

**立法會**  
***Legislative Council***

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**Panel on Economic Services and  
Panel on Environmental Affairs**

**Minutes of joint meeting  
held on Monday, 28 April 2003 at 10:00 am  
in the Chamber of the Legislative Council Building**

**Members present** : Members of Panel on Economic Services

Hon James TIEN Pei-chun, GBS, JP (Chairman)  
Dr Hon LUI Ming-wah, JP (Deputy Chairman)  
Hon Fred LI Wah-ming, JP  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
\* Hon SIN Chung-kai  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon Howard YOUNG, JP  
Hon Abraham SHEK Lai-him, JP  
\* Hon Henry WU King-cheong, BBS, JP  
Hon LEUNG Fu-wah, MH, JP

Members of the Panel on Environmental Affairs

# Hon CHOY So-yuk (Chairman)  
Dr Hon David CHU Yu-lin, JP  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon Martin LEE Chu-ming, SC, JP  
Hon LAU Kong-wah  
Dr Hon LAW Chi-kwong, JP  
Hon Audrey EU Yuet-mee, SC, JP

(\* Also members of the Panel on Environmental Affairs  
# Also members of the Panel on Economic Services)

**Members absent** : Member of Panel on Economic Services

Hon Kenneth TING Woo-shou, JP  
Hon Eric LI Ka-cheung, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon CHAN Kam-lam, JP  
Dr Hon Philip WONG Yu-hong  
Hon LAU Chin-shek, JP  
\* Hon Miriam LAU Kin-yee, JP

Members of Panel on Environmental Affairs

Hon Cyd HO Sau-lan (Deputy Chairman)  
Hon WONG Yung-kan  
Hon Emily LAU Wai-hing, JP  
Dr Hon LO Wing-lok  
Hon LAU Ping-cheung

(\* Also members of the Panel on Environmental affairs)

**Public officers attending** : **Agenda Item II**

Environment, Transport and Works Bureau

Mr Raistlin LAU  
Principal Assistant Secretary for the Environment,  
Transport and Works (Environment) 1

Economic Development and Labour Bureau

Mr James WONG  
Principal Assistant Secretary for Economic  
Development and Labour (Economic Development)  
Financial Monitoring

Mr LEUNG Kin-man  
Chief Engineer/Energy Efficiency A  
Economic Development and Labour Bureau

**Clerk in attendance** : Mr Andy LAU  
Chief Assistant Secretary (1)2

**Staff in attendance** : Ms Debbie YAU  
Senior Assistant Secretary (1)1

Miss Winnie CHENG  
Legislative Assistant 5

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**I Election of Chairman**

Mr James TIEN was elected Chairman of the joint meeting.

**II Development of renewable energy in the context of the 2003 Scheme of Control Agreements Interim Review**

(LC Paper No. CB(1)1484/02-03(01) - Information paper provided by the Administration

LC Paper No. CB(1)1504/02-03 - Background brief on the development of renewable energy in the context of the 2003 Scheme of Control Agreements Interim Review prepared by the Secretariat

LC Paper No. CB(1)1484/02-03(02) - Submission from Friends of the Earth)

2. At the invitation of the Chairman, the Principal Assistant Secretary for the Environment, Transport and Works (Environment) (PAS/ETW(E)) briefed members on the Government's approach in the development and promotion of renewable energy (RE) in the context of the 2003 Scheme of Control Agreements (SCA) Interim Review. Following the completion of the "Study on the Potential Applications of Renewable Energy in Hong Kong", the Administration intended to put forward the following two proposals relating to RE for discussion with the two power companies:

- (a) to encourage the power companies to allow and facilitate RE producing organizations/companies (third party) access to the electricity grid; and

- (b) to encourage power companies to take on RE projects themselves or to fund pilot RE projects.

3. The Principal Assistant Secretary for Economic Development and Labour (Economic Development) Financial Monitoring (PAS/ED(FM)) also briefed members on the Government's energy policy which aimed at providing a reliable, sufficient, safe and efficient supply of energy at reasonable prices. He said that the Government would have discussions with the two power companies this year pursuant to the arrangement for an Interim Review provided in the SCA. The Government planned to raise, inter alia, issues including those relating to environmental considerations during the Interim Review.

4. Dr LAW Chi-kwong opined that in order to promote wide-scale application of RE in Hong Kong, the Government should take the initiative to discuss with the two power companies in the context of the 2003 SCA Interim Review with a view to allowing and facilitating RE producing organizations/companies access to the electricity grid in the near future. He also commented that the targets of RE contribution to electricity demand were set too low. Further, as there were environmental gains associated with the use of RE, a separate set of policy objectives, apart from cost considerations, should be devised for the development of RE. As a matter of urgency, he urged the Administration to formulate a RE policy with definitive targets and timeframe for implementation. Without a clear policy objective and direction from the Government, the two power companies would not be willing to invest in RE generation facilities, or allowing/facilitating third party access to the electricity grid to promote wide-scale application of RE in Hong Kong.

