

立法會
Legislative Council

LC Paper No. CB(1)47/14-15
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EDEV/1

Panel on Economic Development

Minutes of special meeting
held on Monday, 12 May 2014, at 10:45 am
in Conference Room 3 of the Legislative Council Complex

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon Charles Peter MOK
Hon CHAN Han-pan
Hon Kenneth LEUNG
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu
Hon CHUNG Kwok-pan
- Members attending** : Hon WU Chi-wai, MH
Dr Hon Kenneth CHAN Ka-lok
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Tony TSE Wai-chuen

**Public officers
attending**

: Agenda Item I

Mr WONG Kam-sing, JP
Secretary for the Environment

Ms Christine LOH Kung-wai, JP
Under Secretary for the Environment

Mr Vincent LIU Ming-kwong, JP
Deputy Secretary for the Environment

Mr Donald NG Man-kit
Principal Assistant Secretary for the
Environment (Electricity Reviews)

Ms Vyora YAU Siu-man
Principal Assistant Secretary for the
Environment (Financial Monitoring)

**Attendance by
invitation**

: Agenda Item I

The Association of Hong Kong Professionals

Ir Dr CHAN Fuk-cheung
Vice Chairman

World Green Organisation

Dr William YU
Chief Executive Officer

Kwai Chung South Resident Association

Mr CHENG Kwok-kee
Vice Chairperson

Momentum 107

Mr HO Man-kit
Convener

New People's Party

Mr WONG Cho-fung
Central Committee Member

Democratic Party

Mr Richard TSOI Yiu-cheong
Vice Chairman

Hong Kong Professionals and Senior Executives
Association

Ms Luciana WONG
環境及基建專責小組成員

School of Energy & Environment, City
University of Hong Kong

Dr TSO Che-wah
Adjunct Professor

Amoy Gardens Joint Owners Committee

Mr YIP Hing-kwok
Chairman

Civic Party

Mr Anthony BUX Sheik
KLN East District Developer

The Hong Kong Federation of Trade Unions
Social Affairs Committee

Mr MOK Kin-wing
Committee Member

Hong Kong Nuclear Society

Ir Dr LUK Bing-lam
Chairman

Dashun Policy Research Centre

Mr LEE Ping-kuen
Council Member

Lion Rock Institute

Mr Peter WONG
Executive Director

Greenpeace

Mr Prentice KOO
Senior Campaigner

Hong Kong Association of Risk Management
and Safety

Dr Vincent HO
Chairman

Globalization Monitor

Ms May WONG
Executive Director

Green Sense

Miss YU Hin-pik
Senior Project Officer

反核家長組

Miss TAM Pik-yan
Representative

Rambo Chemicals (HK) Ltd.

Ms Mimi KWOK Mei-wah
Director

Hong Kong Alliance Against Nukes

Mr TAM Kai-hei
Spokesperson

Democratic Alliance for the Betterment and
Progress of Hong Kong

Miss LAU Suet-ying
Member of Young DAB

Individual

Miss LAU Yin-na

Hong Kong Society for the Study of Nuclear
Radiation

Miss Lily DAI Yu-yuet
Member

Hong Kong Energy Studies Centre

Professor Larry C H CHOW
Visiting Professor of Geography &
Director of Hong Kong Energy Studies Centre
Hong Kong Baptist University

Liberal Party

Mr Harris YEUNG
Member

Labour Party

Mr KWOK Wing-kin
General Secretary

Friends of the Earth (Hong Kong)

Ms Frances YEUNG
Assistant Environmental Affairs Manager

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Daniel SIN
Senior Council Secretary (1)7

Ms Michelle NIEN
Legislative Assistant (1)5

Action

I Public consultation on the future fuel mix for electricity generation

(LC Paper No. CB(1)1404/13-14(01) —Submission from Civic Party
(tabled and subsequently issued via email on 12 May 2014)

LC Paper No. CB(1)1368/13-14(13) —Submission from Hong Kong
(tabled and subsequently issued via email on 12 May 2014) Nuclear Society

LC Paper No. CB(1)1404/13-14(02) —Submission from Greenpeace
(tabled and subsequently issued via email on 12 May 2014)

LC Paper No. CB(1)1404/13-14(03) —Submission from Hong Kong
(tabled and subsequently issued via email on 12 May 2014) Association of Risk Management and Safety

LC Paper No. CB(1)1404/13-14(04) —Further submission from Hong
(tabled and subsequently issued via email on 12 May 2014) Kong Society for the Study of Nuclear Radiation

LC Paper No. CB(1)1439/13-14(01) —Submission from Labour Party)
(tabled and subsequently issued via email on 20 May 2014)

