

**立法會**  
**Legislative Council**

LC Paper No. CB(1)562/14-15  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/02/14/1

**Bills Committee on District Cooling Services Bill**

**Minutes of fourth meeting**  
**held on Tuesday, 13 January 2015, at 10:45 am**  
**in Conference Room 2B of the Legislative Council Complex**

**Members present** : Ir Dr Hon LO Wai-kwok, BBS, MH, JP (Chairman)  
Hon WONG Ting-kwong, SBS, JP  
Hon Cyd HO Sau-lan, JP  
Hon CHAN Hak-kan, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WU Chi-wai, MH

**Member absent** : Hon Tony TSE Wai-chuen, BBS

**Public Officers attending** : **For item II**

Mrs Dorothy MA  
Principal Assistant Secretary for the Environment (Energy)

Miss Sheena YAP  
Assistant Secretary for the Environment (Energy)<sup>2</sup>

Mr Harry LAI, JP  
Assistant Director/Electricity & Energy Efficiency  
Electrical and Mechanical Services Department

Mr CHEUNG Yuen-fong  
Chief Engineer/Energy Efficiency B  
Electrical and Mechanical Services Department

Mr YIP Man-kit  
Senior Engineer/Professional Support 3  
Electrical and Mechanical Services Department

Mr Peter SZE  
Senior Government Counsel (Law Drafting Division)  
Department of Justice

Mr Henry CHAN  
Senior Government Counsel (Acting) (Law Drafting Division)  
Department of Justice

**Clerk in Attendance :** Ms Shirley CHAN  
Chief Council Secretary (1)1

**Staff in attendance :** Miss Evelyn LEE  
Assistant Legal Adviser 10

Miss Lilian MOK  
Senior Council Secretary (1)1

Ms Mandy LI  
Council Secretary (1)1

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Action

**I. Confirmation of minutes**

(LC Paper No. CB(1)424/14-15 — Minutes of the meeting held on  
25 November 2014

LC Paper No. CB(1) 425/14-15 — Minutes of the meeting held on  
16 December 2014)

1. The minutes of the meetings held on 25 November and 16 December 2014 respectively were confirmed.

Action

**II. Meeting with the Administration**

*Clause-by-clause examination of the Bill (starting from clause 4)*

- (LC Paper No. CB(1)428/14-15(01) — List of follow-up actions arising from the meeting on 5 January 2015
- LC Paper No. CB(1)428/14-15(02) — Administration's response to the issues raised at the meeting on 5 January 2015

Relevant papers

- LC Paper No. CB(3)10/14-15 — The Bill
- File Ref: ENB CR 4/2061/08 — Legislative Council Brief
- LC Paper No. LS5/14-15 — Legal Service Division Report
- LC Paper No. CB(1)398/14-15(01) — List of follow-up actions arising from the meeting on 16 December 2014
- LC Paper No. CB(1)398/14-15(02) — Administration's response to the issues raised at the meeting on 16 December 2014
- LC Paper No. CB(1)343/14-15(02) — List of follow-up actions arising from the meeting on 25 November 2014
- LC Paper No. CB(1)343/14-15(03) — Administration's response to the issues raised at the meeting on 25 November 2014
- LC Paper No. CB(1)272/14-15(01) — Assistant Legal Adviser's letter dated 13 October 2014 to the Administration
- LC Paper No. CB(1)272/14-15(02) — Administration's reply to Assistant Legal Adviser's letter dated 13 October 2014

Action

LC Paper No. CB(1)272/14-15(03) — Background brief prepared by the Legislative Council Secretariat

2. The Bills Committee deliberated (index of proceedings attached at the **Annex**).

Admin 3. The Administration was requested to –

(a) clarify, save for clause 10(3) of the District Cooling Services Bill ("the Bill"), the means which would be adopted by the Director of Electrical and Mechanical Services ("DEMS") to give the respective requisite notices proposed by the Bill and to consider specifying the relevant means in the Bill;

Part 2 – Clause 7

- (b) given that under clause 7(1)(a) of the Bill, DEMS might suspend or terminate district cooling services to a building if there was no approved consumer for the building, advise how DEMS would handle such situation, including whether and how the Administration would communicate with individual occupiers/tenants of the building in the light of the absence of the approved consumer and consider setting out the relevant arrangements in the Bill;
- (c) provide details of the arrangements for the provision of district cooling services to a user building in case where the approved consumer for the building had ceased to exist without a replacement, in particular whether the Administration would charge individual occupiers/tenants of the building district cooling services charges directly during the transitional period and if yes, how this could be effected in terms of legal or administrative arrangements; and
- (d) consider adding a provision in clause 7 of the Bill to set out a specified time after which DEMS would suspend or terminate the provision of district cooling services to a user building in case where the approved consumer for the building failed to settle any outstanding district cooling services charges (including surcharges and further surcharges) due to the Government.

