

**Subcommittee on Second Technical Memorandum for
Allocation of Emission Allowances in Respect of Specified Licences**

**List of Follow-up Actions Arising from the Discussion
at the Meeting on 15 November 2010**

Administration's Response

- (a) **in respect of each of the power stations, the emission allowances in 2020 for sulphur dioxide, nitrogen oxides and respirable suspended particulates if and when it is agreed to adopt the fuel mix of 50% nuclear energy, 40% natural gas and 10% coal and renewable energy proposed under the Consultation Document "Hong Kong's Climate Change Strategy and Action Agenda" issued in September 2010;**

The proposal for delivering 50% of the local electricity consumption from nuclear energy, 40% from natural gas and 10% from coal and renewable energy as recommended under the Consultation Document "Hong Kong's Climate Change Strategy and Action Agenda" is still under public consultation. As the actual emission reduction would also be affected by other factors including the electricity demand growth rate, age, design and performance of the generation units/control equipment installed and the fuel mix of individual power companies, it would not be able to have a precise estimation at present. However, for indicative purposes, we expect that for the power sector as a whole, the emissions could be reduced to about 4,000-5,000 tonnes, 12,000-13,000 tonnes and 350-400 tonnes respectively for SO₂, NO_x and RSP following adoption of the proposed fuel mix by 2020. We cannot provide at this stage any estimation on the emission allowances for each of the power stations in 2020, as the latter would also need to take into account the fuel mix of individual power companies having regard to the declared policy on fuel mix and all other relevant operational factors of the companies.

- (b) consider conducting a review of the Second TM within two years after its coming into operation; and**

We agree to amend section 2.5 to change the review frequency to not less than once every two years. The draft amendment is at **Annex**.

- (c) in respect of the Lamma Power Station and Lamma Power Station Extension, whether it is technically feasible to install flue gas desulphurization system in the coal-fired generation unit(s), and if yes, the associated increase in tariff, if any.**

The Lamma Power Station and Lamma Power Station Extension is a very compact power plant. To make room for the three flue gas desulphurization systems for meeting the 2010 emission caps, it has already demolished two existing light oil tanks, relocated pipeworks and optimized the usage of the plant space. There is no more space for the plant to retrofit the remaining coal-fired units (i.e. Unit L1 and L3) with flue gas desulphurization systems. In addition, these generation units are already aged and would come to the end of their book lives in 2017/2018. Apart from the space constraint, which can hardly be overcome, consideration has to be given to whether it is cost-effective to retrofit them with the flue gas desulphurization systems, given the long lead time of about four years for planning and installing the systems and the very short remaining usable life of the concerned units.

**Environment Bureau/Environmental Protection Department
November 2010**

Resolution of the Legislative Council

1

Air Pollution Control Ordinance

Resolution

(Under section 37B(2) of the Air Pollution Control Ordinance
(Cap. 311))

**Second Technical Memorandum for Allocation of Emission Allowances
in Respect of Specified Licences**

Resolved that the Second Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences, published in the Gazette as Special Supplement No. 5 to Gazette No. 41/2010 and laid on the table of the Legislative Council on 20 October 2010, be amended as set out in the Schedule.

Resolution of the Legislative Council

Schedule

2

Schedule

Amendment to Second Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences

2. Section 2.5 amended

In section 2.5, replace "three" by "two".