

立法會
Legislative Council

LC Paper No. CB(1) 1180/06-07
(These minutes have been seen
by the Administration)

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Panel on Environmental Affairs

Minutes of meeting
held on Monday, 26 February 2007, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Martin LEE Chu-ming, SC, JP
Hon SIN Chung-kai, JP
Hon WONG Yung-kan, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon TAM Heung-man
- Members attending** : Ir Dr Hon Raymond HO chung-tai, SBS,S.B., St.J., JP
Hon Fred LI Wah-ming, JP
Hon WONG Kwok-hing, MH
- Public officers attending** : **For item IV**
Environmental Protection Department

Mr Elvis AU Wai-kwong
Assistant Director (Environmental Assessment)

Mr Maurice YEUNG Kwok-leung
Principal Environmental Protection Officer
(Assessment & Noise)

Highways Department

Mr CHOW Chun-wah
Chief Engineer/Major Works 1-3

For item V

Environmental Protection Department

Dr Ellen CHAN Ying-lung
Assistant Director (Environmental Infrastructure),

Mr LUI Ping-hon
Principal Environmental Protection Officer (Infrastructure
Planning)

For item VI

Environmental Protection Department

Mr Roy TANG
Deputy Director of Environmental Protection (3)

Mr David WONG Tak-wai
Principal Environmental Protection Officer
(Cross-Boundary & International)

Dr Shermann FONG Che-ping
Senior Environmental Protection Officer
(Cross-Boundary & International)³

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)¹

Staff in attendance : Mrs Mary TANG
Senior Council Secretary (1)²

Miss Mandy POON
Legislative Assistant (1)⁴

I. Confirmation of minutes

- (LC Paper No. CB(1) 930/06-07 — Minutes of the special meeting held on 5 January 2007
LC Paper No. CB(1) 970/06-07 — Minutes of the meeting held on 22 January 2007)

The minutes of the special meeting held on 5 January 2007 and the regular meeting held on 22 January 2007 were confirmed.

II. Information paper issued since last meeting

- (LC Paper No. CB(1) 844/06-07 — Letter from Hon LEE Wing-tat expressing concerns about conservation of wetland)

2. The Chairman said that the subject raised by Mr LEE Wing-tat was related to “Impact of the new nature conservation policy” under the list of outstanding items for discussion, which according to the Administration’s advice, would likely be discussed in mid-2007. Mr LEE Wing-tat agreed.

3. The Chairman also drew members’ attention to the submission from Dr Albert KOENIG, Associate Professor of the Department of Civil Engineering, The University of Hong Kong and also a member of the Second International Review Panel expressing views on some aspects of the implementation of the Harbour Area Treatment Scheme Stages 2A and 2B. The submission was circulated vide LC Paper No. CB(1) 973/06-07 as a follow-up to the meeting on 22 January 2007.

III. Items for discussion at the next meeting

- (LC Paper No. CB(1) 972/06-07(01) — List of follow-up actions
LC Paper No. CB(1) 972/06-07(02) — List of outstanding items for discussion)

4. Members agreed to discuss the following subjects at the next regular meeting scheduled for Monday, 26 March 2007, at 2:30 pm –

- (a) Progress report on Construction Waste Disposal Charging Scheme; and
- (b) Update on the progress of the key initiatives in the “Policy Framework for the Management of Municipal Solid Waste (2005-2014)”.

5. Ms Emily LAU expressed concern about the disposal of surplus public fill, particularly the high cost incurred from the delivery of the surplus public fill to the Mainland, which was currently met by the provisions under the Civil Engineering and Development Department. The Chairman agreed to follow up the subject with the Administration.

(Post-meeting note: After consultation with the Administration, the subject of “Reusing surplus public fill in reclamation projects in the Mainland” had been included in the outstanding items for discussion of the Panel.)