Action

4. The Chairman reminded members that the next meeting of the Bills Committee had been scheduled for Thursday, 29 January 2015, at 8:30 am.

Clerk

5. The Chairman proposed and members agreed that the Bills Committee would conduct a site visit to the Kai Tak Development to gain a better understanding of the operation of the district cooling system under construction.

**II. Any other business**

6. There being no other business, the meeting ended at 12:50 pm.

Council Business Division 1  
Legislative Council Secretariat  
16 February 2015

**Bills Committee on District Cooling Services Bill**

**Proceedings of the fourth meeting  
on Tuesday, 13 January 2015, at 10:45 am  
in Conference Room 2B of the Legislative Council Complex**

| Time marker   | Speaker                                     | Subject(s)   | Action required |
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| <i>Agenda Item I - Confirmation of minutes</i>          |   |  |                 |
| 001211 -<br>001248                                      | Chairman                                    | The minutes of the meetings held on 25 November and 16 December 2014 (LC Paper Nos. CB(1)424/14-15 and CB(1)425/14-15) respectively were confirmed.  |                 |
| <i>Agenda Item II - Meeting with the Administration</i> |   |  |                 |
| 001249 -<br>003514                                      | Chairman<br>Mr WU Chi-wai<br>Administration | <p>The Administration briefed members on its response to the issues raised at the meeting of the Bills Committee held on 5 January 2015 (LC Paper No. CB(1) 428/14-15(02)).</p> <p>Mr WU Chi-wai enquired about –</p> <p>(a) the provision of district cooling services to user buildings with different uses such as shopping mall at lower floors and hotel at higher floors; and</p> <p>(b) whether there was any limitation on floor loading to house extra heat exchangers to meet an increase in the cooling demand of a user building.</p> <p>The Administration responded that –</p> <p>(a) the district cooling system ("DCS") at the Kai Tak Development ("KTD") was a centralized cooling system providing chilled water to the air-conditioning systems ("ACSs") installed in individual user buildings. Subject to the diversity of uses within a user building, separate ACSs connecting to DCS might be installed in different parts of the building. Since any person who satisfied the requirements stated in clause 4(1) might apply to be the approved consumer for any part of a building with a separate ACS connecting to DCS, it would be possible to have more than one approved consumer within a user building. Nevertheless, there would be</p> |                 |

| Time marker  | Speaker   | Subject(s)  | Action required   |
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|  |   | <p>only one approved consumer for each ACS connecting to DCS. While the Administration would provide chilled water-pipe network and heat exchangers, building owners were required to construct and maintain substations to connect to DCS; and</p> <p>(b) the DCS substation of a user building would be planned in accordance with the maximum designed cooling capacity of the building and adequate number of heat exchangers would be installed therein. In cases where the approved consumer for the building expected a higher cooling demand of the building, the approved consumer might revise the contract cooling capacity of the building subject to the approval of the Director of Electrical and Mechanical Services ("DEMS"). Since the spare capacity of heat exchangers was about 20% of the contract cooling capacity, extra floor loading might not be required to house additional heat exchangers in a DCS substation.</p> |   |
| <p><b>Clause-by-clause examination of the Bill</b><br/>(The Bill [LC Paper No. CB(3)10/14-15])</p> |   |   |   |
| <p>003238 -<br/>003516</p>   | <p>Chairman<br/>Mr WU Chi-wai<br/>Administration</p>                            | <p><b>Part 1 - Preliminary</b></p> <p><u>Clause 2 - Interpretation</u></p> <p>In response to Mr WU Chi-wai's enquiry, the Administration responded that the order of the English version of the interpretations was determined in accordance with the alphabetical order of the items' names while the corresponding Chinese text was arranged according to the number of strokes in the first Chinese character.</p>   |   |
| <p>003517 -<br/>003816</p>   | <p>Chairman<br/>Administration<br/>Assistant Legal Adviser<br/>10 ("ALA10")</p> | <p><b>Part 2 – Provision of District Cooling Services</b></p> <p><u>Clause 4 – Approval of consumer of district cooling services</u></p> <p>As requested by ALA10, the Administration undertook to clarify, save for clause 10(3) of the District Cooling Services Bill ("the Bill"),</p>   | <p>Admin<br/>(paragraph 3(a) of<br/>the minutes refers)</p> |

