

Panel on Environmental Affairs
Subcommittee on Improving Air Quality
Responses to the Follow-up Actions
Arising from the Discussion at the Meeting on 24 November 2011

Part I – A proposal to expand the liquefied petroleum gas (LPG) filling network

- (1) To confirm whether it is the Administration's stance to cease provision of dedicated LPG filling stations. If so, how the Administration could resolve the queuing problem at dedicated LPG filling stations due to the difference in price of LPG between dedicated and non-dedicated LPG filling stations. To bridge the price gap, consideration could be given to waiving the premium of the land for the proposed 25% filling nozzles for LPG to be provided at non-dedicated LPG filling stations. If not, the Environment Bureau should endeavour to identify more suitable sites for dedicated LPG filling stations in new development areas, such as Hung Shui Kiu and Kwu Tong, in consultation with the Development Bureau.**

When Government contemplated replacing diesel taxis and public light buses with LPG ones in the late 1990's, Hong Kong did not have any LPG filling facilities for vehicles. We therefore had to quickly set up a LPG filling network with a reasonable geographical coverage and keep the price of auto LPG at a competitive level in order to roll out the LPG vehicle programme. To accelerate the formation of the LPG filling network, Government set up at the start of the LPG vehicle programme 12 dedicated LPG filling stations under Design-Build-Operate contracts signed between the operators and the Government at strategic locations. As a free economy, we should rely on market principles for the long-term provision and enhancement of the LPG filling network. In this regard, Government incentivized oil companies to provide LPG refilling facilities at their existing/new petrol filling stations LPG filling facilities (i.e. non-dedicated LPG filling stations) and has adopted since June 2000 a policy to require new petrol filling stations on the land sales programme to provide

LPG filling facilities, subject to safety requirements being met.

As a result, the current LPG filling network encompasses a total of 62 LPG filling stations, including 12 dedicated stations and 50 non-dedicated stations. Together they provide a total of 444 LPG filling nozzles and are sufficient to meet the filling demand for all the taxis and light buses to use LPG vehicles. The LPG prices, be that at dedicated or non-dedicated stations, have also been kept at a competitive level – auto LPG price being about 37 to 41 % of diesel prices. Thus, Government does not have plan to set up additional dedicated LPG filling stations.

LPG taxis and public light buses (PLB) queuing for filling occurred in shift-changing periods, in particular at those dedicated LPG filling stations that are located at popular locations (i.e. those close to the key operational areas of taxis and PLBs). Outside shift-changing periods, taxis and PLBs do not normally require much waiting for refilling even at dedicated LPG filling stations. If the taxi and PLB trades can stagger their refilling hours, it will go a long way towards resolving the queuing problem in shift-changing periods.

Upon implementation of the proposal for having at least 25% of the filling nozzles allocated for LPG at non-dedicated LPG filling stations, prospective tenderers will take into account all relevant requirements and considerations, including the competition with dedicated filling stations for LPG filling business, when preparing their bids for the land. The land premium of the sites will accordingly reflect the new requirements. We do not support waiving the premium of the land for the proposed 25% filling nozzles for LPG to be provided at non-dedicated LPG filling stations.

In line with the standing policy of relying on non-dedicated LPG filling stations to expand the LPG filling network, we have already requested Planning Department and Civil Engineering and Development Department to reserve suitable sites in Hung Shui Kiu and Kwu Tung North New Development Areas for the

development of petrol filling stations that are also suitable for providing LPG filling services.

- (2) **To provide a table setting out the distribution and time frame for delivery some 500 LPG filling nozzles under the proposed plan to expand the LPG filling network.**

There are already a total of 444 LPG filling nozzles in operation. The table setting out the distribution and time frame under the proposed plan to expand the LPG filling network is at **Annex A**.

- (3) **To advise the utility rates of LPG filling nozzles at non-dedicated LPG filling stations. To also advise whether the increase in LPG facilities in non-dedicated LPG filling stations will affect other non-LPG vehicle users.**

According to the information provided by the operators of LPG filling stations¹, the utility rates of LPG filling nozzles at the dedicated and non-dedicated LPG filling stations are as follow:

LPG Filling stations	Percentage share of average daily LPG sales	Average no. of vehicles refilled daily per nozzle
Dedicated	70%	140
Non-Dedicated	30%	60

Even with the proposed increase in LPG facilities in non-dedicated LPG filling stations in place, the potential impact on non-LPG vehicle users would be minimal because the majority of petrol filling stations (PFSs) can only provide petrol and diesel refilling due to safety or practicability constraints. Even for those stations suitable for providing LPG filling services, their operators can still allocate 75% of their nozzles for petrol and diesel refilling under the proposal.

