholders to ensure that we have a transparent process to adopt measures which are technically feasible, sustainable, cost-effective and implemented with realistic lead time.

CLP/CAPCO has a good track record in gas-fired generation and employing clean energy. We are confident that we can build on our successful experience to work with the Government and other stakeholders to further improve the air quality in Hong Kong.

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