

# CLEAR THE AIR - NOW!

CLEAR THE AIR  
爭氣行動

CB(1)2239/05-06(01)

## Energy and Pollution

*A very hot topic!*



CEO Mr. Donald Tsang in LegCo,  
11 July 2006, Energy Speech.

# HONG KONG - SMOGSVILLE

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**POLLUTION IS REALLY BAD FOR BUSINESS**



## Power Plants

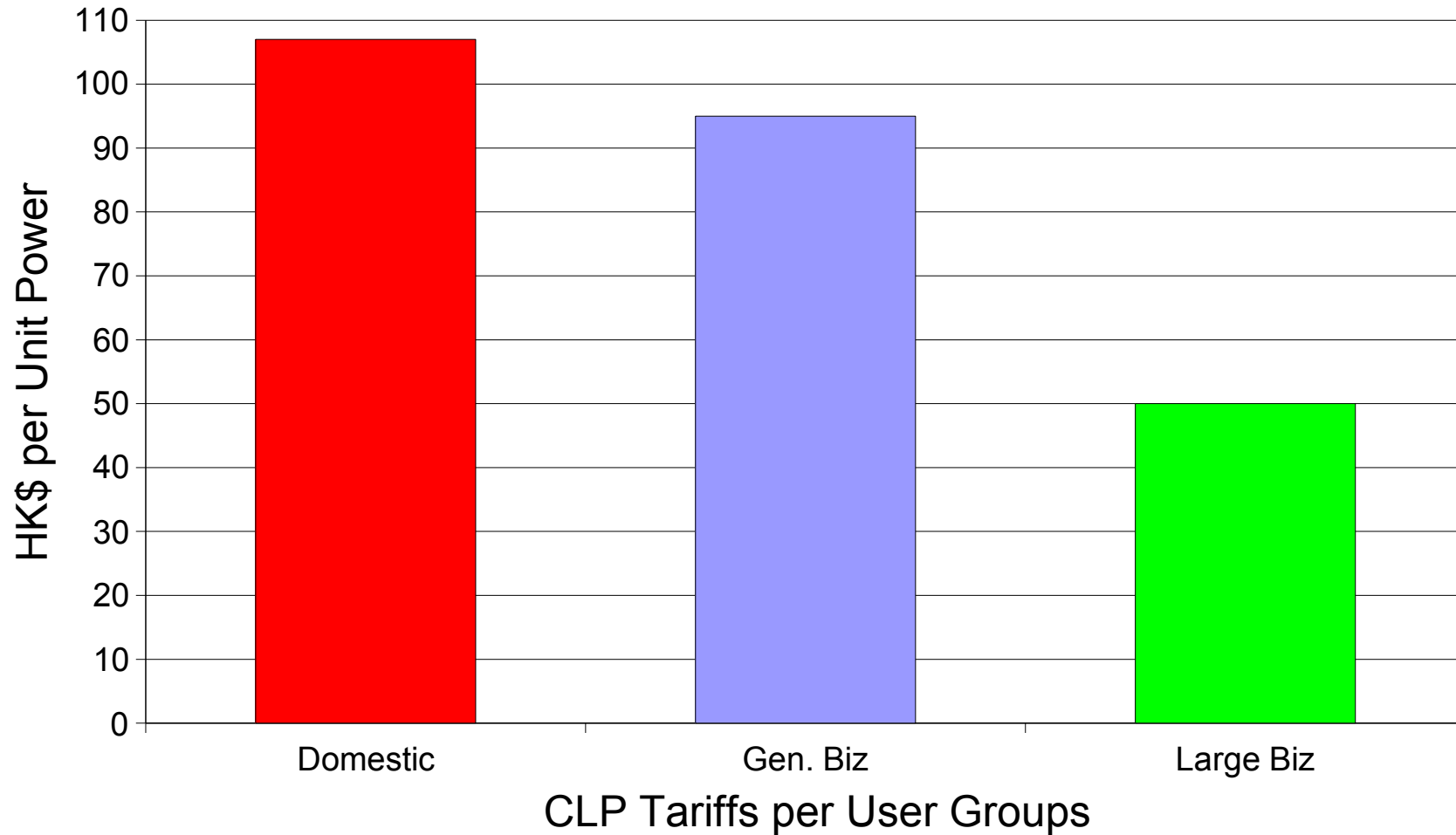
Coal. It's cheap and it's dirty.

Hong Kong's has two major power plants - both burn coal.

# BIG USERS PAY THE LEAST



## Domestic Users Subsidise Big Business



# THE WHYS?

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WHY DO THE BIGGEST USERS PAY THE LEAST?

