

立法會
Legislative Council

LC Paper No. CB(1)306/15-16
(These minutes have been seen
by the Administration)

Ref : CB1/SS/3/15/1

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

**Minutes of the second meeting
held on Tuesday, 17 November 2015, at 8:30 am
in Conference Room 2 of the Legislative Council Complex**

Members present : Hon Kenneth LEUNG (Chairman)
Hon Cyd HO Sau-lan, JP
Hon WU Chi-wai, MH
Hon Dennis KWOK

Members absent : Hon CHAN Hak-kan, JP
Hon TANG Ka-piu, JP

**Public Officers
attending** : **For item I**

Mr Andrew LAI, JP
Deputy Director of Environmental Protection (3)
Environmental Protection Department

Mr MOK Wai-chuen, JP
Assistant Director of Environmental Protection (Air Policy)
Environmental Protection Department

Mr Dave HO
Principal Environmental Protection Officer (Air Policy)
Environmental Protection Department

Mr Donald NG
Principal Assistant Secretary for the Environment
(Electricity Reviews)
Environment Bureau

Attendance by invitation : **For item I**

World Wild Fund Hong Kong

Mr Prentice KOO
Assistant Manager

Clerk in Attendance : Ms Angel SHEK
Chief Council Secretary (1)1

Staff in attendance : Miss Winnie LO
Assistant Legal Adviser 7

Ms Mandy LI
Council Secretary (1)1

Miss Mandy POON
Legislative Assistant (1)1

Action

I. Meeting with deputation and the Administration

Meeting with deputation and the Administration

Submission from organizations not attending the meeting

(LC Paper No. CB(1)159/15-16(01) — New People's Party (Chinese version only)

LC Paper No. CB(1)159/15-16(02) — Advisory Council on the Environment (English version only)

LC Paper No. CB(1)159/15-16(03) — Green Sense (Chinese version only))

Action

Meeting with the Administration

(S.S. No. 5 to Gazette No. 43/2015 — Fifth Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences

(issued by the Environmental Protection Department in October 2015) — Legislative Council Brief

LC Paper No. LS4/15-16 — Legal Service Division Report

LC Paper No. CB(1)131/15-16(01) — Background brief prepared by the Legislative Council Secretariat)

The Chairman welcomed representatives of the Administration and a deputation to the meeting. He reminded the deputation that its written submission, if any, provided to the Subcommittee and views presented at the meeting would not be covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382).

Discussion

2. The Subcommittee received views from a deputation attending the meeting (index of proceedings attached at the **Annex**). The Subcommittee also noted the written submissions provided by three organizations which did not attend the meeting.

Follow-up actions to be taken by the Administration

- Admin 3. The Administration was requested to provide the following information –
- (a) the installed capacity of each power generation unit and the total installed capacity in respect of each electricity works of the two power companies;
 - (b) the plan, if any, for connecting the surplus electricity generated by the Integrated Waste Management Facilities ("IWMF") at Shek Kwu Chau to the existing power grids, including the estimated amounts and prices of the surplus electricity from IWMF to be purchased by the power companies and the possible implications on electricity tariffs;

Action

- (c) the Administration's study/assessment on the effectiveness of Advanced Metering Infrastructure ("AMI", also known as smart meters) for managing electricity demand in Hong Kong, and whether the Administration would consider playing a more proactive role to promote AMI on a wider scale in the territory; and
- (d) how the Administration set energy saving targets for new government buildings and public facilities, and ensured/ascertained that these targets could/would be achieved.

(Post-meeting note: The Administration's written response was issued vide LC Paper No. CB(1)175/15-16(02) on 20 November 2015.)

II. Any other business

Date of next meeting

4. Members agreed that the Administration would provide written response to issues arising from the discussion at the meeting. Subject to any views members might have on the written response, the Chairman would decide whether a further meeting was necessary. Members would be informed of the arrangement accordingly.