IV. 764TH, 765TH & 776TH - Retrofitting of noise barriers on Tsing Tsuen Bridge at Tsing Yi Island and Tsuen Wan Approaches; Tseung Kwan O Road; and Yuen Shin Road

(LC Paper No. CB(1) 972/06-07(03) — Paper provided by the Administration)

6. The Assistant Director of Environmental Protection (Environmental Assessment) (ADEP(EA)) briefed members on the proposals to upgrade the three projects, namely, 764TH, 765TH & 776TH - Retrofitting of noise barriers on Tsing Tsuen Bridge at Tsing Yi Island and Tsuen Wan Approaches; Tseung Kwan O Road; and Yuen Shin Road to Category A. The Administration intended to submit the proposals to the Public Works Subcommittee (PWSC) for consideration in April 2007 with a view to seeking the Finance Committee’s approval in May 2007.

7. While welcoming the three retrofitting projects, Mr LAU Kong-wah enquired if other similar projects could be expedited as well. He noted that some projects could be delayed indefinitely as a result of local objection as in the case of the Yuen Shin Road project. He asked how the problem could be resolved to ensure that these projects could proceed as planned. ADEP(EA) affirmed that the Administration would endeavour to expediting other retrofitting projects. He said that when the Draft Comprehensive Plan to Tackle Road Traffic Noise in Hong Kong was discussed at the Panel meeting on 3 July 2006, members were informed that funds had been earmarked for retrofitting of noise barriers along 18 existing road sections. In fact, the present proposals were part of the programme. Other retrofitting works would include the seven sections of Tuen Mun Road which would be implemented under the Tuen Mun Road Reconstruction and Improvement Contract, and the Kwun Tong Bypass which had been gazetted. Consultation with district councils on the detailed design of other retrofitting works was underway and efforts would be made to resolve local objections as far as practicable.

8. Mr SIN Chung-kai enquired about the implementation timetable for the retrofitting programme. ADEP(EA) said that the implementation schedule for the 18 road sections was set out in Appendix 2 to the Draft Comprehensive Plan. The said information was also made available at the internet. While most of the retrofitting works were expected to proceed in 2008-2009, some of the works might have to commence at a later date on account of the objections raised by district councils. The Administration would report the progress of the retrofitting programme to the Panel in due course.

9. Ms Emily LAU opined that cantilevered type rather than vertical type noise barriers should be used because according to her understanding, the latter was less effective in reducing noise levels. She further enquired whether the noise levels would be reduced to 70 dB(A) or below after installation of noise barriers. ADEP(EA) advised that when planning new roads, the relevant government departments or developers had to ensure that the traffic noise at sensitive receivers would stay within the acceptable noise limit. This might not be applicable to existing roads. In November 2000, the Government introduced a policy to address noise impact of existing roads through retrofitting of barriers and enclosures. However, noise barriers might not be able to adequately resolve all the noise problems as in the case of Tseung Kwan O Road given the many existing constraints there.

764TH - Retrofitting of noise barriers on Tsing Tsuen Bridge

10. Mr WONG Kwok-hing noted with concern that the east bound and west bound carriageway for a section of Tsing Yi North Coastal Road above Tam Kon Shan Interchange would be subject to full closure at nighttime as a result of the construction works. He also enquired about the need for the prolonged construction period of 40 months from September 2007 to December 2010. The Chief Engineer/Major Works 1-3 (CE/MW) explained that both eastbound and westbound carriageways of Tsing Tsuen Bridge and its approach roads at Tsing Yi and Tsuen Wan would be temporarily reduced from two lanes to one lane when necessary during the construction period. The contractor would be required to maintain one lane for each bound of carriageway at all times during the construction period. A longer construction period was required to allow for interim traffic arrangement and to reduce the impact on the neighbouring community.

11. Miss TAM Heung-man enquired about the impact of the interim traffic arrangement to reduce one lane from each of the eastbound and westbound carriageways of Tsing Tsuen Bridge. CE/MW said that as the traffic at the Tam Kon Shan Interchange was quite heavy, consideration would be given to closing the lanes during off-peak hours only. However, this would have the effect of further extending the construction period. A traffic assessment would be conducted on the impact of the retrofitting works with a view to identifying an optimal interim traffic arrangement. The Tsuen Wan and Kwai Tsing District Councils would be consulted on the proposed traffic arrangements.