Of the 180 PFSs in Hong Kong, about 110 have been found not

¹ There are seven operators of LPG filling stations in Hong Kong. We have obtained the information from six operators. Shell Hong Kong Ltd has not provided us with its sales information.

suitable for providing LPG filling services due to safety or practicability reasons. Among the remaining 70 PFSs, about 50 stations have already equipped to provide LPG filling services with LPG nozzles accounting on average for 17% of their nozzles and 14 of them already met the proposed requirement (i.e. at least 25% of the nozzles are LPG filling nozzles). For the 36 stations that are short of the 25% target, they will have to install additional LPG filling facilities (i.e. adding up to 114 LPG nozzles on top of the existing 154 LPG nozzles in these stations), subject to safety and practicability considerations, when they are re-tendered upon expiry of the existing land leases.

As for some 20 remaining PFSs that are suitable for providing LPG refilling services but have not yet been equipped to do so, their operators can still allocate up to 75% of their nozzles for petrol or diesel refilling.

- (4) To ensure seamless transition in re-tendering of old sites of petrol-cum-LPG filling stations upon expiry of the current land leases to ensure continued supply of LPG. Consideration could be given to advancing the tendering exercise. Effort should also be made to minimize any undue disruption to LPG supply during cleansing of oil tanks.**

Lands Department (LandsD) is in close liaison with Environment Bureau (ENB) and relevant government departments in preparing for the re-tendering of existing petrol-cum-LPG (PLPG) sites for putting re-tendered sites back to service as soon as possible. Tender invitation will precede the expiry of the lease of the existing PLPG site and is programmed with a view to awarding the tender for the new 21-year lease at the earliest possible time. Nevertheless, there could still be a brief period of non-operation of the PLPG stations. The existing operator has to carry out decontamination study and, if required by the Environmental Protection Department, decontamination works on site before the lease expires. Furthermore, if the new PLPG lease is awarded to another operator or the number of LPG nozzles has to be increased to meet the new requirement, more time (about 15 to 18 months)

will be required to set up the new station.

According to the Gas Safety Ordinance, Chapter 51, underground tanks of LPG filling stations are required to be tested and examined, or revalidated, within 10 years after their installation and at 5-year intervals thereafter. In order to minimize the disruption of LPG supply, operators of LPG filling stations (Operators) will notify the Electrical and Mechanical Services Department (EMSD) of their respective revalidation schedules and submit relevant information in advance for EMSD's advice or approval prior to the revalidation work. EMSD will coordinate with the Operators to avoid or minimize the concurrent disruption of LPG supply of adjacent LPG filling stations under revalidation in the same locality as far as possible. Up to November 2011, 23 LPG filling stations have undergone revalidation with no major disruption on the LPG supply for refilling, thanks also to the cooperation of the taxi and light bus trades.

- (5) To ensure sufficient supply of parking spaces for commercial vehicles in the replacement site upon relocation of the car-park at Fung Mut Road if the latter is released for use as a petrol-cum-LPG filling station. Consideration should be given to formulating a policy on provision of parking spaces for commercial vehicles (including goods vehicles and coaches) to resolve problem.**

The proposed replacement site underneath Connaught Road West Flyover at Eastern Street together with the two existing STT parking sites in the Western District will provide sufficient space for commercial vehicles parking including the vehicles displaced from the existing car-park at Fung Mat Road. The Transport Department is conducting a study on goods vehicle parking provision on the Hong Kong Island. The study will recommend appropriate measures to address the parking demand of goods vehicles in the long term.

- (6) To provide a corrigendum to paragraph 16 of the Administration's paper clarifying that there are different views**

on the provision of a petrol-cum-LPG filling station near to the Tai Po Industrial Estate.

Please find below a corrigendum to Paragraph 15 of the paper CB(1) 394/11-12(02):

“15. Some Members of the Legislative Council and taxi trade have also suggested Government to find a suitable site for setting up a new LPG filling station near to the Tai Po Industrial Estate.”

**Distribution of Additional LPG Nozzles and Time Frame
under the Proposed Plan to Expand the LPG Filling Network
between 2012 and 2018**

Year	Districts	No. of LPG nozzles added²
2012	Hong Kong Island	2
	New Territories	10
2013	Kowloon	6
	New Territories	6
2014	Hong Kong Island	4
	New Territories	4
2015	New Territories	6
2016	Kowloon	6
	New Territories	26
2017	New Territories	14
2018	Hong Kong Island	2
	Kowloon	8
	New Territories	8
Total		102

² The estimated number of LPG nozzles to be added is based on the assumption that those existing petrol filling stations that are now without LPG filling facilities but are suitable for providing LPG filling services to have 25% of their nozzles for dispensing LPG, after the renewal of their current leases. The actual number of LPG nozzles to be added will, however, be subject to fulfillment of risk and practicability requirements.