(Post-meeting note: The Secretariat had not received by the specified deadline any request from Subcommittee members for holding a meeting to discuss the Administration's written response. The Subcommittee Chairman had therefore directed that no further meeting be held. Members were informed so vide LC Paper No. CB(1)182/15-16 issued on 23 November 2015.)

Legislative timetable

5. Members noted that the Chairman would move a motion at the Council meeting of 18 November 2015 to extend the scrutiny period of the Fifth TM to the Council meeting of 16 December 2015. The Chairman reminded members that if the scrutiny period was extended, the deadline for giving notice of amendment to the Fifth TM was 9 December 2015. The Chairman would report the deliberations of the Subcommittee to the House Committee ("HC") on 4 December 2015.

(Post-meeting note: The motion moved by the Chairman to extend the scrutiny period of the Fifth TM to 16 December 2015 was passed.)

Action

6. Members agreed that subject to no amendments proposed by Members to the Fifth TM by the deadline on 9 December 2015 (if the scrutiny period was extended), the Chairman would report the Subcommittee's deliberations at the motion debate to make note of the relevant report of HC on consideration of subsidiary legislation and other instruments at the Council meeting of 16 December 2015.

7. There being no other business, the meeting ended at 9:48 am.

Council Business Division 1
Legislative Council Secretariat
15 December 2015

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

**Proceedings of the second meeting
on Tuesday, 17 November 2015, at 8:30 am
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda Item I - Meeting with deputation and the Administration			
000456 - 000819	Chairman	Introductory remarks	
000820 - 001619	World Wild Fund Hong Kong ("WWFHK")	Presentation of views	
001620 - 002754	Chairman Administration	<p>The Administration's initial responses to WWFHK's views on the Fifth Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licence ("the Fifth TM") –</p> <ul style="list-style-type: none"> (a) three sets of emission allowances were required to be made in respect of CLP Power Hong Kong Limited ("CLP") because the quantity of emission allowances for each type of specified pollutant was allocated in respect of each specified licence, and each of the three electricity works of CLP was operated under an individual specified licence; (b) the current mechanism already allowed for review of the emission allowances at least once every two years, and further tightening of the emission caps would be made where practicable in the light of the latest electricity demand projections and other relevant factors; (c) the Administration had invited views during the Public Consultation on the Future Development of the Electricity Market launched on 31 March 2015 and would take into account the public views received in considering how to facilitate access by distributed renewable energy ("RE") facilities to the power grids; and (d) there was currently no practicable technology available for controlling carbon dioxide ("CO₂") emissions from power 	

Time marker	Speaker	Subject(s)	Action required
		<p>generation. While some overseas power plants attempted to reduce their CO₂ emissions by "carbon capture and storage", it was not practicable in Hong Kong because of the lack of underground geological storage sites. CO₂ reduction could hence only be achieved by adjusting the fuel mix. Before a more practicable technology was identified to control CO₂ emission from power generation, it would not be feasible to set emission caps for CO₂ in TMs.</p> <p>Following up on the concerns expressed by the deputation at the meeting, the Chairman sought clarification on –</p> <ul style="list-style-type: none">(a) whether each specified licence to conduct electricity works was approved with reference to the number of power generation units or other criteria; and(b) whether the drop of 4% in the forecasted electricity demand for Hong Kong Island for 2020 was attributable to inaccurate demand projection for 2019, and how the emission allowances for a particular emission year could be rectified if the electricity demand in that year had been under- or over-estimated. <p>The Administration advised that –</p> <ul style="list-style-type: none">(a) each specified licence was differentiated by the location of the electricity works concerned; and(b) it had considered the best available information at the time of the review when setting the emission caps. The latest electricity demand projection for Hong Kong Island had taken into account that there would be no major growth in demand arising from infrastructure development while the energy efficiency and conservation initiatives taken by the Government and other sectors would help reduce electricity consumption.	

