

9 November 2017

Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Chairman, Subcommittee on Seventh Technical Memorandum for
Allocation of Emission Allowances in Respect of Specified Licences
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Dr Lo,

**Invitation for Submissions to Legislative Council's Subcommittee on
Seventh Technical Memorandum for Allocation of Emission Allowances**

The Hong Kong General Chamber of Commerce ("The Chamber") appreciates the opportunity of sharing its views with the LegCo's Subcommittee on the Seventh Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences ("Seventh TM") regarding the Government's proposal to tighten emission allowances for the two power companies as from 2022.

The Chamber supports a clear and effective energy policy that is conducive to the reliability and stability of supplying power in Hong Kong while also promoting affordability and environmental performance. However, as the latest government exercise involves significant implications to both energy suppliers and consumers, we would strongly caution against rushing into a decision that could ultimately be detrimental to Hong Kong's overall interests.

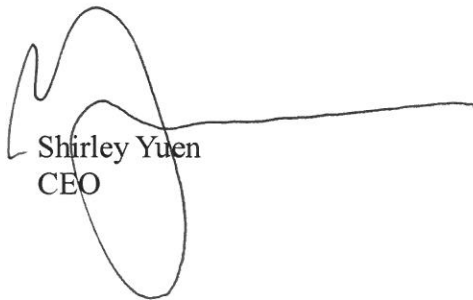
We note that through the combined efforts of the Government and utility companies, Hong Kong has been able to meet the relevant emission caps since the implementation of the first TM in 2010 through to the Sixth TM in 2016. Continued emission reductions stipulated under the Seventh TM would undoubtedly be positive to the local environment and public health. As such, a proper cost-benefit analysis should also give due consideration to the costs to the community in terms of potential tariff increments and weigh these against accruable benefits to the environment and public health. In this connection, it would be immensely useful to the private sector if information could be provided on the tariff implications arising from the adoption of the Seventh TM. In the absence of such a cost-benefit analysis, it is difficult for both consumers and businesses to make any informed and meaningful assessments of the

latest proposals. The power suppliers also need more clarity and certainty so that they would be in a better position to make long-term decisions on strategic investments that are aligned with the Government's policy objectives.

The Chamber is a keen and longstanding advocate for improving Hong Kong's air quality, which is of paramount importance to our ability to attract and retain businesses and talent. In that context, we recognise the need for an all-rounded energy policy that also extends to the regulation of emissions. The business sector has also been playing an active part in promoting clean air through such means as adopting energy saving and demand side management measures.

We look forward to working closely with the Government and all stakeholders to collectively achieve better air quality in Hong Kong.

Yours Sincerely,



Shirley Yuen
CEO