

To : Clerk to Panel on Economic Development
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5 May 2014

Panel on Economic Development
"Public consultation on the future fuel mix for electricity generation"

In response to the Consultation Document issued by the Environment Bureau, I would like to provide my personal views for the consideration of the Panel as follows:

1. I appreciate the efforts of the Environment Bureau in coming up with a consultation document on the options for forward planning in respect of the future fuel mix for electricity generation for Hong Kong.
2. However, with the information provided in the Document, I am unable to indicate whether I shall support Option 1 or Option 2 because it has given rise to many questions which have not been answered. Such as:
 - A. On reliability
 - i. Local generation has been achieving a very high standard of reliability. However, no information on the reliability of the cross-boundary generation was given in the Document and the minds of local electricity will not be at ease.
 - ii. The Document has admitted that “large-scale grid purchase is untested” and no detailed assessment on the consequences of power interruption or even possible black-out caused by the cross-boundary interconnection has been made. In view of the fact that Hong Kong is a vertical city, the lack of such assessment is highly undesirable.
 - B. On affordability:
 - i. The Document provides no detailed comparison on the actual prices of electricity which local consumers have to pay between the two options.
 - ii. It contains no information in respect of the various charges related to cross-boundary interconnection and how these charges will affect the prices of the actual prices of electricity for local consumers.
 - iii. It is of utmost important for our Government to assure local consumers that they will not be paying more when the option with purchase from Mainland power grid is adopted.

C. On choice of fuel mix

- i. The Document has just provided two fuel mix options and it has been considered to have limited the choices of the community
- ii. With the advance of modern technology, it has been suggested that greener, safer and more diversify fuel types have been found at cheaper prices. It is not known from the Document whether the authority concerned looked into options other than the two proposed in the Document.

D. On environment performance:

- i. The authority concerned has not answered the question whether it a good move to shift the responsibility of reducing emission to Mainland electricity provider(s) if Option 1 is adopted.
- ii. The authority concerned has provided no information on who will be responsible to monitor the environment performance of the provider(s) of electricity to Hong Kong and to answer queries from the public.

3. I appreciate the cautious stand taken by the Environment Bureau in respect of planning ahead for the future fuel mix for electricity generation as expressed in **4.12** of the Consultation Document in which it says:

“With a planning horizon of about a decade from now, it is important to diversify risks and to preserve maximum flexibility going forward given the uncertainties we are facing now in projecting the movement of fuel prices and the state of technical development. It would also be prudent to manage changes in the supply of an essential utility in a measured manner without affecting normal operation of the society”

With this in mind, I trust the authority concerned would stick to this cautious stand in arriving at a decision on such an important policy which will affect the interest of our community in the long run. Having said that, I hope a more comprehensive study should be carried out with view to educating the local electricity consumers on the best possible option for them.

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