

立法會
Legislative Council

LC Paper No. CB(3) 328/11-12

Ref : CB(3)/M/MM

Tel : 3919 3300

Date : 13 January 2012

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 18 January 2012

**Amendments to motion on
“Creating a sustainable and open electricity market”**

Further to LC Paper No. CB(3) 296/11-12 issued on 5 January 2012, six Members (Hon Fred LI, Hon Miriam LAU, Hon IP Wai-ming, Hon Starry LEE, Hon LEE Cheuk-yan and Hon WONG Yuk-man) have respectively given notices of their intention to move separate amendments to Hon Audrey EU’s motion on “Creating a sustainable and open electricity market” scheduled for the Council meeting of 18 January 2012. As directed by the President, the respective amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and amendments. To assist Members in debating the motion and amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon Audrey EU to speak and move her motion;
- (b) the President proposes the question on Hon Audrey EU’s motion;
- (c) the President calls upon the six Members, who intend to move amendments, to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon Fred LI;

- (ii) Hon Miriam LAU;
 - (iii) Hon IP Wai-ming;
 - (iv) Hon Starry LEE;
 - (v) Hon LEE Cheuk-yan; and
 - (iv) Hon WONG Yuk-man;
- (d) the President calls upon the designated public officer(s) to speak;
 - (e) the President invites other Members to speak;
 - (f) the President gives leave to Hon Audrey EU to speak for the second time on the amendments;
 - (g) the President calls upon the designated public officer(s) again to speak;
 - (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the six Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon Fred LI to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon Fred LI's amendment;
 - (i) after Hon Fred LI's amendment has been voted upon, the President deals with the other five amendments; and
 - (j) after all amendments have been dealt with, the President calls upon Hon Audrey EU to reply. Thereafter, the President puts to vote the question on Hon Audrey EU's motion, or her motion as amended, as the case may be.

3. For Members' ease of reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Mrs Justina LAM)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Creating a sustainable and open electricity market”
to be held at the Council meeting of 18 January 2012**

1. Hon Audrey EU’s original motion

That, given that the Government’s signing of the 10-year Scheme of Control Agreements (‘SCAs’) with the two power companies in 2008 has extended the monopolization of the electricity market by the two power companies and sowed the seed of misfortune that the two power companies can persistently and significantly increase tariffs to ‘maximize profits’ regardless of public sentiments, for the well-being of the public, this Council urges the Government to:

- (a) require the two power companies to exhaust all room for tariff reduction, so as to lower the rates of tariff increase this year to the lowest levels;
- (b) immediately activate the mechanism for interim reviews, and make public the relevant information and accounts, so as to facilitate public participation;
- (c) launch a review of the two power companies’ development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;
- (d) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;
- (e) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; and
- (f) adopt all measures to create a low-carbon electricity market which promotes sustainable development and operates with greater

competition, openness and fairness, so as to break new grounds in the electricity market.

2. Motion as amended by Hon Fred LI

That, *at present, there are only CLP Power Hong Kong Limited and The Hongkong Electric Company Limited supplying power in Hong Kong*; given that the Government's signing of the 10-year Scheme of Control Agreements ('SCAs') with the two power companies in 2008 ~~has extended~~ *is marked by inadequacies, thus extending* the monopolization of the electricity market by the two power companies and sowed *sowing* the seed of misfortune that the two power companies can persistently and significantly increase tariffs to 'maximize profits' regardless of public sentiments, for the well-being of the public, this Council urges the Government to:

- (a) *establish an energy management authority to explore Hong Kong's long-term energy demand, formulate and execute an energy policy, as well as monitor power companies, gas companies, liquefied petroleum gas companies and fuel supply companies;*
- (b) *review the permitted returns of the two power companies;*
- (c) *raise the transparency of the processes for the formulation of SCAs and tariff adjustments, so as to facilitate public monitoring and ensure fair and reasonable tariff adjustment rates;*
- (d) *consult the Legislative Council first when approving the annual tariff adjustments and before revising the respective five-year Development Plans of the two power companies in the future;*
- (a)(e) require the two power companies to exhaust all room for tariff reduction, so as to lower the rates of tariff increase this year to the lowest levels;
- (b)(f) immediately activate the mechanism for interim reviews, and make public the relevant information and accounts, so as to facilitate public participation;
- (e)(g) launch a review of the two power companies' development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;

- (d)(h) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;
- (e)(i) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; and
- (f)(j) adopt all measures to create a low-carbon electricity market which promotes sustainable development and operates with greater competition, openness and fairness, so as to break new grounds in the electricity market.

