

**TECHNICAL MEMORANDUM
FOR ALLOCATION OF EMISSION ALLOWANCES
IN RESPECT OF SPECIFIED LICENCES**

Edward T. W. YAU
Secretary for The Environment

This Technical Memorandum is published under Section 37B(1) of the Air Pollution Control Ordinance (Cap. 311) and shall commence to have effect in accordance with Section 37C of that Ordinance.

TABLE OF CONTENTS

	Page
1. PRELIMINARY	E258
1.1 Citation and Commencement	E258
1.2 Application and Scope	E258
1.3 Interpretation	E258
2. ALLOCATION OF EMISSION ALLOWANCES	E259
Annex 1—Quantity of Emission Allowances for a Specified Licence of New Electricity Works referred to in Section 2.2	E261
Annex 2—Quantity of Emission Allowances for a Specified Licence of Existing Electricity Works referred to in Section 2.3	E262
Annex 3—Updated Quantity of Emission Allowances for a Specified Licence of Electricity Works referred to in Section 2.4	E263

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1. PRELIMINARY

1.1 Citation and Commencement

This Technical Memorandum is the first technical memorandum issued pursuant to Section 26G of the Ordinance and may be cited as the “Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences”. This Technical Memorandum shall come into operation in accordance with Section 37C of the Ordinance.

1.2 Application and Scope

This Technical Memorandum sets out the total quantity of emission allowances for all of the specified licences and the allocation principles and determination methods of the quantity of emission allowances to be allocated in respect of each specified licence for each emission year.

1.3 Interpretation

In this Technical Memorandum, unless the context otherwise requires, the following definitions apply—

“Authority” (監督) has the same meaning as in the Ordinance.

“Electricity Works” (電力工程) means the process of Electricity Works specified in item 7 of Schedule 1 to the Ordinance.

“Emission allowance” (排放限額) has the same meaning as in the Ordinance.

“Emission year” (排放年度) has the same meaning as in the Ordinance.

“Existing Electricity Works” (現有電力工程) means the Electricity Works conducted in any of the following power stations in respect of which a valid specified licence is in force on the commencement date of this Technical Memorandum—

- (a) Black Point Power Station at Yung Long Road, Lung Kwu Tan, Tuen Mun, New Territories;
- (b) Castle Peak Power Station at Lung Yiu Street, Tuen Mun, New Territories;

- (c) Lamma Power Station and Lamma Power Station Extension at Lot 1934 and Lot 2200, DD 3, Po Lo Tsui, Lamma Island; and
- (d) Penny's Bay Gas Turbine Power Station at Lot 23, DD 256, Penny's Bay, Lantau Island, New Territories.

“specified licence” (指明牌照) has the same meaning as in the Ordinance.

“specified licence holder” (指明牌照持有人) has the same meaning as in the Ordinance.

“New Electricity Works” (新電力工程) means any Electricity Works, other than the Existing Electricity Works, which comes into existence after the commencement of this Technical Memorandum.

“Ordinance” (條例) means the Air Pollution Control Ordinance (Cap. 311).

2. ALLOCATION OF EMISSION ALLOWANCES

2.1 Subject to Sections 2.2 and 2.5, the total quantity of emission allowances allocated for each and every emission year for all of the specified licences from 1 January 2010 shall be as follows—

Sulphur dioxide	25 120
Nitrogen oxides ⁽ⁱ⁾	42 600
Respirable suspended particulates	1 260

⁽ⁱ⁾ Expressed as nitrogen dioxide

2.2 Notwithstanding Section 2.1 and subject to Section 2.4, the quantity of emission allowances to be allocated to the specified licence of each of the New Electricity Works shall be determined in accordance with the respective quantity set out in Annex 1 until its first updated quantity of emission allowances determined according to Section 2.4 and Annex 3 comes into effect in accordance with Section 2.6.

2.3 Subject to Section 2.5, the quantity of emission allowances to be allocated to the specified licence of each of the Existing Electricity Works for each and every emission year from 1 January 2010 shall be determined in accordance with the formula set out in Annex 2 until the first updated quantity of emission allowances determined according to Section 2.4 and Annex 3 comes into effect in accordance with Section 2.6.

2.4 The Authority shall, in the year 2010 and thereafter, not less than once every three years, update the respective quantity of emission allowances to be allocated among the specified licences of both the Existing Electricity Works and those New Electricity Works in respect of which the specified licence has been granted for 12 months or more prior to the update in question. The said

update shall be made on the first of January of the year and shall be determined solely on the basis of the shares of electricity generation among the specified licences covered by this Section according to the formulae set out in Annex 3.

