

## **Annual Work Report of the Energy Advisory Committee for the period from 1 January 2006 to 31 December 2006**

### **I. Terms of Reference of Energy Advisory Committee**

The Energy Advisory Committee (EnAC) is a non-statutory committee set up in July 1996 to advise the Government on energy policy, including policy matters concerning energy supply and demand, energy conservation and efficiency, and other related matters referred to it by the Government.

### **II. Membership of EnAC**

EnAC is chaired by a non-official and comprises non-official members representing different sectors of the community and official members from relevant policy bureaux and department. The Chairman and members are appointed by the Secretary for Economic Development and Labour. The membership of EnAC in 2006 is as follows -

#### **Chairman**

Mr Otto POON Lok-to, BBS (up to 14 July 2006)  
Mr Edmund LEUNG Kwong-ho, JP (from 15 July 2006)

#### **Members (in alphabetical order)**

Mr Barry CHEUNG, JP (up to 14 July 2006)  
Dr Larry CHOW Chuen-ho (throughout 2006)  
Mr Raymond CHOY Wai-shek, MH, JP (from 15 July 2006)  
Prof Peter HILLS (up to 14 July 2006)  
Prof Richard HO Yan-ki (from 15 July 2006)  
Dr Ronnie HUI Ka-wah (from 15 July 2006)  
Dr Joseph LAM Choi (up to 14 July 2006)  
Dr LAM Pun-lee (up to 14 July 2006)  
Mr LAM Wai-kwun (up to 14 July 2006)  
Mr Dennis LAU Wing-kwong, JP (up to 14 July 2006)  
Ms Starry LEE Wai-king (from 15 July 2006)  
Mr Alvin LEUNG Heung-ying (from 15 July 2006)  
Mr Edmund LEUNG Kwong-ho, JP (up to 14 July 2006)  
Mr Brian David LI Man-bun (from 15 July 2006)  
Prof Bernard Vincent LIM Wan-fung (throughout 2006)

|                                  |                      |
|----------------------------------|----------------------|
| Mr Kenneth LUN Chi-leung         | (from 15 July 2006)  |
| Dr MAN Chi-sum                   | (from 15 July 2006)  |
| Dr NG Cho-nam, BBS               | (up to 14 July 2006) |
| Mr NG King-wah                   | (from 15 July 2006)  |
| Mr PANG Yiu-kai, JP              | (up to 14 July 2006) |
| Mr Clement TAO Kwok-lau, BBS, JP | (up to 14 July 2006) |
| Mr Justein WONG Chun, JP         | (up to 14 July 2006) |
| Mr WONG Kai-man, JP              | (up to 14 July 2006) |
| Mr WONG Wai-ho                   | (from 15 July 2006)  |
| Mr Stephen YAU How-boa, BBS, JP  | (throughout 2006)    |
| Ms Sylvia YAU Siu-fee, JP        | (throughout 2006)    |
| Mr Donald YIP Moon-tong          | (from 15 July 2006)  |

Permanent Secretary for Economic Development and Labour  
(Economic Development) *or representative*

Permanent Secretary for the Environment, Transport and Works  
(Environment)/Director of Environmental Protection *or representative*

Director of Electrical and Mechanical Services *or representative*

### **Secretary**

Principal Assistant Secretary (Economic Development)C, Economic  
Development and Labour Bureau

### III. Major Items for Discussion / Information at EnAC Meetings held during the period from 1 January to 31 December 2006

#### (1) Meeting on 15 March 2006

Major Items for Discussion / Information –

##### (a) Consultancy Study on Auto-fuel Retail Market

The Government's consultant Arculli & Associates presented the major findings and recommendations of the study on Hong Kong's auto-fuel retail market to the Committee. Having looked into the structure, operating costs, retail pricing and gross profit margin of the local auto-fuel market, the consultant concluded that though there was no clear evidence of collusion by oil companies in Hong Kong, such a risk still remained and preventive measures were warranted.

Members raised questions on, inter alia, oil prices and the discounts offered by oil companies. The findings of the [consultancy study](#) were released to the public on 13 April 2006.

(b) Information and Consultation Agreement with The Hong Kong and China Gas Company Limited

Members discussed the Government's proposal to extend the Information and Consultation Agreement (ICA) entered between the Government and The Hong Kong and China Gas Company (HKCG) upon expiry of the current ICA on 2 April 2006 and the improvements to be made upon extension. Having examined the performance of HKCG under the current term of ICA and the latest progress of the project of introducing natural gas for town gas production, members expressed support for the proposal. The Government subsequently briefed the Legislative Council Panel on Economic Services (hereinafter referred to as "the LegCo ES Panel") on the [proposal](#) on 27 March 2006.

(c) Annual Work Report of the Energy Advisory Committee for the period from 15 July 2004 to 31 December 2005

Members endorsed the [Annual Work Report of EnAC](#) for the period from 15 July 2004 to 31 December 2005. The Report was subsequently uploaded on the website of the EnAC.

(d) Implementation of New Cable Colour Code for Fixed Electrical Installations in Hong Kong

Members noted the information paper on the implementation of a new cable colour code for fixed electrical installations in Hong Kong from July 2007.

(2) Meeting on 29 June 2006

Major Items for Discussion / Information –

(a) Future Development of the Electricity Market in Hong Kong: Views received during the Stage II Public Consultation

The Administration briefed the Committee on the views received during the Stage II Public Consultation on the Future Development of the Electricity Market in Hong Kong held between 30 December 2005 and 31 March 2006. The summary of the views received was subsequently made available, vide an [information paper](#), to the LegCo ES Panel on the same day.

Members expressed concern over the environmental performance of the two power companies and the possible impact on the fulfillment of their “obligations to serve” brought by potential new electricity suppliers.

(b) Application from China Hong Kong Power Development Co. Ltd. for Supply of Electricity in Sha Tau Kok

The Committee examined the key issues relating to the application from China Hong Kong Power Development Co. Ltd. for supply of electricity in Sha Tau Kok. Members discussed the pros and cons for approving this application, as well as the appropriate regulatory arrangements to safeguard the interest of consumers and ensure reliability of electricity supply.

(3) Meeting on 7 September 2006

Major Items for Discussion / Information –

(a) Development of the Electricity Market in Hong Kong

Members expressed their views on the key issues involved in the review of the electricity market in Hong Kong and the

latest developments. The discussion touched on topics including the permitted rate of return, preventing power companies from over-investing in assets, environmental performance of the two power companies, interconnection and further opening up of the electricity market.

(4) Meeting on 21 December 2006

Major Items for Discussion / Information –

- (a) Electricity Tariffs for 2007
- (i) [Presentation by The Hongkong Electric Company Limited](#)
  - (ii) [Presentation by CLP Power Hong Kong Limited](#)

The two power companies introduced their respective electricity tariff proposals for 2007 and answered questions raised by members on various aspects. The proposals were later presented to the LegCo ES Panel on the same day.

IV. Activities

At the invitations of third-party organizations, members attended different energy-related briefing sessions and seminars. Members also paid a number of visits to local energy facilities.

Secretariat, Energy Advisory Committee  
May 2007