12. Mr WONG Kwok-hing was concerned that the retrofitting of noise barriers at Tsing Tsuen Bridge would only be able to reduce the noise levels of the surrounding area by one to 21 dB(A). ADEP(EA) explained that the effectiveness of noise barriers in reducing noise levels would depend on the location and view angle of receivers and their proximity to roads. The noise barriers would indeed provide certain relief to the affected residents. By way of illustration, for Cheung On Estate, there would be a reduction of between one to five dB(A) for 690 dwellings, six to 10 dB(A) for 180 dwellings and over 10 dB(A) for 50 dwellings. As for other neighbouring estates, there would be a reduction of between one to five dB(A) for 620 dwellings, six to 10 dB(A) for 170 dwellings and over 10 dB(A) for 40 dwellings.

13. Mr LEE Wing-tat said that he would support the proposal since the affected residents of Tsing Yi, Cheung On Estate, and Riviera Gardens had been urging for the installation of noise barriers at the Tsing Tsuen Bridge since its commissioning in the 1980s. Given the close proximity between Airport Express Line and Cheung On Estate, he considered that additional measures should be taken to further reduce the noise levels. ADEP(EA) explained that for the last two years, the Administration had been working on measures to reduce the noise levels. These included improving the design of noise barriers, such as optimizing the height of noise barriers. As regards the noise arising from the Airport Express Line, ADEP(EA) noted that the MTR Corporation was installing additional noise barriers and residents should be able to note the improvements made.

765TH - Retrofitting of noise barriers on Tseung Kwan O Road

14. Mr Fred LI noted that 4 500 dwellings adjacent to the section of Tseung Kwan O Road near Tsui Ping South Estate, Hing Tin Estate, Hong Yat Court and Hong Wah Court at Lam Tin were exposed to excessive noise of up to 83 dB(A). Of these, about 3 800 dwellings would benefit from the retrofitting works at Tseung Kwan O Road which would reduce the traffic noise levels from one to 18 dB(A). He enquired about the extent of improvements in general and the situation of the remaining 700 dwellings. ADEP(EA) said that about 700 dwellings, mostly located at high floors or at the sides, would not be able to benefit from the retrofitting works because they fell outside the coverage of the noise barriers. As regards the extent of improvement, ADEP(EA) said that there would be a reduction of between one to five dB(A) for 3 200 dwellings, six to 10 dB(A) for 500 dwellings and over 10 dB(A) for 100 dwellings. As to whether further improvement could be made to reduce noise levels for the remaining 700 dwellings which were not able to benefit from the retrofitting works, ADEP(EA) said that the proposed provision of noise barriers on Tseung Kwan O Road had been discussed at three case conferences with a view to identifying measures to improve the situation within the existing constraints. Since the noise barriers to be installed would be of optimal height of seven metres, it was unlikely that the height could be further increased. Besides, the works were further constrained by installations of existing water mains and locations of road exits.

15. Mr Fred LI was concerned that the single-leaf cantilevered type noise barriers which were designed to face upwards would deflect the noise to the Po Tat Estate. The Principal Environmental Protection Officer (Assessment & Noise) (PEPO(AN)) explained that the design of the single-leaf cantilevered type noise barriers at Tseung Kwan O Road would not cause additional effect to the Po Tat Estate which was situated further away.

16. While supporting the proposed projects, Mr WONG Yung-kan asked if further improvements could be made to the design of noise barriers to increase their noise reducing abilities. He also considered that noise barriers should be retrofitted at Tai Wo Road since the neighbouring community was exposed to excessive traffic noise. ADEP(EA) said that the height and length of noise barriers had already been optimized.