Submissions from deputations/individuals not attending the meeting

(LC Paper No. CB(1)1368/13-14(14) —Submission from Ma Wan
Rural Committee

LC Paper No. CB(1)1368/13-14(15) —Submission from Sha Tau Kok
District Rural Committee, NT

LC Paper No. CB(1)1368/13-14(16) —Submission from Tai Po
Merchants Association Limited

- LC Paper No. CB(1)1368/13-14(17) —Submission from Ocean Empire International Limited
- LC Paper No. CB(1)1368/13-14(18) —Submission from Mr Ivan PONG Ti-fan
- LC Paper No. CB(1)1368/13-14(19) —Submission from Mr CHENG Chun-wai
- LC Paper No. CB(1)1368/13-14(20) —Submission from Wang Toi Shan Village Office, Pat Heung, Y.L. N.T.
- LC Paper No. CB(1)1368/13-14(21) —Submission from Youthful Technology International Ltd.
- LC Paper No. CB(1)1368/13-14(22) —Submission from Lamma Island (North) Rural Committee
- LC Paper No. CB(1)1368/13-14(23) —Submission from Tai Po Youths Association
- LC Paper No. CB(1)1368/13-14(24) —Submission from Mr LIN Hoi-an
- LC Paper No. CB(1)1368/13-14(25) —Submission from Safety Electrical Consulting Limited
- LC Paper No. CB(1)1368/13-14(26) —Submission from Civil Voice
- LC Paper No. CB(1)1368/13-14(27) —Submission from Lam Tei Village
- LC Paper No. CB(1)1368/13-14(28) —Submission from Sham Tseng Trade Association Limited
- LC Paper No. CB(1)1368/13-14(29) —Submission from 關注核能教育教師聯盟
- LC Paper No. CB(1)1368/13-14(30) —Submission from Chamber of Food & Beverage Industry of Hong Kong
- LC Paper No. CB(1)1368/13-14(31) —Submission from Tuen Mun District (S&E) Commercial

Association

- LC Paper No. CB(1)1368/13-14(32) —Submission from Mr LI Kai-ming
- LC Paper No. CB(1)1368/13-14(33) —Submission from Mr LI Yiu-ban
- LC Paper No. CB(1)1368/13-14(34) —Submission from 一群關注核電禍害的市民
- LC Paper No. CB(1)1368/13-14(35) —Submission from Yuen Long Ping Shan District Residents Association
- LC Paper No. CB(1)1368/13-14(36) —Submission from Norman Chan & Company
- LC Paper No. CB(1)1368/13-14(37) —Submission from Savills Services Group
- LC Paper No. CB(1)1404/13-14(05) —Submission from Kwai Chung Estate Grassroots Concern Group
(*tabled and subsequently issued via email on 12 May 2014*)
- LC Paper No. CB(1)1404/13-14(06) —Submission from Hong Kong Laundry Services Association
(*tabled and subsequently issued via email on 12 May 2014*)
- LC Paper No. CB(1)1404/13-14(07) —Submission from The Hong Kong General Chamber of Small and Medium Business
(*tabled and subsequently issued via email on 12 May 2014*)
- LC Paper No. CB(1)1404/13-14(08) —Submission from CLP Power Hong Kong Limited
(*tabled and subsequently issued via email on 12 May 2014*)
- LC Paper No. CB(1)1404/13-14(09) —Submission from a member of the public (陳焯凡)
(*tabled and subsequently issued via email on 12 May 2014*)
- LC Paper No. CB(1)1404/13-14(10) —Submission from Mr YEUNG Wai-sing, Eastern District Councilor
(*tabled and subsequently issued via email on 12 May 2014*)

LC Paper No. CB(1)1404/13-14(11) —Submission from Federation of
(*tabled and subsequently issued via* Hong Kong Industries
email on 12 May 2014)

LC Paper No. CB(1)1404/13-14(12) —Submission from a deputation
(*tabled and subsequently issued via* (全港各區工商聯)
email on 12 May 2014)

LC Paper No. CB(1)1404/13-14(13) —Submission from Dr Stephen
(*tabled and subsequently issued via* KWOK Chun-pong, President
email on 12 May 2014) of Hong Kong Small and
Medium Enterprises
Association)

Other relevant papers issued previously

(LC Paper No. CB(1)1117/13-14(01) —Administration's paper on
Public Consultation on Future
Fuel Mix for Electricity
Generation

LC Paper No. CB(1)1154/13-14(01) —Letter dated 20 March 2014
from Dr Hon Kenneth CHAN
Ka-lok on Public consultation
on Future Fuel Mix for
Electricity Generation

LC Paper No. CB(1)1295/13-14(04) —Paper on Future Fuel Mix for
Electricity Generation
prepared by the Legislative
Council Secretariat
(background brief))

Meeting arrangement

The Chairman welcomed deputations/individuals and the Administration to the meeting. He said that the purpose of the meeting was for the Panel to receive the views of the public on the future fuel mix for electricity generation. Members' discussion on the subject would be held at the Panel meeting scheduled for 26 May 2014. Each deputation/individual would be given three minutes to present their views. He reminded the deputations/individuals that when addressing the Panel during the meeting, they were not covered by the protection and immunity under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) and their written submissions were also not covered by the said Ordinance.

