

Legislative Council Panel on Environmental Affairs**5172DR – Organic Waste Treatment Facilities Phase 1**
Information Note on Project Cost Estimate –
Supplementary Information

At the Environmental Affairs Panel meeting held on 13 March 2014, Members requested the Administration to provide the following information prior to submitting the proposal to the Public Works Subcommittee for consideration: -

- (a) **A breakdown of the estimated capital costs of \$489 million for OWTF Phase 1 when the funding proposal was submitted to the Panel on 22 November 2010 to facilitate a cost comparison with the updated estimated capital cost of \$1,532.8 million**

We do not have detailed breakdown of the indicative capital cost quoted in the discussion paper for presentation of the proposed OWTF Phase 1 at the Panel on Environmental Affairs meeting on 22 November 2010. The initial estimate at \$489 million was an indicative figure based on an initial broad-brush scheme, comprising provision for basic plant and equipment for anaerobic digestion and composting (estimated at \$250 million) and basic civil engineering and building works (estimated at \$239 million). We sought support of the Panel for us to proceed with the tendering procedures before reverting to the Council for funding approval.

- (b) **The estimated amount of electricity to be generated by OWTF Phase 1 and the corresponding tariffs if the Administration was to sell the electricity generated to power companies**

The OWTF phase 1 will adopt anaerobic digestion and composting technologies to recycle food waste into biogas and compost. The biogas will be used to generate about 21 million kWh of electricity each year and after meeting the OWTF's internal demand, we estimate that about 14 million kWh of surplus electricity can be

exported upon full operation. We plan to export part of the surplus electricity to the nearby government facilities including the Siu Ho Wan Water Treatment Works and the Siu Ho Wan Sewage Treatment Works, and part it to the existing power grid.

We have explored with a power company the viability of connecting OWTF Phase 1 to the existing power grid and found it feasible for the Government to pursue this matter further. Upon award of the OWTF phase 1 Contract, we will discuss and negotiate with the power company the terms of sales and the detailed technical requirements. In our negotiation, we will follow a criterion that there shall be no impact on the cost of power generation to the power company such that the sale of surplus electricity to the power company shall not cause any increase in electricity tariffs to the public.

(c) **The estimated recurrent expenditure of OWTF Phase 1 and how the fees and charges in accordance with the "polluter pays" principle would be determined**

We estimate that the annual recurrent expenditure arising from the proposed works to be about \$72.4 million. The proposal does not affect any existing fees and charges.

**Environment Bureau
Environmental Protection Department
March 2014**