766TH - Retrofitting of noise barriers on Yuen Shin Road

17. Mr LAU Kong-wah asked if the noise barriers to be installed on Yuen Shin Road were those from the Tolo Highway Widening project and if so, whether the residents concerned were made aware of this. Ms Emily LAU further enquired about the number of noise barriers which had been left from the Tolo Highway Widening project, adding that effort should be made to ensure the colour tones of the noise barriers to be used should match with the surrounding. ADEP(EA) confirmed that the noise barriers to be used for the Yuen Shin Road project were those from the Tolo Highway Widening project. The aesthetic design of the noise barriers was supported by the Advisory Committee on the Appearance of Bridges and Associated Structures and the residents were consulted and had accepted the use of these noise barriers. CE/MW added that as earlier agreed, the noise barriers from the Tolo Highway Widening project had been used for two road sections in Fanling Highway and would be used for the Yuen Shin Road. Hence, there would not be much choice on the colour tone of the noise barriers to be used for the Yuen Shin Road project.

18. Mr WONG Yung-kan was concerned that the sharp colour of the noise barriers to be used for the Yuen Shin Road project would cause distraction to drivers. Consideration should be given to using the coloured parts for the base of the noise barriers while transparent materials should be used for the upper panels. CE/MW took note of Mr WONG's view which was in fact the Administration's plan. As for the Tai Po Tai Wo Road, he said that the district councils would be consulted upon completion of the detailed design of the noise barriers in May 2007.

19. Noting that the retrofitting works would involve the removal of 61 trees (including 48 trees to be felled and 13 trees to be transplanted), Miss TAM Heung-man considered it necessary for the Administration to review the need for removal of trees. ADEP(EA) said that before implementing the retrofitting works, a further review would be conducted in collaboration with HyD to see if the number of trees to be removed could be reduced. Meanwhile, efforts would be made to transplant these trees as far as possible. He stressed that the trees to be removed were mostly small and common trees.

20. Ms Emily LAU enquired about the number of affected dwellings which would not be able to benefit from the three retrofitting projects. ADEP(EA) said that there would be about 200 dwellings (or 10% of dwellings) under the Tsing Tsuen Bridge project, 700 dwellings (or 16% of dwellings) under the Tseung Kwan O Road project and 10 dwellings (or 2% of dwellings) under the Yuen Shin Road project which would not be able to benefit from the retrofitting works. The 200 dwellings under the Tsing Tsuen Bridge project would still be exposed to noise levels of about 75 to 76 dB(A). While efforts had already been made to optimize the height and effectiveness of the noise barriers, there were existing site constraints which could not be overcome. As regards the performance of vertical and cantilevered type noise barriers, PEPO(AN) said that for those receivers behind the barriers, the former could reduce traffic noise by about five to 10 dB(A) while the latter by as high as 15 dB(A).

21. Ms Emily LAU was dissatisfied that despite the huge investment in the three retrofitting projects, there would still be over 1 000 affected dwellings which could not be able to benefit from the projects. She opined that consideration should be given to providing double-glazed windows to these dwellings. ADEP(EA) responded that the majority of dwellings would be able to benefit from the retrofitting works. He added that it was not the Government's policy to provide double-glazed glass windows for dwellings affected by traffic noise from existing roads. Besides, double-glazed glass windows would not be effective in reducing noise as people tended to leave the windows open for ventilation.

22. Mr WONG Kwok-hing asked if other measures, such as overlaying roads with low noise road surfacing materials, could be taken to address the noise problems of dwellings which were exposed to noise levels higher than the noise limit of 70 dB(A). ADEP(EA) confirmed that resurfacing works had already been completed at the Tsing Tsuen Bridge and would be carried out at Tseung Kwan O Road. Other measures, such as traffic management measures had been considered and adopted for Texaco Road, but these measures might have the disadvantage of transferring the noise problem to other areas and thus had to be carefully worked out. Meanwhile, studies on the wider use of road surfacing materials which were more durable and effective in reducing road traffic noise were underway.