Presentation of views by deputations

2. A total of 28 deputations/individuals presented their views. A summary of these deputations' views is in the **Appendix**.

Response by the Administration

3. At the invitation of the Chairman, the Secretary for the Environment and Deputy Secretary for the Environment gave a consolidated response to the views expressed by deputations as follows –

- (a) As stated in the consultation document, the Government attached great importance to enhancing energy efficiency and conservation, as well as achieving environmental performance targets in air quality improvement and carbon intensity;
- (b) Given the natural constraints and geographical limitations in Hong Kong, there were limited opportunities in using renewable energy ("RE") as a major fuel source economically under the current state of technology. Notwithstanding, the Government had been encouraging the development and wider adoption of RE in Hong Kong with regard to technical and economic viability;
- (c) Regardless of the options for future fuel mix to be taken, it was certain that electricity would cost more than what the society was currently paying as there would be less reliance on less expensive but more polluting coal. Either option would involve substantial capital investment in new transmission or generation facilities;
- (d) Among the two options, purchase of electricity from the Mainland power grid ("grid purchase") allowed Hong Kong to tap into various types of cleaner fuels which would otherwise not be available to Hong Kong, such as hydro power. As the Mainland was set to increase the use of non-fossil fuels, Hong Kong would stand to benefit from a greener and more diversified fuel mix;
- (e) The future fuel mix for electricity generation would affect the mode of electricity supply in Hong Kong and, to a certain extent, the regulatory framework for the electricity market upon the expiry of the current Scheme of Control Agreements with the two power companies in 2018. The grid purchase option would involve the construction of new cross-boundary transmission network thereby providing more room to introduce competition at the generation level. On the other hand, the option of local generation by natural gas might limit the room to introduce the market competition;

- (f) Grid purchase had been commonly practised in overseas regimes, though it was a relatively new arrangement for Hong Kong. In terms reliability of power supply, it should be noted that the service area of the China Southern Power Grid Co. Limited ("CSG") covered five provinces and regions comprising major cities as well as towns and villages, which might have different requirement for electricity reliability. Hence, it might not be appropriate to compare the overall reliability figure of CSG with that of Hong Kong. Instead, it was more appropriate to compare Hong Kong with Macao than with the Mainland. The supply reliability of CSG in Macao was 99.999%, which was comparable to that of Hong Kong. On the other hand, availability of supply should not be a problem, as the electricity consumption of Hong Kong ten years later would be lower than 2% of generation capacity of CSG grid, which had been growing at 9% a year. Also, local back-up generating capacity would be retained to cater for emergency; and
- (g) The Government adopted an open position on the two proposed fuel mix options as each of them had its pros and cons and both could meet the Government's energy policy objectives of providing safe and reliable electricity at reasonable prices, while minimizing the environmental impact of electricity generation.

II Any other business

4. There being no other business, the meeting was adjourned at 12:34 pm.

Panel on Economic Development

Special meeting on Monday, 12 May 2014, at 10:45 am

Public consultation on the future fuel mix for electricity generation

Summary of views and concerns expressed by deputations/individuals

| No. | Name of deputation/individual | Submission / Major views and concerns |
|-----|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The Association of Hong Kong Professionals | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(01) |
| 2. | World Green Organisation | <ul style="list-style-type: none"> • Expressed concern about the reliability of electricity supply under the proposed option of importing more electricity through purchase from the Mainland power grid ("grid purchase"). • Heavy reliance on natural gas under the option of local generation will increase the susceptibility of tariffs to price volatility of natural gas. • The public could not see the differences of the two options in terms of price as the Administration did not provide information on relevant costs. |
| 3. | Kwai Chung South Resident Association | <ul style="list-style-type: none"> • Expressed concern about the reliability of electricity supply under the grid purchase option and the consequences of large-scale power outages. • The Environment Bureau should discuss with the two power companies for reliable supply of electricity at affordable prices. The power companies should consider the citizens' affordability when increasing tariffs. |

