

Ref: 101231rf1
31st December 2010

Response to Consultation Document on
“Hong Kong’s Climate Change Strategy and Action Agenda”

1. RESPONSE TO THE CONSULTATION DOCUMENT

- 1.1 We applaud the HKSAR Government for taking this initiative in formulating the proposed strategy to tackle climate change issue which has become an important issue requiring global action and contribution from everybody. Though Hong Kong’s contribution to global greenhouse gas emission is tiny, our action to tackle the problem would set a positive example for other cities of the world and in particular for other major cities of Mainland China to follow. The Government’s move in this direction demonstrates the commitment of this Administration in pursuing sustainable development strategy for Hong Kong.
- 1.2 We consider that the issue of this Consultation Document is timely as the Mainland China’s 12th Five-year Plan is going to be officially released shortly and this is the first time that Hong Kong is included in the overall five-year planning of the Mainland. The Consultation Document shows the alignment of Hong Kong’s major environmental policies with that of Mainland. For example, the Government proposes to reduce Hong Kong’s carbon intensity by 50-60% by 2020 based on 2005 as the base year, and this aligns well with the Mainland’s target of 40-45% carbon intensity reduction by 2020. Though the target for Hong Kong is really tough, we support the Government’s initiative in taking this on-board as this sets a good example to other Mainland cities in bearing our responsibility as an economically advanced city to help solve the global warming issue.
- 1.3 We agree that increasing the share of nuclear energy in the fuel mix for electricity generation is a technically feasible method to reduce our carbon emission. With the present nuclear power technologies and power plant management system, nuclear power plants have achieved a low degree of environmental impact and health risk to an acceptable level. Giving the current high target of carbon intensity reduction, we agree that changing the fuel mix for electricity generation to increase the share of nuclear power is an acceptable strategy.
- 1.4 However, we consider that a policy is only implementable if it comes with it a concrete action plan. Though the Consultation Document lists out many proposed action items to implement the proposed policy, we consider that some of them are highly uncertain and difficult to realize. For example, the reliance on supply of nuclear power to 50% share of the fuel mix for power generation in Hong Kong depends not only on the readiness of new nuclear power plants in Mainland in the next ten years, but also the negotiation by the two power companies with these nuclear power plants on the power supply grid connection to Hong Kong; and everybody knows that this needs negotiation tactics and long lead time. The

Government should convince the power companies to commence the planning work right now.

- 1.5 The same applies to the supply of natural gas from Mainland to Hong Kong for power generation. It is known that Mainland's preference is using natural gas for direct consumption rather than for power generation and hence although the Government has got the blessing from the Central Government, we would still expect lots of hiccups to prop up when the real negotiation for natural gas supply with local municipalities is commenced. In this respect, the experience of CEPA can be referenced: main door opened but there are still many small doors remaining closed! The Government should try every effort to avoid falling into the same trap as CEPA again.
- 1.6 Given the uncertainty of the policy of changing the fuel mix of power supply, we suggest the Government should have a fallback option just in case either the supply of nuclear power or natural gas runs into trouble. Unfortunately, the Consultation Document fails to provide a clear fallback strategy. What we can assume, therefore, is that the only likely fallback strategy of the Government is to let the existing coal-fired power units continue to extend their operating lives forever and keep on polluting the skies of Hong Kong and emitting excessive greenhouse gas. Obviously, no party would want to see Hong Kong ending up into such scenario and hence we consider that the Government owes the public a clear message on the fallback strategy in this respect.
- 1.7 Apart from the supply side policies, we consider that demand side management policies are far more reliable though they might not be as effective as the supply side counterparts. The Consultation Document has listed out many demand side management policies but we consider that they are not yet sufficient to really substantially cut the carbon intensity of Hong Kong. For example, several major energy consumption sectors are still let off the hook including the public transportation fleet like buses (franchised and non-franchised), private offices, retail outlets, private housings, etc. Although it is understood that it might not be easy to formulate energy efficiency policies towards some of these sectors specifically, the Government still needs to consider some partnership programme/incentive schemes to convince/involve these sectors to voluntarily and substantially reduce their carbon intensities. Such programme/incentive schemes may include voluntary carbon reduction scheme under which carbon emission saved can be attached a money value to it. These schemes would provide incentives to encourage extensive participation by the concerned communities.
- 1.8 The Government should further promote or encourage Energy Efficiency as a more effective means of reducing the carbon intensity on the demand side. The legislation of the Building Energy Code is in the right direction. We would like to see a faster pace in the implementation of the energy law in order to reduce energy consumption in buildings which takes up over 90% of the total electricity consumption in Hong Kong. Further legislation should be considered to restrict excessive lighting in

commercial premises, particularly at night, to minimize energy consumption and reducing nuisance from light pollution.