23. Miss CHOY So-yuk opined that consideration should be given to requiring developers to include in the sales brochure for residential developments the noise levels which the developments would be exposed to so that prospective buyers could make an informed decision. ADEP(EA) said that following the discussion on the said arrangement proposed by members at the Panel meeting on 3 July 2006, the Administration had consulted the public and relevant trades. While the public was generally supportive of the proposal, property developers were strongly opposed to it. An inter-department working group had just been set up to investigate the feasibility of the proposal. and might complete its investigation work by late 2007. The Chairman suggested that the findings be reported to the Panel in due course. Miss CHOY said that property developers would unlikely welcome the proposed arrangement, but there was no reason why the public interest should be compromised. She added that the study should include the feasibility of introducing a mandatory requirement for disclosure of noise levels which residential developments would be exposed to in their sales brochures. A rating system in terms of noise exposure should also be considered.

24. In concluding, members indicated support for the proposed projects to be submitted to PWSC for consideration. Nevertheless, the Administration was requested to take proactive measures to assist those affected dwellings which would not be able to benefit from the proposed retrofitting works.

V. PWP Item 5168DR – Refurbishment and modification of the Island East Transfer Station

(LC Paper No. CB(1)972/06-07(04) — Paper provided by the Administration)

25. The Assistant Director of Environmental Protection (Environmental Infrastructure) (ADEP(EI)) briefed members on the Administration's proposal to upgrade PWP Item **5168DR** "Refurbishment and Modification of Island East Transfer Station (IETS)" to Category A. The estimated cost for the project was \$57.5 million in money-of-the-day prices. The proposal would be submitted to PWSC for consideration.

26. Mr SIN Chung-kai noted that a pilot waste recycling facility would be incorporated in IETS to recover recyclable materials from the mixed waste received. Given that the cost for the design and construction of the facility was only \$40 million, he was concerned that it might not be big enough to be effective. He therefore enquired about the scale of the facility. ADEP(EI) said that the pilot waste recycling facility would be incorporated within IETS and would have a capacity to handle about 30 tonnes of waste per day. It would employ biological and mechanical technologies to stabilize the mixed waste (which included both dry and wet waste) and to recover useful materials, such as metals and plastics, for recycling. She explained that different waste treatment technologies had different space requirements. While the technology adopted for the pilot waste recycling facility would be of a small to medium scale, this could be further extended if necessary. There were a number of ~~large-scale~~ waste facilities in Japan, Australia, United States and Canada which adopted similar biological and mechanical technologies in the recycling of waste and were proved to be successful. As regards past experience in the operation of waste recycling facilities, ADEP(EI) advised that manual sorting of recyclable waste had previously been carried at IETS. At members' request, the Administration undertook to provide successful overseas experience in the operation of waste recycling facilities and their scale of operation.

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27. Miss CHOY So-yuk also considered that the capacity of the pilot waste recycling facility was too low, and that it should be expanded to treat the entire waste load from IETS. She also enquired if the pilot recycling facility could be able to separate dry and wet waste. ADEP(EI) explained that the objective of the pilot waste recycling facility was to obtain local data and experience for progressive development of centralized waste recycling facilities in Hong Kong. As the pilot waste recycling facility would only be used on a trial basis, the Administration intended to start with a smaller capacity of 30 tonnes per day. Miss TAM Heung-man asked if consideration would be given to extending the trial to other areas if the pilot waste recycling facility was proved to be successful. ADEP(EI) answered in the affirmative. She said that it was the first time that a pilot waste recycling facility was incorporated in a refuse transfer station (RTS). In the event that such an approach was found to be viable, consideration would be given to installing more waste recycling facilities within RTSs and/or building larger recycling facilities. In response to Miss CHOY's question on

whether the Maunsell Consultants, which had been engaged in many environmental projects, would again be engaged for the project, ADEP(EI) advised that a public tender exercise would be launched for the project in accordance with established procedures and all eligible parties were welcome to participate in the tender.

28. As it would only take a short time to ascertain the viability of the pilot waste recycling facility, Miss CHOY So-yuk opined that a review should be made a few months after the commissioning of the facility to see if it should be extended or alternative technologies should be applied, without having to wait until the expiry of contract in four and a half years' time. ADEP(EI) advised that if the pilot waste recycling facility turned out to be successful, consideration would be given to extending the facility without having to wait for a few years and this flexibility would be set out in the tender. Efforts would also be made to ensure that there would be a market for the recycled products.