| Time marker                | Speaker   | Subject(s)  | Action required |
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|                            |   | <p>the means which would be adopted by DEMS to give the respective requisite notices proposed by the Bill and to consider specifying the relevant means in the Bill.</p>  |                 |
| <p>003817 -<br/>004952</p> | <p>Chairman<br/>Administration<br/>Mr WONG Ting-kwong</p> | <p><b>Part 2 – Provision of District Cooling Services</b></p> <p><u>Clause 5 – Contract cooling capacity</u></p> <p>Mr WONG Ting-kwong enquired –</p> <p>(a) whether the approved consumer for a building could apply to revise the contract cooling capacity of the building to cope with the increase in the cooling demand of the building; and</p> <p>(b) whether individual occupiers/tenants of a user building could install conventional ACSs for cooling purpose.</p> <p>The Administration responded that –</p> <p>(a) as stipulated in clause 5(2) of the Bill, the approved consumer for a building might revise the contract cooling capacity of the building subject to DEMS's agreement. While it might take some time for the Electrical and Mechanical Services Department ("EMSD") to confirm the cooling demand of the building and revise the contract cooling capacity accordingly, EMSD would make its best efforts to provide the approved consumer of the building the required cooling capacity under normal operating conditions at all times;</p> <p>(b) the whole chilled water distribution piping network of the DCS in KTD was designed as a three-pipe system. If one of the duty supply or return pipes was damaged or under maintenance, the standby pipe could be in operation to maintain the provision of district cooling services. Any variation in cooling demand would also be accommodated by varying the flow rate of chilled water;</p> <p>(c) the spare capacity of the heat exchangers to</p> |                 |



| Time marker     | Speaker  | Subject(s)  | Action required |
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|                 |  | <p>be installed in a DCS substation of a user building was about 20% of the contract cooling capacity of the building. To enhance communication with individual approved consumers, EMSD would establish a customer liaison group to collect feedback on the operation and maintenance of district cooling services;</p> <p>(d) as the Bill did not deal with the relationship between an approved consumer and individual occupiers/tenants of the building concerned, the use of district cooling services by individual occupiers/tenants of the building and other related arrangements were to be decided and negotiated between individual occupiers/tenants and the approved consumer; and</p> <p>(e) the approved consumer for a building might at the approved consumer's own cost make suitable back-up system for the air-conditioning of the building if the operations of the building could not tolerate any failure, reduction, interruption, variation or inconsistency in air-conditioning supply.</p> |                 |
| 004953 - 005233 | Chairman<br>Administration                       | <p><b>Part 2 – Provision of District Cooling Services</b></p> <p><u>Clause 6 – Provision of district cooling services</u></p> <p>Members raised no query.</p>   |                 |
| 005234 - 013841 | Chairman<br>Administration<br>Ms Cyd HO<br>ALA10 | <p><b>Part 2 – Provision of District Cooling Services</b></p> <p><u>Clause 7 – Suspension or termination of district cooling services</u></p> <p>The Chairman and Ms Cyd HO expressed concern about the arrangements for the provision of district cooling services to a user building for which the approved consumer had ceased to exist without a replacement, in particular whether and how the Administration would communicate with individual occupiers/tenants of the building and charge them district cooling services charges in the</p>   |                 |

