

**For discussion
on 2 November 2009**

**Legislative Council
Panel on Environmental Affairs**

**Distribution of Cash Coupons for
Compact Fluorescent Lamps Scheme**

Purpose

This paper informs Members of the background and details of the proposed Distribution of Cash Coupons for Compact Fluorescent Lamps Scheme (the Scheme) and invites Members' views on the proposed Scheme.

Background and Considerations

2. Many overseas jurisdictions, including Australia, the United States, South Korea, Canada and the European Union have taken legislative measures to restrict the sale of incandescent light bulbs (ILBs) which do not meet the minimum energy performance standards. In 2008, the HKSAR Government commissioned a consultancy study on the phasing out of ILBs to be replaced with more energy-efficient lighting products and whether statutory restriction on the sale of ILBs should be introduced.

3. According to a survey by the Electrical and Mechanical Services Department (EMSD) in 2008, compact fluorescent lamps (CFLs) have become increasingly popular. Having examined the supply of light bulbs in the local market, we found that more energy-efficient alternatives to most ILBs used for general lighting are available. We also found that overseas countries adopted various means apart from legislation to expedite the phasing out of ILBs. Schemes to distribute CFLs have been implemented in countries including Australia, South Africa and India. Local political parties and green groups have put forward proposals to promote the use of CFLs in the community. Therefore, apart from legislative means, the Environment Bureau (ENB) has also explored since May 2009 other feasible measures to accelerate the phasing out of ILBs.

Policy-making Process

Taking into Considerations Views from Different Sectors

4. It has been the Government's policy objective to promote the use of CFLs and other more energy-efficient lighting products as substitutes for ILBs. As mentioned above, many jurisdictions have implemented various measures to phase out ILBs. During the policy-making process, the Government has considered views from local political parties and organisations on promoting the use of energy-efficient lighting products. In March 2007, a Legislative Councillor raised a written question about the replacement of ILBs with CFLs in government departments. In its response, the Government had mentioned about the promotion of CFLs within the Government and its efforts in publicising the energy conservation benefits of CFLs through the media and various channels. About two months later, a green group published the findings of its study, urging the Government to phase out ILBs.

5. In response to public concern over the phasing out of ILBs, the Government announced in the 2008-09 Policy Address that to promote the use of more energy-efficient lighting products, the Government would study the phasing out of ILBs and their replacement with more energy-efficient lighting products, and whether to introduce a statutory restriction on the sale of ILBs¹. In its subsequent briefing to the Panel on Environmental Affairs and the Panel on Economic Development of the Legislative Council, ENB explained that all along the Government had encouraged the public to use more energy-efficient lighting products such as CFLs. This year, a number of local organisations, including political parties, professional bodies and green groups, have put forward proposals for promoting the use of CFLs, including the distribution of coupons for redeeming CFLs, as an incentive for energy conservation. When the Chief Executive and other government officials consulted different sectors of the community in drawing up the Policy Address, many respondents tendered views on policies on environmental protection and the development of a low carbon economy. Some groups and individuals suggested that the Government should subsidise the public for the replacement of ILBs with energy-saving products such as CFLs.

¹ Please see paragraph 101 of the 2008-09 Policy Address for details.

6. In discussing the promotion of the six economic areas over the past year, the Task Force on Economic Challenges (the Task Force) deliberated on the promotion of the environmental industry through encouraging energy conservation. At the Task Force's focus group meeting on environmental industry held in mid-May 2009, it was suggested that the Government should opt for more energy-efficient lighting systems. After the last meeting of the Task Force on 22 June 2009, the Chief Executive announced that the Government would cease the purchase of ILBs immediately and switch to environmental-friendly light bulbs when the current stock of ILBs exhausted.

Formulation of Policy Proposal

7. In mid-2009, in formulating policy proposals for the Policy Address this year, ENB made reference to the preliminary findings of the study on the phasing out of ILBs commissioned by the EMSD and reviewed the promotion of CFLs in various countries. ENB considered that a multi-pronged approach could be taken to expedite the phasing out of ILBs and at the same time expand the recycling of CFLs. Measures might include the distribution of CFLs, consulting the public on restricting the sale of ILBs through legislation, introducing a voluntary scheme for ceasing the sale of ILBs, and expanding the voluntary scheme for the recycling of used CFLs. As the proposed distribution of cash coupons for CFLs was to be implemented by the power companies, ENB had held preliminary discussions with the two power companies separately on the feasibility of the Scheme.

2009-10 Policy Address

8. In end-July 2009, ENB submitted to the Chief Executive's Office its draft policy initiatives for the Policy Address. The proposed Scheme was put forward for the first time among various policy proposals for promoting the low carbon economy. Subsequently, the Chief Executive agreed to incorporate ENB's policy proposals on low carbon economy (including the Scheme) into the Policy Address.