29. In order for the waste recycling facility to be successful, Ms Emily LAU held the view that more space might be required. She then sought elaboration on operation of the facility to sort 30 tonnes of the 863 tonnes of waste to be handled by IETS daily. ADEP(EI) clarified that the 30 tonnes of waste to be treated by the pilot waste recycling facility would be separated from the rest of the waste to be handled by IETS which was compacted and containerized and then transferred to landfills for disposal.

30. Noting that the Administration could withhold payment to the existing IETS contractor in the event of non-compliance with the environmental performance requirement, Ms Emily LAU asked if any payment had been withheld in the past. ADEP(EI) explained that the withholding of payment was a standard term in all contracts for waste facilities. So far, the existing contractors of IETS had complied with the environmental performance requirement and no payment had been withheld. In order to provide more flexibility for the Administration, the new contract for IETS would no longer be 15 years, but four and a half years with an option to extend up to eight years.

31. Mr LEE Wing-tat noted that under the new contract, the same contractor would be responsible for the operation of both IETS and the pilot waste recycling facility. As such, incentives ought to be provided to encourage the contractor to recycle waste as otherwise he might tend to increase the amount of waste to be transferred to landfills to maximize profit. The Principal Environmental Protection Officer (Infrastructure Planning) affirmed that financial incentives would be provided to the contractor to encourage recycling of waste.

32. While supporting the proposal to provide for a pilot waste recycling facility, Ms Miriam LAU said that members had to be assured that the technology to be adopted was effective. She pointed out that previous waste recycling projects had not been very successful due to the lack of a cost-effective plan for waste recycling to meet the needs of the recycling industries. To ensure the success of the pilot waste

Admin recycling facility, the Administration had to map out a comprehensive plan which would be both cost-effective and viable and able to meet the needs of the recycling industries.

Admin 33. In concluding, members indicated support for the Administration to submit the proposal to PWSC. However, the Administration had to include its response to members' concerns expressed at the current meeting, particularly with regards to the availability of space for the extension of the pilot waste recycling facility, in the submission to PWSC.

VI. Emissions Trading Pilot Scheme for Thermal Power Plants in the Pearl River Delta Region

(LC Paper No. CB(1) 972/06-07(05) — Paper provided by the Administration)

34. The Principal Environmental Protection Officer (Cross-Boundary & International) (PEPO(CBI)) briefed members on the implementation framework of the Emissions Trading Pilot Scheme (ETPS) for Thermal Power Plants in the Pearl River Delta (PRD) Region.

35. Noting that ETPS was on a voluntary basis, Ir Dr Raymond HO expressed concern that not many power plants would be interested to participate, particularly in the absence of incentives. Miss CHOY So-yuk was also disappointed about the voluntary nature of ETPS as it was unlikely that power companies would be willing to buy emission credits out of their own volition. Besides, power plants should endeavour to meet the emission requirements rather than buying emission credits from their counterparts. She further questioned why carbon dioxide, which was a major pollutant in power generation, was not included in ETPS. The Deputy Director of Environmental Protection (3) (DDEP(3)) explained that local power companies were required to meet the emission caps as set out in the Specified Process Licence. They might choose not to participate in ETPS if they could meet the emission caps through the installation of emission reduction facilities, use of cleaner fuels etc. In the event that they were not able to meet the emission caps, ETPS would be a cost-effective option to help them to achieve the emission requirements.

36. While acknowledging that emissions trading schemes were common in European Union (EU) countries, Mr LEE Wing-tat was not confident if ETPS would work in Hong Kong and Guangdong because unlike EU where there were stringent mutual monitoring mechanisms, some power plants in Guangdong were not even operating under licence requirements. He considered that the more effective way to reduce emissions was to set emission caps for all power plants in the PRD Region and require them to submit regular five-year emission reduction plans. DDEP(3) explained that power plants in Guangdong participating in ETPS would need to install 24-hour monitoring systems. He added that emission caps and submission of emission reduction plans were indeed part of the licence conditions for the two local

power companies when their licences were renewed in 2005. Mr LEE however queried the reliability of the monitoring systems.