*LESS PRICE = LESS INCENTIVE TO SAVE*

*BIGGEST USERS = BIGGEST POLLUTERS*

WHY DO THE POWER COMPANIES DO THIS?

*THE ANSWER IS ?? ....>*

# THE PROBLEM? The Scheme of Control

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**DON'T KNOW. ASK THEM!**

**HOWEVER, THEY ARE GOVERNED BY THE  
SoC**

**THE SoC IS GOVERNMENT PLANNING IN  
THE FREE MARKET AND THAT NEVER  
WORKS WELL IN THE END.\***

\* (Hayek F., Friedman, M. et al)

# THE ANSWER? – AN OPEN MARKET

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Government = Referee  
*(Not the Manger)*

- Competition
- Level Playing Field
- Clear Rules
- Open to all teams
- Punishment
- Reward



# CARROT & STICK for Power Companies

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## THE CARROT

- Charge market price
- Export to China

## THE STICK

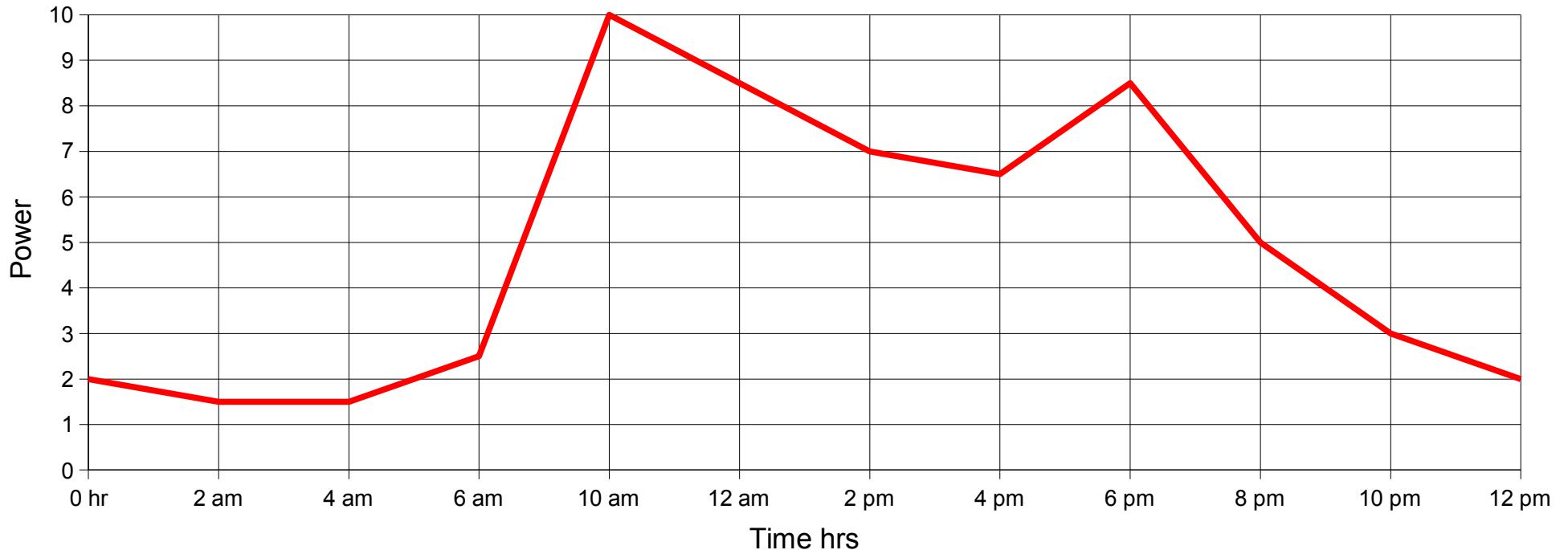
- Tax Pollution
- Anti-trust Fines



## China Light & Power - CLP

- Peak Demand = High Tariff ... ( 3 x low tariff??)
- CLP export +20% energy output to China

Day Peak Demand Cycle (typ)



# THE CONSEQUENTIAL BENEFITS

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High Peak Price enables High Tech Solutions

- eg. Solar Power
- GOAL = 1 million solar roofs in HK
- Enables industry and jobs for Hong Kong
- HKGov Solar rebate



# THE TERMINATOR ENDS POLLUTION

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"I want to pump solar up," says Arnold."

California leads the world.

Why not Hong Kong?

<http://www.grist.org/news/muck/2005/06/23/little-solar/>