

Public Works Subcommittee

**357WF - Design and Construction for
First Stage of Desalination Plant at Tseung Kwan O**

Follow-up Matters of the Meeting held on 14 May 2019

At the meeting held on 14 May 2019, the Public Works Subcommittee discussed and supported the proposal to upgrade the remainder of **357WF**, entitled “Design and Construction for First Stage of Desalination Plant at Tseung Kwan O” (LC Paper No. PWSC(2019-20)2), to Category A. Supplementary information requested by Members is provided below:

(a) Price adjustment mechanism for the operation fees under the Design-Build-Operate Contract of the first stage of Tseung Kwan O desalination plant

The price adjustment mechanism for the operation fees under the Design-Build-Operate Contract of the proposed first stage of Tseung Kwan O desalination plant is based on the change of the prices of various items specified in the contract for the operation phase. These items are labour cost, electricity tariff, chemicals, reverse osmosis membrane and the Consumer Price Index. The contractor is required to specify in the tender submission the proportion of these items for calculating the change of prices.

(b) Methodology for the calculation of the operation fees of the Design-Build-Operate Contract of the first stage of Tseung Kwan O desalination plant

The monthly operation fees under the Design-Build-Operate Contract of the proposed first stage of Tseung Kwan O desalination plant comprise mainly the fixed fee and the variable fee. The contractor is required to specify in the tender submission a monthly fixed fee and a unit water production fee for each cubic metre of water produced for calculating the

variable fee based on the water production quantity requested by the Government for the month. The fixed fee and the variable fee will be adjusted according to the price adjustment mechanism described in paragraph (a) above.

Development Bureau
Water Supplies Department
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