37. Mr Fred LI noted that the Administration seemed to have assumed the role of a match-maker under ETPS in identifying trading partners for power plants in Hong Kong and Guangdong. However, power plants were not only free to participate but could also continue to pollute the air with the use of coal for power generation. He therefore queried the effectiveness of ETPS in reducing emissions. DDEP(3) explained that since September 2005, the two local power companies had taken part in the working group on ETPS, and that they were actively considering measures to reduce emissions and the need to participate in ETPS. They were also well aware that participation in ETPS would not be used as a means to increase their investment as well as the rate of return under the Scheme of Control Agreement. He further advised that new power plants in Guangdong were already banned from using coal or diesel oil for power generation.

38. Mr SIN Chung-kai said that he was not entirely enthusiastic about ETPS as this was only targeted at power plants. He pointed out that the use of back-up generators running on diesel by industries and the burning of municipal waste in open air in many areas in Guangdong were more polluting than power plants. Besides, there was no guarantee that the purchase of emission credits by local power plants would improve air quality, particularly in the absence of effective monitoring of power plants across the border. He also questioned the role of legislators in taking forward ETPS. DDEP(3) explained that the Administration was obliged to consult Members on any new initiatives, including those aimed at improving air quality. Adjustments would be made taking into account Members' concerns.

39. While acknowledging that ETPS was designed out of good intentions, Ms Miriam LAU opined that it might not be able to attract participation from power plants in the PRD Region. She also enquired about the binding effect of the 2010 emission reduction targets as it would appear that the local power plants would need to buy emission credits in order to meet the targets. Given that the power plants Hong Kong generally performed better than their counterparts in Guangdong, she queried how the emission credits could have been traded on both sides. She held the view that EPTS as proposed might not have been well thought out. DDEP(3) said that the two local power companies were made aware of the need to meet the 2010 emission reduction targets in April 2002. Therefore, they had been given ample time to implement emission reduction measures to meet these targets. However, if they were not able to meet these targets on time, EPTS would provide them with an alternative, albeit it could not be relied upon solely as a means to resolve all their emission problems. Under the proposed framework of EPTS, the power plants could only be able to sell their emission credits after they had met the emission standards and had taken further steps to reduce emissions.

40. Given that the two local power companies had difficulties in meeting the 2010 emission reduction targets, and that power plants in Guangdong were generally

polluting, Ms Emily LAU enquired about the trading mechanism and from whom power plants could buy their emission credits. DDEP(3) explained that all eligible power plants in the PRD Region could participate in emissions trading on a project basis, but they would need to comply with the environmental requirements stipulated in local laws. Interested eligible power plants could propose emission reduction plans to further reduce their total emissions for consideration by their respective local environmental protection authorities. The authorities in both sides would jointly examine the emission reduction plan under application to ascertain the base emission target and the emission target after completion of the emission reduction plan. The difference between the two emission targets would be converted into the total amount of emission reduction on which the “project-based emission credits” and their validity period were determined. These approved “project-based emission credits” could then be sold by the “seller” through contractual agreement to another plant (the “buyer”) which was not able to meet the emission targets being set. It was expected that the two local power companies would likely be the buyers under ETPS if they were not able to meet the 2010 emission reduction targets.

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41. Ms Emily LAU was concerned that the emission requirements in Guangdong were much lower than that in Hong Kong. As a result, the power plants in Guangdong could easily achieve their emission reduction targets and were able to sell their credits to their counterparts in Hong Kong. At members’ request, the Administration undertook to provide a comparison table showing the emission requirements set by Hong Kong and Guangdong for their power plants and the latter’s compliance rate.

42. Miss TAM Heung-man was concerned that ETPS would encourage the two local power companies to buy emission credits without taking measures to reduce their own emissions. DDEP(3) said that the two local power companies might only need to buy emission credits for a short period of time because they should be able to meet the emission requirements after their emission reduction facilities were put in place. ETPS would provide an interim solution to enable power companies to meet the emission requirements as stipulated in their licences. The purchase of emission credits could not be relied upon in the long run as power plants had to map out their own emission reduction measures in order to meet the stringent emission requirements.

