

**Confirmed Minutes of the 266th Meeting
of the Advisory Council on the Environment (ACE)
on 10 February 2025 at 2:30 p.m.**

Present:

Prof John CHAI, BBS, JP (Chairman)
Prof Kenneth LEUNG, JP (Deputy Chairman)
Mr CHEUNG Chi-wah
Ms Ada FUNG, BBS
Mr Eric HO
Ms Linda HO
Mr Alex KWAN
Ms Grace KWOK
Dr Theresa KWONG
Prof Alexis LAU, JP
Prof Dennis LEUNG
Mr Simon NG
Prof QIU Jian-wen
Prof WONG Kam-bo
Mr Jonathan WU
Dr Raymond YAU
Dr William YU
Mr Alan LO, JP (Secretary)

Absent with Apologies:

Mr Daryl NG, SBS, JP
Mr Albert SU, MH, JP

In Attendance:

Environment and Ecology Bureau (EEB)

Miss Mavis HUI	Chief Information Officer
Ms Karen CHEK	Chief Executive Officer (CBD)
Ms Cynthia LAU	Executive Officer (CBD) 1
Miss Glory CHONG	Executive Officer (CBD) 2

Environmental Protection Department (EPD)

Dr Samuel CHUI, JP	Director of Environmental Protection (DEP)
Mr Gary TAM	Assistant Director (Environmental Assessment)

Planning Department

Ms Johanna CHENG

Assistant Director of Planning / Technical Services

In Attendance for Item 3:

EEB

Ms Polly KWOK, JP

Deputy Secretary for Environment & Ecology
(Environment) 1

Mr Derrick CHOW

Principal Assistant Secretary for Environment & Ecology
(Energy) (Acting)

Electrical & Mechanical Services Department (EMSD)

Mr CHAN Pak-cheung

Deputy Director / Regulatory Services

Mr Wallace LEUNG

Chief Engineer / Energy Efficiency B

Action

The Chairman welcomed all to the meeting and informed Members that apologies of absence had been received from Mr Daryl Ng and Mr Albert Su. As this was the first meeting of the ACE in the new term, at the invitation of the Chairman, new Members gave a brief introduction of themselves.

Item 1 : Matters arising (Closed-door session)

2. The draft minutes of the last meeting held on 4 November 2024 were confirmed by circulation on 3 January 2025 without amendments.
3. There were no matters arising from the minutes of the last meeting.

Item 2 : Election of Chairman/Deputy Chairman of the three subcommittees (Closed-door session)

4. The Chairman announced that 14 Members had signed up for the Environmental Impact Assessment Subcommittee (EIASC), 8 for the Nature Conservation Subcommittee (NCSC) and 11 for the Waste Management Subcommittee (WMSC) in the new term. According to the ACE House Rules, the Chairmen of the three subcommittees (SC) as well as the Deputy Chairman of the EIASC would be elected amongst the respective SC members.

5. Before the meeting, Members had been invited to submit nominations for the Chairmen and / or Deputy Chairman of their SCs concerned. At the time when the meeting was conducted, only one nomination was received for each position. With the support of all Members, the Chairman announced that the following Members would serve in the relevant positions in the new term and the membership list in the ACE website would be updated accordingly.

	<u>Chairman</u>	<u>Deputy Chairman</u>
EIASC	Prof Kenneth Leung	Ms Grace Kwok
NCSC	Dr Theresa Kwong	[Not applicable]
WMSC	Prof Dennis Leung	[Not applicable]

Item 3 : Proposed Amendments to the Buildings Energy Efficiency Ordinance (Cap. 610) and its Subsidiary Legislation (ACE Paper 1/2025)

6. The Chairman invited Members to refer to *ACE Paper 1/2025* which set out the proposal to amend the Buildings Energy Efficiency Ordinance (BEEO) (Cap. 610) and its subsidiary legislation to enhance the energy efficiency management regime of Hong Kong, so as to contribute to the achievement of the target of attaining carbon neutrality by 2050.