5. PAS/ED(FM) said that whilst the Administration would encourage the power companies to allow and facilitate RE producing organizations/companies access to the electricity grid, any amendments to the SCA had to be mutually agreed by the signed parties of the agreements. The Administration would raise issues including those relating to the use of RE with the two power companies during the Interim Review of the SCA.

6. Referring to the submission from the Friends of the Earth, Mr Fred LI opined that there were environmental gains associated with the use of RE. A reduction in greenhouse gas emissions would help improve the health condition of the general public and, in turn, reduce the related medical expenses. As such, the Administration should devise a separate set of policy objectives, apart from economic and cost considerations, for the development of RE. Given that the grid connection policy of CLP Power was derived on the principles of "No Cross-Subsidization" and "Users Pay", the Government should take measures to prevent the two power companies from establishing barriers against entry into Hong Kong electricity market. To this end, a level playing field for the electricity supply sector

must be maintained to facilitate RE producing organizations/companies to gain access to the electricity grid at reasonable price. In order to kick-start the programme to develop RE in Hong Kong, the Administration should discuss the related issues with the two power companies in the context of 2003 SCA Interim Review with a view to promoting wide-scale application of RE in Hong Kong at the earliest opportunity.

7. PAS/ED(FM) reiterated that whilst the Administration would discuss with the power companies on the development of RE in the 2003 SCA Interim Review, it could not give a concrete timetable for the development of RE in Hong Kong at this stage.

8. Regarding the environmental gains associated with the use of RE, PAS/ETW(E) said that Environment, Transport and Works Bureau was keen on promoting RE as the wider use of RE could help avoid a lot of environmental issues caused by the reliance on fossil fuel. However, the Economic Development and Labour Bureau (Economic Development Branch) should also welcome the promotion of RE from the perspective of ensuring the sustainability of the energy sector.

9. Miss CHOY So-yuk said that in discussing the “Study on the Potential Applications of Renewable Energy in Hong Kong” at the meeting of the Panel on Environmental Affairs on 6 February 2003, the Panel had expressed the views that energy-from-waste should not be classified as RE. Further, RE targets as set out in the Study Report were excessively underestimated and this lessened the efficacy of the Study as the basis to recommend the future RE development in Hong Kong. In view of the huge potential of RE resources in Hong Kong, the Administration should review upward the targets of RE contribution to electricity demand to at least 5-6% in 2012. She said the electricity generation cost of RE would be lowered if it was developed on a larger scale, taking into account the development of wind energy in Guangdong which could serve as a major source of RE for Hong Kong. Given that there were environmental gains associated with the use of RE and that the use of RE was proved to be both financially and technically viable elsewhere in the world, the Government should formulate a related RE policy with definite targets for implementation. She urged the Government to discuss with the two power companies in the context of the 2003 SCA Interim Review with a view to mapping out future RE development in Hong Kong, especially wind energy development.

10. In response to PAS/ED(FM)'s remark that the Environment, Transport and Works Bureau would be the leading bureau in taking forward the initiative to promote wider use of RE in Hong Kong, Miss CHOY So-yuk said that in order to achieve the said policy objective, it was necessary to specify a RE target in the energy portfolios of the two power companies. Without such targets, it would be difficult, if not impossible, to take forward the initiative to promote wide-scale

application of RE in Hong Kong.

11. PAS/ETW(E) supplemented that the subject of RE straddled across the Environment, Transport and Works Bureau as well as the Economic Development and Labour Bureau. Indeed, the two Bureaux had been working hand-in-hand with each other to undertake the “Study on the Potential Applications of Renewable Energy in Hong Kong”. In taking forward the initiative to develop a wider use of RE, the Administration would need to strike a balance, taking into account a number of factors, including economic, sustainability and environmental considerations, as well as reliable supply of electricity. Public acceptability and the propriety of legislative amendment to enable the development of RE would also need to be looked into. In light of the comments expressed by members and the general public, the Administration would examine further and come up with a practical and achievable target.

12. Mr SIN Chung-kai said that the Government must put in place a clear policy to allow third party access to the electricity grid at reasonable price so as to promote wide-scale application of RE. Without a clear direction from the Government, it would be difficult for the power companies and other RE producing companies/organizations to take forward the initiative. In his opinion, the Economic Development and Labour Bureau should take the lead to discuss the related issues with the power companies in the context of the 2003 SCA Interim Review.

13. The Chairman remarked that there were cost implications in developing RE and the extra cost in developing RE might have to be absorbed by the users. He also enquired whether the two power companies or the private sector were interested in investing in RE generation facilities, given the high financial outlay and minimal contribution.

14. Mr Henry WU considered that the targets of local RE contribution to electricity demand were set too low. He also enquired whether there was a need for the two power companies to invest in new generation facilities in the next ten years, taking into account the forecast demand in electricity. Should there be a need for the two power companies to invest in new generation facilities, it would be much easier for the Administration to encourage them to adopt RE in their energy portfolios. Given the lead time for procuring new generation facilities by potential companies, he opined that the Administration should come up with a policy decision at the earliest opportunity, failing which it would be impossible to adopt RE for wide-scale application in the near future.