2.5 The quantity of emission allowances determined or updated under Sections 2.2 to 2.4 for allocation to each of those specified licences shall be rounded up to the next whole number.

2.6 The Authority shall notify the respective specified licence holders in writing the results of the updating of the quantity of emission allowances conducted according to Section 2.4 no less than four years before the updated quantity of emission allowances comes into effect.

2.7 Unless otherwise provided or required in the Ordinance or its subsidiary legislation, the Authority shall allocate to each specified licence the respective quantity of emission allowance determined in accordance with this Technical Memorandum.

Annex 1**Quantity of Emission Allowances for a Specified Licence of
New Electricity Works referred to in Section 2.2**

A.1.1 The quantity of emission allowances for a specified licence of New Electricity Works for a full emission year shall be as follows—

Total Installed Capacity of the New Electricity Works	Sulphur dioxide	Nitrogen oxides ⁽ⁱⁱ⁾	Respirable suspended particulates
Less than 300 MW	$\frac{2}{3} \times$ Total installed capacity in MW	$\frac{4}{3} \times$ Total installed capacity in MW	$\frac{1}{30} \times$ Total installed capacity in MW
Equal or more than 300 MW	200	400	10

⁽ⁱⁱ⁾ Expressed as nitrogen dioxide

A.1.2 Where the specified licence of a New Electricity Works does not commence in January of an emission year, the quantity of emission allowances for that specified licence for the remaining months of that emission year shall be allocated on a pro-rata monthly basis and part of a month is taken as a full month in the determination.

Annex 2**Quantity of Emission Allowances for a Specified Licence of Existing Electricity Works referred to in Section 2.3**

A.2.1 The quantity of emission allowances for a specified licence of an Existing Electricity Works shall be determined according to the following formula—

$$A \times \frac{B}{C}$$

where—

- A represents the quantity of emission allowances in respect of each type of pollutants set out in Section 2.1.
- B represents the quantity of electricity generation for local consumption from the Existing Electricity Works under consideration from 1999 to 2003 inclusive.
- C represents the sum of the quantity of electricity generation for local consumption from all Existing Electricity Works under consideration from 1999 to 2003 inclusive.

A.2.2 For the purpose of this Annex, “quantity of electricity generation for local consumption” means the quantity of gross electricity generation of the Electricity Works concerned minus the quantity of its electricity sales for export outside the Hong Kong Special Administrative Region irrespective of whether the export sales are directly conducted by the subject specified licence holder or indirectly dealt with by other dealers. Both quantities shall be expressed in electricity unit of GWh.

Annex 3**Updated Quantity of Emission Allowances for a Specified Licence of Electricity Works referred to in Section 2.4**

A.3.1 The updated quantity of emission allowances for a specified licence of all Electricity Works which are subject to the updating as referred to in Section 2.4 shall be determined according to the following formula—

$$A \times \frac{B}{C}$$

where—

- A represents the quantity of emission allowances in respect of each type of pollutants set out in Section 2.1.
- B represents the adjusted quantity of electricity generation for local consumption from the Electricity Works under consideration in the period between October of the 6th preceding year and September of the preceding year, both months inclusive, immediately before the update.
- C represents the sum of the adjusted quantity of electricity generation for local consumption from all Electricity Works which are subject to the updating as referred to in section 2.4 in the period between October of the 6th preceding year and September of the preceding year, both months inclusive, immediately before the update.

A.3.2 For the purpose of this Annex, the adjusted electricity generation for local consumption from an Electricity Works shall be determined as follows—

$$D \times \frac{60}{E}$$

where—

- D represents the quantity of electricity generation for local consumption from the Electricity Works in the period between October of the 6th preceding year and September of the preceding year, both months inclusive, immediately before the update.
- E represents the number of consecutive calendar months counted from the first month of issue of the specified licence for the Electricity Works until September of the preceding year, both months inclusive, immediately before the update, or 60, whichever is smaller.

A.3.3 For the purpose of this Annex, “quantity of electricity generation for local consumption” means the quantity of gross electricity generation of the Electricity Works concerned minus the quantity of its electricity sales for export outside the Hong Kong Special Administrative Region irrespective of whether the export sales are directly conducted by the subject specified licence holder or indirectly dealt with by other dealers. Both quantities shall be expressed in electricity unit of GWh.