- 1.9 The on-gong TV programmes to educate people to follow a simple and low carbon life style and reduce water consumption should be further enhanced. The Government should also organize community functions through the various district councils to disseminate the low carbon concepts. “Energy efficiency” and “low carbon life style” are not just concepts or slogans from the mouth of politicians or bureaucrats. They must penetrate to people in all walks of life through actions.
- 1.10 The Government should also heighten its support in promoting a low carbon economy, including introducing various new finance instruments like tax, low-interest loans for purchase of energy saving equipment, etc. Funding schemes to help owners of old buildings to refurbish should incorporate similar financial elements to incentivize spending on energy savings.
- 1.11 Lastly, though Hong Kong is not amenable to developing extensive utilization of renewable energy resources, the Government shall foster an environment to encourage possible exploitation of small scale renewable energy utilization at community levels, in particular schools and public sector like public housing estates. Action needed from the Government would include educating the public about the renewable energy utilization, policies relating grid connection, and subsidies in the form of tax incentive or rebates, etc. As a further step, renewable energy installations in the private sector housing developments should be given a frog leap jump by way of more positive promotion or even legislation. In Hong Kong, it has not been uncommon to have special provisions in land lease conditions requiring the developers to undertake infrastructure projects for the benefits of the public. On the same principle, imposing renewable energy installations in land leases for large private housing developments should not be seen as an insurmountable obstacle.

2. ABOUT ENERGY INSTITUTE (HONG KONG BRANCH)

The Energy Institute (EI) is the professional body for the energy industry, delivering good practice and professionalism across the depth and breadth of the sector. A Royal Chartered membership organization in UK, the EI supports over 14,000 individuals and 300 companies across 100 countries, serving society with independence, professionalism and a wealth of expertise in energy matters. The EI is licensed by the Engineering Council (UK) to offer Chartered, Incorporated and Engineering Technician status to engineers, the Science Council to award Chartered Scientist status, and also licensed by the Society for the Environment to award Chartered Environmentalist status.

The purpose of the EI is to develop and disseminate knowledge, skills and good practice towards a safer, more secure and sustainable energy system. In fulfilling this purpose the EI addresses the depth and breadth of energy and the energy system, from upstream and downstream hydrocarbons and other primary fuels and renewables, to power generation,

transmission and distribution to sustainable development, demand side management and energy efficiency.

The strategic aims of the EI are:

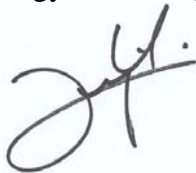
- To promote the role, status and contribution of energy professionals in society and maintain professional standards
- To equip energy professionals with tools to enable their positive contribution to society
- To ensure the availability of good quality energy education and learning provision
- To provide a forum for debate to facilitate the development and dissemination of energy knowledge and good practice
- To enhance public understanding of energy resources and their role in society

Offering learning and networking opportunities to support career development, the EI provides a network to all those studying or working in energy, and a scientific and technical reservoir of knowledge for the industry.

The EI was set up in 2003 as a result of a merger between the Institute of Petroleum (IP) and the Institute of Energy (InstE). Both Institutes had a proud and distinguished heritage developed over many years supporting their particular energy sectors. Increasingly these sectors have converged, creating an integrated global energy market which has been mirrored by the development of the Energy Institute - established to address both the depth and breadth of the subject.

The Energy Institute (Hong Kong Branch) is the local branch of EI established in 1998 and incorporated in 2007 under the Companies Ordinance (Chapter 32) in Hong Kong. As the local branch of EI, our objectives follow the same as EI and promote energy awareness in Hong Kong and professional development of its members.

For and on behalf of
Energy Institute (Hong Kong Branch)



Raymond C.L. FONG
Chairman