7. A Member declared that he was an energy engineer under the Hong Kong Association of Energy Engineers. The Chairman considered that there was no conflict of interest, and the Member could stay to participate in the discussion.

(The presentation team joined the meeting at this juncture.)

Presentation cum Question-and-Answer Session (Open session)

8. With the aid of a PowerPoint presentation, Ms Polly Kwok gave an opening remark while Mr Wallace Leung briefed Members on the background and proposed amendments to the Ordinance and its subsidiary legislation, as well as the legislative timeline.

Scope of Coverage

9. While supporting the proposed legislative amendments, Members suggested that the Government should re-consider if all buildings with a gross floor area (GFA) not exceeding 7 000 m² should be exempted across-the-board, as energy audits would help achieve energy savings notwithstanding that the buildings concerned accounted for only 10% of the total electricity consumption for the corresponding building types out of all buildings in Hong Kong. Three Members suggested that more detailed studies should be conducted to differentiate those buildings with less than 7 000 m² GFA, but would benefit from energy audits, such as small office buildings equipped with centralised chiller systems. They said that by understanding why it was less cost effective for small and medium-sized buildings to conduct energy audits, the Government could impose targeted requirements or provide suitable incentives to help them implement more energy saving measures.

10. In response to Members' questions on the cost and difficulties for smaller-sized buildings to conduct energy audits, Mr Wallace Leung shared that during the consultation, some building owners and organisations expressed concern on the costs involved in energy audits, which would cause burden to their operation, especially when the audit interval was to be shortened from 10 years to five years. Mr Leung supplemented that based on the analyses of the audit reports collected in the past 10 years, energy audits were more cost-effective for larger buildings given their higher potential in energy saving as compared with the small and medium-sized buildings. After careful consideration of the relevant factors and to strike a balance between the stakeholders' concerns and the regulatory objectives, the Government proposed to set the threshold at 7 000 m² GFA for conducting energy audit, which could serve to regulate over 90% of the electricity consumption of buildings under the regulatory scope. Mr Leung remarked that the Government would implement administrative measures in parallel to encourage owners or operators of the exempted buildings to install energy saving equipment by using the money saved from audit fees. He expected that such arrangement would bring better results in energy saving.

11. Ms Polly Kwok indicated that the Government had taken into account local socio-economic development which called for changes in the current legislation. The Government proposed to include data centres as a new type of buildings to be covered by BEEO irrespective of their sizes in view of their growing electricity consumption while 7 000 m² GFA would be the threshold for energy audits for other types of buildings. Ms Kwok assured Members that the Government would continue to keep the matter in view and consider the need for further updating the regulatory regime as and when appropriate.

12. To address a Member's question on the non-inclusion of hotels for energy audits, Ms Polly Kwok explained that the Government had communicated closely with different sectors on the proposed amendments and that the function of hotels and guesthouses was largely similar to that of residential buildings. As majority of guesthouses were occupying only one storey or some parts of a building where energy audits might not be cost-effective, hotels and guesthouses were not included in the current proposal. Ms Kwok remarked that all hotels and guesthouses were still required to meet the energy efficiency standards under BEEO when they were newly constructed or when major retrofitting works were carried out.

13. For the sake of simplicity in implementation, a Member considered that all of the 15 types of buildings that were required to comply with the energy efficiency standards of building services installations under BEEO should be required to conduct energy audits. Mr Wallace Leung indicated that among the 15 types of buildings, hotel and guesthouses, common areas of residential buildings, common areas of industrial buildings, common areas of residential part or industrial part of composite buildings were not required to conduct energy audits at the present stage due to their limited energy saving potential and low cost-effectiveness in conducting energy audits.

