

ExxonMobil Hong Kong Limited provides the following response to the invitation from Legislative Council Panel on Environmental Affairs Subcommittee on Improving Air Quality, to attend the meeting on 17 January 2012, regarding “A Proposal to Expand the LPG Filling Network”

We understand and, in principle support, the Government’s intention to improve the liquefied petroleum gas (LPG) refilling services by expanding the LPG refilling network for better convenience to drivers of LPG vehicles.

In considering the addition of LPG refilling facilities, we would like to highlight three areas that should be considered in the Government’s proposal that “in the tender conditions of petrol-cum-LPG filling stations, both respect of new sites and old sites upon expiry of their current land leases, a minimum requirement for LPG filling facilities at 25% of the nozzles subject to fulfillment of the necessary safety requirements.”

i) Space constraint

HK stations are generally small in area and only have space for limited numbers of dispensers and nozzles.

For Esso sites, each petrol/diesel dispenser unit only houses three nozzles (two petrol grades and one diesel) to provide for one vehicle filling space. If an LPG nozzle is required as per the proposed new requirement, a separate dispenser unit will have to be set up. Consequently, the LPG filling space will take up 50% of the total vehicle filling space. This could lead to more congestion for petrol/diesel vehicles.

ii) Industry Demand

Data from Customs and Excise Department and the Government’s Census and Statistics website indicate that the LPG demand for vehicles has been stable/ trending down since 2009 whilst demand for petrol has been increasing.

Imposing a standard minimum of 25% LPG nozzles for tenders of existing sites will certainly increase the number of LPG nozzles. However, this may lead to a reduction of petrol/ diesel nozzles in the market for a fuel product which is growing in overall demand.

iii) Driver Refilling patterns

We support the Government’s approach in the discussion paper dated 24th November 2011 to work with the taxi and Public Light Bus trades to encourage staggering of LPG refilling times in order to relieve station congestion.

Conclusion

Instead of applying the proposed policy across all petrol-cum-LPG stations, we suggest that the Government should assess the supply and demand in Hong Kong’s auto LPG market, the availability of LPG service in different districts and the demand of other auto fuels products. It would be more effective to apply the proposed policy on a site-by-site basis and specify in the tender the minimum number of LPG nozzles required to be constructed at each specific site accordingly. This would optimize the use of the service station land, minimize inconvenience to all drivers and reduce operational issues.