43. Mr Martin LEE considered that if the two local power companies were unable to meet the emission caps as set out in their licences, they should be penalized (say fines) rather than being able to buy emission credits under EPTS to fulfill their obligations. DDEP(3) said that under the Air Pollution Control Ordinance (Cap. 311), failure to comply with licence conditions would be subject to fines. The Scheme of Control Agreements for the two power companies was also suggested to set out clearly that their rates of return would be reduced if they failed to meet the emission reduction targets. The “carrot and stick” approach would encourage the two power companies to reduce emissions. Mr LEE however pointed out that the “carrot and stick” approach would not be effective if the “stick” was not strong

enough. He further enquired about the improvement to air quality which EPTS would bring about. DDEP(3) said that as Hong Kong and Guangdong shared the same air shed, any measures undertaken to reduce emissions would benefit both sides. Given that EPTS would involve the implementation of further steps to reduce emissions, the participation of the two local power companies in the Scheme would be able to reduce the total emissions in the PRD Region and bring about improvements in air quality in the long run.

44. Ir Dr Raymond HO remained skeptical about the efficacy of EPTS. Noting that a seller who failed to attain the total emission reduction and/or to transfer the valid emission credits to the buyer within the time specified in the contract should offer compensation to the buyer in accordance with the terms of conditions of the contract, he enquired about the authority and the procedures to adjudicate on such matters. DDEP(3) explained that the willingness of power companies to participate in EPTS would depend on market activity. Participating power plants would need to negotiate on the price of transactions having regard to their own situations and emission credits on hand. EPTS aimed to provide a platform for the trading of emission credits. It would be sufficiently transparent to allow for participation by power plants and to ensure that contractual agreements were carried out effectively. Cases involving compensation would be dealt with in accordance with the terms of the contract and would not be adjudicated by either Government. He added that no standard contract would be provided to participating power plants.

45. Miss CHOY So-yuk suggested and members agreed that a further meeting should be held to discuss EPTS. Ms Emily LAU opined that deputations and representatives from the two local power companies should be invited to attend for discussion of the subject. Ms Miriam LAU said that members would remain to be convinced about the viability of EPTS. The Administration would need to provide overseas experience in the implementation of similar schemes. Mr LEE Wing-tat also enquired about the other measures, apart from EPTS, which the Administration had considered to improve the regional air quality.

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(Post-meeting note: With the concurrence of the Chairman, the special meeting to continue discussion on EPTS would be held on Wednesday, 28 March 2007, at 8:30 am.)

VII. Any other business

Endorsement of the draft report of the overseas duty visit

(LC Paper No. CB(1) 972/06-07(06) — Report of the Delegation to study Overseas Experience in Air Quality Control, Management of Municipal Solid Waste, Renewable Energy and Total Water Management)

46. Miss CHOY So-yuk, head of the delegation, briefed members on the visit to Japan, Denmark and Finland in late August 2006 to study overseas experience in air quality control, management of municipal solid waste, renewable energy and total water management. In order to provide an opportunity for Members to express their views on the subjects and for the Administration to provide its response, she sought the Panel's support for her to move the following motion at the Council meeting on 25 April 2007 -

“That this Council notes the Report of the Delegation to Study Overseas Experience in Air Quality Control, Management of Municipal Solid Waste, Renewable Energy and Total Water Management and urges the Government to consider the findings therein.”

47. Members agreed to Miss CHOY's suggestion. They also agreed that the debate slot would not be counted as Miss CHOY's own slot, and that if the House Committee agreed to the proposed motion debate, there should only be one other debate at that Council meeting. Members endorsed the report.

48. Miss CHOY So-yuk informed members that a press conference on the release of the report would be held on 27 February 2007 at 10:00 am.

49. There being no other business, the meeting ended at 4:35 pm.

Council Business Division 1
Legislative Council Secretariat
22 March 2007