Note: Hon Fred LI's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon Miriam LAU

That, ~~given that~~ the Government's signing of the 10-year Scheme of Control Agreements ('SCAs') with the two power companies in 2008 has extended the monopolization of the electricity market by the two power companies and sowed the seed of misfortune that the two power companies can persistently and significantly increase tariffs to 'maximize profits' regardless of public sentiments, *and in the future they may very likely put forward rates of tariff increase which are unaffordable to the public and business operators*, for the well-being of the public *and business operators*, this Council urges the Government to:

- (a) require the two power companies to exhaust all room for tariff reduction, ~~so as to~~ *every year, and strive to* lower the rates of tariff increase ~~this year~~ to the lowest levels;
- (b) *on the premise of keeping in line with public interest, not interfering with normal commercial operation, and not divulging sensitive commercial information, support the relevant motion passed by the Legislative Council House Committee for the Legislative Council to, in accordance with the Legislative Council (Powers and Privileges) Ordinance, demand the two power companies to provide all detailed records and data relating to their 2012 tariff adjustments and the five-year Development Plans, so as to ensure the transparency of tariff adjustments and enable the community to effectively monitor the tariff levels of the two power companies;*

- (b)(c) immediately ~~activate~~ ***make preparations for activating*** the mechanism for interim reviews, and make public the relevant information and accounts, so as to facilitate public participation ***and strive to lower the existing ceiling of 9.99% on the permitted returns;***
- (c)(d) launch a review of the two power companies' development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;
- (d)(e) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;
- (e)(f) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; and
- (f)(g) adopt all measures to create a low-carbon electricity market which promotes sustainable development and operates with greater competition, openness and fairness, so as to break new grounds in the electricity market.

Note: Hon Miriam LAU's amendment is marked in ***bold and italic type*** or with deletion line.

4. Motion as amended by Hon IP Wai-ming

That, ~~given that~~ ***the strong dissatisfaction in society caused by the two power companies' recent tariff increases is attributable to the fact that*** the Government's signing of the 10-year Scheme of Control Agreements ('SCAs') with the two power companies in 2008 has extended the monopolization of the electricity market by the two power companies and sowed the seed of misfortune that the two power companies can persistently and significantly increase tariffs to 'maximize profits' regardless of public sentiments, for the well-being of the public, this Council urges the Government to:

- (a) require the two power companies to exhaust all room for tariff reduction, so as to lower the rates of tariff increase this year to the lowest levels, ***and at the same time expeditiously conduct studies and consultation on a new mechanism for setting tariffs;***

- (b) immediately activate the mechanism for interim reviews, and make public the relevant information and accounts, so as to facilitate public participation;
- (c) launch a review of the two power companies' development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;
- (d) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;
- (e) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; ~~and~~
- (f) adopt all measures to create a low-carbon electricity market which promotes sustainable development and operates with greater competition, openness and fairness, so as to break new grounds in the electricity market;
- (g) *require the two power companies to expeditiously and fully implement progressive block tariffs, so as to avoid the situation of 'lower tariffs for higher consumption', thereby encouraging energy conservation;*
- (h) *formulate a long-term energy conservation policy and set the relevant indicators, encourage the public as well as the industrial and commercial sector to consume less power, and adopt such indicators for projecting future power consumption, so as to avoid drastic expansion of investment projects by the two power companies on the ground of continuous increase in power consumption; and*
- (i) *review the cost-effectiveness of the two power companies' investments in environmental protection and emission reduction measures as well as the ratio of relevant investments counted for computing returns and counted as operating expenses, and to set the respective ratios of commitments for the Government, the two power companies and the public in respect of environmental protection and emission reduction projects, so as to prevent the two power companies from continuously increasing operating expenses on the grounds of expanding environmental protection and emission reduction projects and subsequently shifting all expenses to the tariffs paid by the public.*

Note: Hon IP Wai-ming's amendment is marked in ***bold and italic type*** or with deletion line.