Time marker	Speaker	Subject(s)	Action required
002755 - 005405	Chairman Ms Cyd HO Mr WU Chi-wai Administration	<p>Discussion on –</p> <ul style="list-style-type: none"> (a) energy saving and green building initiatives in Hong Kong; and (b) the development of Feed-in-Tariff and Advanced Metering Infrastructure ("AMI", also known as smart meters) in Hong Kong. <p>Mr WU enquired whether the Administration would consider incorporating incentives in the formula used for determining emission allowances to encourage energy saving by the power companies.</p> <p>The Administration advised that the current Scheme of Control Agreements ("SCAs") which regulated the financial affairs of the power companies already provided the power companies with financial incentives in respect of energy saving and energy audits, as well as RE development.</p> <p>At the request of Ms HO and Mr WU, the Administration agreed to provide –</p> <ul style="list-style-type: none"> (a) information on connecting the surplus electricity generated by the Integrated Waste Management Facilities ("IWMF") at Shek Kwu Chau to the existing power grids, including the estimated amounts and prices of the surplus electricity from IWMF to be purchased by the power companies and the possible implications on electricity tariffs; (b) supplementary information on how the Administration set energy saving targets for new government buildings and public facilities, and ensured/ascertained that these targets could/would be achieved; and (c) the Administration's study/assessment on the effectiveness of AMI for managing electricity demand in Hong Kong, and whether the Administration would consider playing a more proactive role to promote AMI on a wider scale in the territory. 	<p>The Administration to take action as paragraph 3(b), (c) and (d) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
<p><u>Clause-by-clause examination of the Fifth TM</u> [The Fifth TM (S.S. No. 5 to Gazette No. 43/2015)]</p>			
<p>005406 - 010035</p>	<p>Chairman Ms Cyd HO Administration</p>	<p><u><i>Fifth Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences (S.S No. 5 to Gazette No. 43/2015)</i></u></p> <p><i>1 – Preliminary</i></p> <p>1.1 Citation and Commencement 1.2 Application and Scope 1.3 Interpretation</p> <p>The Chairman and Ms HO sought clarification whether the power companies currently were exporting electricity and if emission allowances were allocated for the electricity generated for export.</p> <p>The Administration advised that CLP sold electricity to Shekou (蛇口). Emission allowances were prescribed in respect of electricity generation for local consumption only and hence no emission allowance would be provided for export sales. The quantity of a specified pollutant emitted from generation of electricity for export was counted into the total quantity of that pollutant emitted from each electricity works.</p>	
<p>010036 - 011650</p>	<p>Chairman Mr WU Chi-wai Administration</p>	<p><i>2 – Allocation of Emission Allowances</i></p> <p>Mr WU expressed concerns that the formula for determining emission allowances –</p> <p>(a) did not incorporate incentives to encourage energy saving by the power companies;</p> <p>(b) might in effect disincentivize the power companies from developing more RE because the emission allowances would be lowered if the RE intake by the power companies was more than the RE assumed; and</p> <p>(c) the rounding up of the figures of emission allowances set by TMs might in effect result in allocation of more emission allowances than necessary.</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration explained that –</p> <p>(a) TMs were meant to control the emission of specified pollutants from power plants whereas energy saving initiatives or RE development by the power companies could be dealt with in other context, including the SCAs; and</p> <p>(b) as the figures of emission allowances were only rounded up to the next whole number, the implications for the emission allowances should be negligible given the sizes of these allowances.</p> <p>At the request of Mr WU, the Administration agreed to provide supplementary information on the installed capacity of each power generation unit and the total installed capacity in respect of each electricity works of the two power companies.</p> <p>In response to Mr WU's enquiry about the reference installed capacity of 300 megawatts adopted in the formula for possible new electricity works, the Administration advised that the reference was drawn from the installed capacity of a typical gas-fired unit. As each TM was reviewed at least once every two years, it was unlikely that there would be substantial increase in new electricity works before the next review and shortfall in the emission allowances allocated.</p>	<p>The Administration to take action as paragraph 3(a) of the minutes</p>
Agenda Item II – Any other business			
011651 – 011925	Chairman	Follow-up arrangements and legislative timetable	