| <b>Time marker</b> | <b>Speaker</b> | <b>Subject(s)</b>  | <b>Action required</b> |
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|                    |                | <p>light of the absence of the approved consumer. The Administration responded that –</p> <ul style="list-style-type: none"><li>(a) it would try to ensure that the starting date for providing district cooling services to the new approved consumer for a building would be the day immediately after the former approved consumer had ceased to exist such that the provision of district cooling services to the building would not be suspended or terminated due to the change of approved consumers;</li><li>(b) in the event that the approved consumer for a building had ceased to exist without a replacement, the Administration would liaise with the owner(s), owners' corporation or other relevant parties of the building on the provisional arrangements for district cooling services through different appropriate channels with a view to identifying the new approved consumer for the building as soon as practicable;</li><li>(c) according to clause 13(2) of the Bill, DEMS might apply a deposit paid in respect of a building to the payment of a charge or fee payable in respect of the building. The amount of deposit would be about two times of the estimated monthly district cooling services charges payable by the approved consumer for the building; and</li><li>(d) since the cooling services proposed by the Bill was intended to operate on the basis of approving a "consumer" in relation to a user building, district cooling services charges would be collected from the approved consumer for a building on a monthly basis. If individual occupiers/tenants or other persons in relation to the building could be charged in respect of district cooling services in the absence of the approved consumer, clear and explicit provisions had to be provided for in the Bill.</li></ul> <p>ALA10 sought to clarify with the Administration that, in the light of the legislative intent that the cooling services</p> |                        |

| <b>Time marker</b> | <b>Speaker</b> | <b>Subject(s)</b>   | <b>Action required</b> |
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|                    |                | <p>would be provided in relation to a user building, whether the Administration would consider proposing provisions to specify that notices might be put up in the building concerned with a view to notifying the relevant individual occupiers/tenants the arrangements in respect of any interim measures regarding the services in case where an approved consumer ceased to exist without a replacement.</p> <p>Referring to clause 13(4) of the Bill which stipulated that a deposit paid by a person as the approved consumer for a building must be refunded to the person if certain conditions were satisfied, ALA10 sought clarification on whether and how DEMS would apply a deposit paid in respect of a building to the payment of a charge or fee payable in respect of the building in case where an approved consumer simply disappeared.</p> <p>In response, the Administration set out the following two scenarios for illustration –</p> <p>(a) if the approved consumer for a building applied to DEMS for the cessation of the approval under clause 9(1), DEMS would allow the application if the conditions in clause 9(3) were satisfied. In accordance with clause 13(4), if the person had ceased to be approved as the consumer of district cooling services for the building and DEMS was of the opinion that the deposit paid by the person as the approved consumer for the building was no longer required for satisfying any liability owned by the person as the approved consumer to the Government in connection with the services, the deposit would be refunded to the person. Under these circumstances, since the approved consumer would cease to exist, the Administration would try to liaise with the owner(s), owners' corporation or other relevant parties of the building with a view to identifying the new approved consumer for the building as soon as practicable, so as to ensure that the provision of district cooling services to the building would not be suspended or terminated after the approved consumer</p> |                        |

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|             |         | <p>had ceased to exist; and</p> <p>(b) in case where the approved consumer for a building did not apply to DEMS for the cessation of the approval but had simply stepped out of the scene, the person would still be regarded as the approved consumer for the building. Under these circumstances, according to clause 13(4), the deposit paid by the person as the approved consumer for the building would not be refunded as the person had not yet ceased to be approved as the consumer of district cooling services for the building. Being the approved consumer, the person was still required to fulfill the undertaking as provided in clause 4(3), including paying any charge, fee or deposit payable in respect of the district cooling services provided to the building. Since the deposit would not be refunded to the person, DEMS might apply the deposit paid by the person to the payment of a charge or fee payable in respect of the building according to clause 13(2).</p> <p>To facilitate members' consideration of the issues, the Administration was requested to –</p> <p>(a) given that under clause 7(1)(a) of the Bill, DEMS might suspend or terminate district cooling services to a building if there was no approved consumer for the building, advise how DEMS would handle such situation, including whether and how the Administration would communicate with individual occupiers/tenants of the building in the light of the absence of the approved consumer and consider setting out the relevant arrangements in the Bill;</p> <p>(b) provide details of the arrangements for the provision of district cooling services to a user building in case where the approved consumer for the building had ceased to exist without a replacement, in particular whether the Administration would charge individual occupiers/tenants of the building district cooling services charges directly during the transitional period and if yes, how this could be effected in terms of legal</p> | <p>Admin (paragraphs 3(b) and (c) of the minutes refer)</p> |