| No. | Name of deputation/individual | Submission / Major views and concerns |
|-----|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | Momentum 107 | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(02) |
| 5. | New People's Party | <ul style="list-style-type: none"> • Expressed concern about the reliability of electricity supply and the displacement of air pollutants to the Mainland under the grid purchase option. |
| 6. | Democratic Party | <ul style="list-style-type: none"> • Expressed concern about the supply reliability, displacement of air pollutants and price uncertainty under the grid purchase option. • Local gas generation may not be expensive if can break the two power companies profit based on their fixed assets. • Expressed disappointment at the Administration's giving inadequate regard for the development of renewable energy ("RE") and promotion in energy saving. |
| 7. | Hong Kong Professionals and Senior Executives Association | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(03) |
| 8. | School of Energy & Environment, City University of Hong Kong | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(04) |
| 9. | Amoy Gardens Joint Owners Committee | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(05) |
| 10. | Civic Party | <ul style="list-style-type: none"> • LC Paper No. CB(1)1404/13-14(01) |

| No. | Name of deputation/individual | Submission / Major views and concerns |
|-----|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11. | The Hong Kong Federation of Trade Unions Social Affairs Committee | <ul style="list-style-type: none"> • Adjustment of the fuel mix ratio should be progressive so as to minimize the impact on the employment of workers of the two power companies. • The Administration should explain to the public about the benefits of gas over coal for generation so that public could assess whether gas-fired power was worth a higher price. • Supported grid purchase as a first step for opening up power supply market. |
| 12. | Hong Kong Nuclear Society | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(13) |
| 13. | Dashun Policy Research Centre | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(06) |
| 14. | Lion Rock Institute | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(07) |
| 15. | Greenpeace | <ul style="list-style-type: none"> • LC Paper No. CB(1)1404/13-14(02) |
| 16. | Hong Kong Association of Risk Management and Safety | <ul style="list-style-type: none"> • LC Paper No. CB(1)1404/13-14(03) |
| 17. | Globalization Monitor | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(08) |
| 18. | Green Sense | <ul style="list-style-type: none"> • Expressed disappointment at the Administration's giving inadequate regard for the development of RE and promotion in energy saving. • Grid purchase would in effect displace air pollutants from electricity generation to the Mainland as Hong Kong did not have control over the source of fuel for electricity generation in the Mainland. |

| No. | Name of deputation/individual | Submission / Major views and concerns |
|-----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 19. | 反核家長組 | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(09) |
| 20. | Rambo Chemicals (HK) Ltd. | <ul style="list-style-type: none"> • Expressed concern about difficulty in monitoring the price of electricity purchased from the power grid in the Mainland. |
| 21. | Hong Kong Alliance Against Nukes | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(10) |
| 22. | Democratic Alliance for the Betterment and Progress of Hong Kong | <ul style="list-style-type: none"> • Expressed concern about the reliability of electricity supply and Hong Kong's lack of control over the source of fuel for generation under the grid purchase option. • Heavy reliance on natural gas under the option of local generation will increase the susceptibility of tariffs to price volatility of natural gas. • The public could not see the differences of the two options in terms of price as the Administration did not provide enough information on relevant costs. |
| 23. | Miss LAU Yin-na | <ul style="list-style-type: none"> • Expressed disappointment at the Administration's giving no regard for the development of RE and promotion in energy saving. • RE might not be as costly as described by the Administration. Networks of RE should be developed in local communities. |
| 24. | Hong Kong Society for the Study of Nuclear Radiation | <ul style="list-style-type: none"> • LC Paper Nos. CB(1)1368/13-14(11) and CB(1)1404/13-14(04) |

| No. | Name of deputation/individual | Submission / Major views and concerns |
|-----|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25. | Hong Kong Energy Studies Centre, Hong Kong Baptist University | <ul style="list-style-type: none"> • LC Paper No. CB(1)1368/13-14(12) |
| 26. | Liberal Party | <ul style="list-style-type: none"> • Expressed concern about the reliability of electricity supply under the grid purchase option. • The public could not see the differences of the two options in terms of price as the Administration did not provide enough cost information. • The Administration should explore more about nuclear power and implement emission reduction in phases. |
| 27. | Labour Party | <ul style="list-style-type: none"> • LC Paper No. CB(1)1439/13-14(01) |
| 28. | Friends of the Earth (Hong Kong) | <ul style="list-style-type: none"> • Expressed concern about the supply reliability, pollution transfer and price uncertainty under the grid purchase option. • The public could not see the differences of the two options in terms of price as the Administration did not provide enough cost information. |

Council Business Division 1
Legislative Council Secretariat
14 October 2014