15. PAS/ETW(E) said that taking into account the constraints of developing RE in Hong Kong and the estimation of possible RE projects coming on stream, the consultant recommended that the target of contribution from RE produced locally to annual electricity demand (against the baseline year of 1999) was tentatively set

at 1% (355 Giga Watt hour) in 2012, 2% by 2017 and 3% by 2022. Wind power would be a major contributor to these targets. Regarding the use of solar power, the consultant was of the view that their contribution to the targets would be comparatively small even if solar panels could be installed extensively. The consultant also advised that consideration could be given to importing RE from across the border. The Government would explore such possibilities when formulating its RE policy.

16. Regarding the lead time for wide-scale application of RE in Hong Kong, PAS/ETW(E) said that the actual time required for installing wind power systems should not be long and there should not be any insurmountable technical problems associated with the use of wind power in Hong Kong. However, the Administration had to resolve a number of issues, including the propriety of legislative amendment to enable the development of RE, the land-related issues, the environmental impact assessment of the proposal, and the interest and views of stakeholders concerned, including consumer benefits.

17. Regarding the forecast of electricity demand in the next ten years, PAS/ED(FM) undertook to provide the requested information after the meeting.

*(Post meeting note : The requested information was circulated to members vide LC Paper No. CB(1)1820/02-03.)*

18. Dr LUI Ming-wah considered that the targets of RE contribution to electricity demand were too low. He enquired about the sources of RE in Hong Kong. PAS/ETW(E) said that upon reviewing the technological trends and applications, and taking into account Hong Kong's local characteristics, the Consultant recommended that there were four types of RE which were considered feasible for wide-scale application in Hong Kong. These included solar power, wind power, building integrated fuel cells and energy-from-waste. However, a number of major issues might hinder wide-scale development of RE in Hong Kong. These included availability of suitable sites for implementing large-scale RE projects, the visual, noise and possibly safety impacts of some RE systems (e.g. wind turbines). He further explained that in order to maximize energy yield, large wind turbines had to be placed in the shallow waters of Hong Kong. However, this might lead to safety issues if these waters were part of the navigational channels. As such, the Administration needed to consider the placement of marine wind turbines and its implications on navigational safety carefully.

19. Ir Dr Raymond HO opined that the findings of the "Study on the Potential Applications of Renewable Energy in Hong Kong" did not shed light on the use of RE in Hong Kong. Given the visual, noise and possibly safety impacts of wind turbines, he had reservation to pursue the initiative to develop wind energy in Hong Kong. He suggested the Administration to explore the possibility of cooperation with the Guangdong Authority to see if economic supply of RE could be made

available to Hong Kong. PAS/ETW(E) noted the member's view and remarked that the electricity supply situation in Guangdong was expected to continue to be tight in the next few years.

20. Regarding the RE projects on stream, members noted that three projects were from Hong Kong Science and Technology Parks. Other applications to CLP Power for grid connection were made by some primary schools. The only application made to Hong Kong Electric was a Photovoltaic project implemented on a trial basis for one year by the Electrical and Mechanical Services Department at Wanchai Tower.

21. As the issue of RE cut across policy bureaux, the Chairman considered it necessary for the Chief Secretary for the Administration to examine the subject matter so as to ensure harmonization in policy formulation and implementation. The Chairman sought members' view on whether it was necessary to raise the subject matter at the House Committee so that the Chief Secretary for the Administration could be invited to formulate a consolidated policy within the Government to facilitate the development of RE in Hong Kong.

22. Mrs Selina CHOW opined that no matter which bureau was going to take the lead to take forward the initiative to promote wide-scale application of RE in Hong Kong, the Government, as a whole, should formulate a RE policy with definitive targets and timeframe for implementation. Under the accountability system, the Directors of Bureaux should appear before the Council to account for their policy decisions. Miss CHOY So-yuk shared Mrs CHOW's view that the two Bureaux Directors should be invited to attend another meeting to brief members on the policy issues relating to the wide-scale application of RE in Hong Kong.

23. Dr LUI Ming-wah concurred with the view that the Directors of Bureaux and the Permanent Secretaries should make every endeavor to attend Panel meetings. In the absence of a clear policy objective and target from the Administration, it would be difficult for members to follow up on the subject.

24. The Chairman concluded that the Panel would invite the Secretary for Economic Development and Labour and the Secretary for the Environment, Transport and Works to attend a joint meeting to account for the policy on the development and wide-scale application of RE in Hong Kong.

*(Post meeting note : The joint meeting was scheduled for 9:45 am on 23 June 2003).*

### **III Any other business**

25. There being no other business, the meeting ended at 11:20 am.



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Council Business Division 1  
Legislative Council Secretariat  
11 June 2003