5. Motion as amended by Hon Starry LEE

That, ~~given that~~ ***past discussions in society on the Scheme of Control Agreements ('SCAs') for the two power companies only focused on the ceiling of permitted returns, rarely touching on the mode of computing the ceiling of permitted returns and arrangements for community participation in the discussions on the two power companies' development plans; as the Government's signing of the 10-year Scheme of Control Agreements ('SCAs') has extended the new 10-year SCAs with the two power companies in 2008, except for lowering the ceiling of permitted returns, has basically extended the past arrangements; under the existing*** monopolization of the electricity market by the two power companies ~~and sowed the seed of misfortune that,~~ ***the row over this year's tariff increases has highlighted the inadequacy of the existing arrangements in that*** the two power companies can ~~persistently~~ ***adamantly*** and significantly increase tariffs to 'maximize profits' regardless of public sentiments, for the well-being of the public, this Council urges the Government to:

- (a) require the two power companies to exhaust all room for tariff reduction, so as to lower the rates of tariff increase this year to the lowest levels;
- (b) immediately activate the mechanism for interim reviews, ***study lowering the existing ceiling of permitted returns and the computation mode based on linking permitted returns to fixed assets***, and make public the relevant information and accounts, ~~so as to facilitate public participation~~ ***so that various stakeholders in society can have more opportunities to participate in the discussions on the two power companies' development plans so as to bring their development projects more in line with social expectations;***
- (c) launch a review of the two power companies' development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;
- (d) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;

- (e) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; and
- (f) adopt all measures to create a low-carbon electricity market which promotes sustainable development and operates with greater competition, openness and fairness, so as to break new grounds in the electricity market.

Note: Hon Starry LEE's amendment is marked in *bold and italic type* or with deletion line.

6. Motion as amended by Hon LEE Cheuk-yan

That, given that the Government's signing of the 10-year Scheme of Control Agreements ('SCAs') with the two power companies in 2008 has extended the monopolization of the electricity market by the two power companies and sowed the seed of misfortune that the two power companies can persistently and significantly increase tariffs to 'maximize profits' regardless of public sentiments, for the well-being of the public, this Council urges the Government to:

- (a) require the two power companies to exhaust all room for tariff reduction, so as to lower the rates of tariff increase this year to the lowest levels;
- (b) immediately *set up a task force comprising members who are independent experts*, activate the mechanism for interim reviews, and make public the relevant information and accounts, so as to facilitate public participation; *and submit the outcomes of interim reviews to the Legislative Council for vetting and approval;*
- (c) launch a review of the two power companies' development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;
- (d) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;

- (e) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; and
- (f) adopt all measures ~~to create a low carbon electricity market which promotes sustainable development and operates with greater competition, openness and fairness, so as to break new grounds in the electricity market,~~ ***including establishing an independent energy supply regulatory committee, and studying turning power supply into a utility operated by the public sector in the long run, to bring forth fairer, low-carbon and sustainable power supply services.***

Note: Hon LEE Cheuk-yan's amendment is marked in ***bold and italic type*** or with deletion line.

7. Motion as amended by Hon WONG Yuk-man

That, given that the Government's signing of the 10-year Scheme of Control Agreements ('SCAs') with the two power companies in 2008 has extended the monopolization of the electricity market by the two power companies and sowed the seed of misfortune that the two power companies can persistently and significantly increase tariffs to 'maximize profits' regardless of public sentiments, for the well-being of the public, this Council urges the Government to:

- (a) require the two power companies to exhaust all room for tariff reduction, so as to lower the rates of tariff increase this year to the lowest levels;
- (b) immediately activate the mechanism for interim reviews, and make public the relevant information and accounts, so as to facilitate public participation;
- (c) launch a review of the two power companies' development plans in accordance with the provisions of SCAs, increase the transparency of the development plans, and require the two power companies to revise their investment plans, revalue their assets, compress costs and rationalize their accounts;
- (d) expeditiously materialize the interconnection between the networks of the two power companies and segregation of the generation sector from the network sector, and introduce third parties to bid for the supply of electricity grids;

- (e) encourage the development of distributed renewable energy power generation facilities and networks, and provide technical support and concessions for connection to electricity grids; ~~and~~
- (f) adopt all measures to create a low-carbon electricity market which promotes sustainable development and operates with greater competition, openness and fairness, so as to break new grounds in the electricity market; *and*
- (g) *formulate a policy on buying back the two power companies and turn the public utility of power supply into a utility operated by the public sector to protect people's livelihood.*

Note: Hon WONG Yuk-man's amendment is marked in *bold and italic type* or with deletion line.