9. On 13 October 2009, the Chief Executive briefed the Executive Council on the Policy Address.

10. On 14 October 2009, the Chief Executive announced in the Policy Address a series of policies for promoting low carbon economy. They included the distribution of cash coupons for CFLs to residential

electricity account holders by the two power companies to promote the replacement of ILBs with CFLs. The Government also plans to consult the public on progressively restricting the sale of ILBs.

The Proposed Scheme

Objectives of the Scheme

11. One of the main objectives of the proposed distribution of cash coupons for CFLs to residential electricity account holders is to encourage the public to replace ILBs with CFLs. As retailers who participate in the Scheme will be required to undertake to cease voluntarily the sale of ILBs after a certain period of time (see paragraph 15), it is expected that the Scheme can reduce the demand and supply of ILBs. This will facilitate the taking forward of the proposal to progressively restrict the sale of ILBs by legislation later.

12. As retailers who participate in the Scheme will need to undertake to provide assistance in the recycling of CFLs (see paragraph 19), we consider that the proposal can expand the recycling network of CFLs and tie in with the arrangements for the treatment of used CFLs. So far, 14 major manufacturers and suppliers of CFLs and fluorescent tubes have provided funding for the Fluorescent Lamp Recycling Programme (the Programme). The Scheme will provide an opportunity for the Government and the trade to discuss how to step up the recycling of CFLs.

Preliminary Framework of the Scheme

13. The Government proposes that the two power companies distribute HK\$100 cash coupons for CFLs to each residential electricity account holder. During the redemption period (about two years), the coupons can be used for redemption of CFLs affixed with an energy label under the Energy Efficiency (Labelling of Products) Ordinance at registered retail outlets. Light emitting diode (LED) is not covered in our initial proposal on the Scheme.

14. The Government plans to issue invitations after the Policy Address, to representatives of some 3,000 retail outlets and over 10 importers of CFLs to briefings on the proposal, at which their views would be gauged. Registration of retailers under the Scheme is voluntary on the principles of openness and fairness. As there is no restriction on the quantity, types, brands and mix of the CFLs to be

redeemed by holders of the cash coupons under the Scheme, different brands of CFLs can enjoy equal business opportunities.

15. Retailers who register under the Scheme will be required to undertake to join the Voluntary Scheme for Ceasing the Sale of Incandescent Light Bulbs, under which they will have to cease the sale of ILBs after a certain period of time and provide assistance for the recycling of CFLs (see paragraph 19). This will expand the existing recycling network and reduce the environmental impact of used CFLs.

Environmental Benefits

16. CFLs can save up to 70% of electricity as compared to ILBs with the same lighting effect. Therefore, replacement of conventional ILBs with CFLs can save a huge amount of energy and reduce pollution caused by power generation.

17. It is estimated that the Scheme can save over 100 GWh annually and reduce carbon dioxide emissions by about 67,000 tonnes. Overall speaking, the Scheme will benefit electricity users financially, and serve as an incentive to cut or cease the use of ILBs.

Energy Conservation Activities of the Two Power Companies

18. Every year, the two power companies promote energy efficiency and conservation through various activities, programmes and measures. The Scheme will be implemented through the energy conservation activities of the two companies. Such activities help improve air quality, reduce carbon dioxide emissions and lower the overall demand for electricity. In the long run, this can ease the pressure for constructing new generating units and thereby tariff increase. Moreover, energy conservation can lower the expenditure on electricity consumption. This in turn will benefit electricity users.

Recycling Programme

19. At present, used CFLs in Hong Kong can be recycled under the Programme and delivered to the Chemical Waste Treatment Plant at Tsing Yi for treatment. The Programme, initiated by the Environmental Protection Department, is a voluntary Producer Responsibility Scheme that is funded by 14 major manufacturers and suppliers of CFLs and fluorescent tubes and supported by a number of green groups and relevant organisations. To tie in with the Scheme, the Government will require registered retailers under the Scheme to place collection boxes at their retail outlets to facilitate the collection of used CFLs from the public for

disposal. The Administration will also explore with the suppliers and retailers of CFLs on how to further promote the Programme and the recycling of CFLs. In parallel, we are enhancing the capacity of the Chemical Waste Treatment Plant to treat and dispose of CFLs to cater for their wider use.

Way Forward

20. We noted community's concern over the proposed Scheme. In formulating the implementation details, the Government will continue to listen to views from the community on the Scheme.

21. Members are invited to comment on the proposals set out in this paper.

Environment Bureau
October 2009