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|                 |                         | <p>or administrative arrangements.</p> <p>Ms Cyd HO strongly urged the Administration to ensure that even if the approved consumer for a building had ceased to exist without a replacement, the provision of district cooling services to the building should not be suspended or terminated hastily.</p> <p>Ms Cyd HO further enquired about the maintenance of the facilities and equipment installed by individual occupiers/tenants of a user building for connection to the central ACSs of the building. The Administration explained that the DCS in KTD sought to provide chilled water to the heat exchanger(s) of user buildings for cooling purpose. While EMSD would be responsible for the operation and maintenance of DCS including the underground pipe network and the heat exchangers installed in DCS substation, the approved consumer should manage the ACSs of the building connecting to DCS. The maintenance of the facilities and equipments installed by individual occupiers/tenants for connection to the central ACSs of the building should be decided and negotiated between individual occupiers/tenants and the approved consumer.</p> <p>In response to Mr WONG Ting-kwong's enquiry about the hydraulic pressure inside the water pipe network of the DCS in KTD, the Administration assured members that the hydraulic pressure was low and the chance of pipe bursting should be low.</p> |                 |
| 013842 - 013936 | Chairman Administration | <p><b>Part 2 – Provision of District Cooling Services</b></p> <p><u>Clause 8 – Application for resumption of suspended district cooling services</u></p> <p>Members raised no query.</p>  |                 |
| 013937 - 014102 | Chairman Administration | <p><b>Part 2 – Provision of District Cooling Services</b></p> <p><u>Clause 9 – Ceasing to be approved as consumer of district cooling services</u></p>  |                 |

| Time marker        | Speaker                                 | Subject(s)  | Action required |
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|                    |   | Members raised no query.  |                 |
| 014103 -<br>014613 | Chairman<br>Administration              | <p><b>Part 3 – Charges for District Cooling Services</b></p> <p><u>Clause 10 – Charges for district cooling services</u></p> <p>In response to the Chairman's enquiry about clause 10(4), the Administration clarified that DEMS was required to publicize the rates of primary charge applicable to all user buildings within the service area of DCS for each subject period through the ways specified therein.</p>  |                 |
| 014614 -<br>015336 | Chairman<br>Administration<br>Ms Cyd HO | <p><b>Part 3 – Charges for District Cooling Services</b></p> <p><u>Clause 11 – Determination of actual cooling capacity and actual cooling energy consumption</u></p> <p>Ms Cyd HO enquired about the charging arrangements in the event that the meters to be installed in buildings subscribing to district cooling services for measuring the cooling energy consumed by the buildings were found not registering correctly. The Administration explained that EMSD would determine the amount of consumption and capacity of district cooling services for the period during which the meter ceased to record properly based on any available technical evidence, records and other relevant circumstances.</p> <p>In response to the Chairman's enquiry about back-up energy supply for DCS, the Administration advised that the electricity supplies to the DCS in KTD were provided from different power sources and hence, DCS was stable and reliable. In general, individual buildings would have emergency power supply to support essential services in the event of an electricity blackout.</p> |                 |
| 015337 -<br>015529 | Chairman<br>Administration<br>Ms Cyd HO | <p><b>Part 3 – Charges for District Cooling Services</b></p> <p><u>Clause 12 – Testing of meter</u></p> <p>In response to Ms Cyd HO's enquiry, the</p>  |                 |

| Time marker     | Speaker                                 | Subject(s)   | Action required                                 |
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|                 |   | Administration advised that it had made reference to the Waterworks Regulations (Cap. 102 sub. leg. A) when setting out the arrangements for testing of meter in the Bill.   |   |
| 015530 - 015639 | Chairman<br>Administration              | <p><b>Part 3 – Charges for District Cooling Services</b></p> <p><u>Clause 13 – Deposit</u></p> <p>Members raised no query.</p>   |   |
| 015640 - 020339 | Chairman<br>Administration<br>Ms Cyd HO | <p><b>Part 3 – Charges for District Cooling Services</b></p> <p><u>Clause 14 – Due date for charge, fee and deposit</u></p> <p>The Chairman and Ms Cyd HO requested the Administration to consider adding a provision in clause 7 of the Bill to set out a specified time after which DEMS would suspend or terminate the provision of district cooling services to a user building in case where the approved consumer for the building failed to settle any outstanding district cooling services charges (including surcharges and further surcharges) due to the Government.</p> | Admin<br>(paragraph 3(d) of the minutes refers) |
| 020340 - 020448 | Chairman                                | The Chairman proposed and members agreed that the Bills Committee would conduct a site visit to KTD to gain a better understanding of the operation of DCS under construction.   | Clerk   |