14. A Member suggested that clear definition should be provided for the calculation of the 7 000 m² GFA and information on the change in proportion of buildings that were required to conduct energy audits with reference to the total number of buildings in Hong Kong after legislative amendments could be shared with the public. Mr Wallace Leung pointed out that out of a total of about 50 000 buildings in Hong Kong, around 38 000 of them were residential buildings which were excluded from energy audits. Among the remaining some 10 000 buildings, around 7 300 of them were under the focus of the amendment proposal including public toilets and public bathhouses, and would be required to conduct energy audits after the amendments if their GFAs exceeded 7 000 m². The rest were buildings such as columbaria, mortuaries, radar stations, plant rooms, etc.

15. To facilitate effective implementation of the new legislative regime, a Member advised that a clear and generic definition of data centre should be provided to cover those buildings which served similar functions but bore different names. Mr Wallace Leung said that a clear definition of data centre would be provided for in the amendment Ordinance by making reference to the one currently adopted by the Lands Department in applying lease modification /waiver for data centres which covered premises with the main function of data computation, calculation, storage, etc.

16. A Member added that the Government should lead by example to include all Government buildings in the implementation of energy efficiency measures. Ms Polly Kwok responded that, except certain Government facilities such as public toilets, public bathhouses, columbaria, etc., EMSD had conducted energy audits for around 250 Government buildings. The relevant energy saving measures were under implementation by different user departments. She added that the proposed addition of relevant government buildings in the current exercise was to formalise the existing arrangement through this legislative exercise.

Audit Reports and Disclosure of Data

17. Two Members welcomed the shortened interval of energy audits. To encourage further energy savings, a Member above and another Member held the view that buildings with smaller floor area and less energy saving potential could also be required to conduct energy audits but at a longer interval of 10 years. Mr Wallace Leung responded that different audit intervals might cause confusion to the trade, building owners and operators. Considering that the low cost-effectiveness for buildings with a GFA not exceeding 7 000 m² to conduct energy audits and to ensure that the new legal requirements would be easy to understand for subsequent implementation, a standardised audit interval was proposed.

18. In view of the increasing demand for the disclosure of energy saving data, a Member asked whether the data regarding energy audits would be disclosed. Another Member also enquired about the additional information to be disclosed after legislative amendments. Mr Wallace Leung responded that with the proposed

introduction of a new data disclosure form under the amended Ordinance, the Government would set out the technical information that should be disclosed, such as the coefficient of performance of installations, in consultation with the trade. Instead of exhibiting the data disclosure form at the main entrance of the buildings concerned, the forms would be published on EMSD's website. Mr Leung considered that through sharing the relevant technical data with the public, the trade would be motivated to approach the respective building owners or property management companies to offer energy saving proposals and that such an approach would help expedite the implementation of energy saving measures and promote green economy.

19. A Member supported the disclosure of relevant technical information through the new form and suggested that the information should align with the requirements of the Environmental, Social and Governance reports to help the trade achieve carbon neutrality. Another Member suggested that more emphasis should be placed on the actual performance on energy saving rather than on specifications of equipment. Mr Wallace Leung explained that building performance-related data such as the Energy Utilisation Index (EUI) were already disclosed under the existing mechanism. Apart from EUI, a Member suggested that the Energy Efficiency Ratio (EER) should also be included as it could present a clearer picture of the energy saving performance of individual system or equipment. Mr Leung said that EER would be one of the expected data in the data disclosure form which would be reviewed regularly in consultation with the stakeholders. He added that the proposed legislative amendments, which aimed to promote building efficiency retrofit, would help speed up the installation of higher energy efficient equipment in buildings. After major retrofitting works, the new building services installations would be required to meet the latest Code of Practice for Energy Efficiency of Building Services Installation, which were updated once every three years.

20. In response to a Member's question, Mr Wallace Leung explained that EUI was an international indicator primarily used to indicate the energy consumption level and energy use intensity of a building, that is the energy consumption per square meter per year, and higher EUI referred to higher energy consumption. Noting another Member's comments on the technicalities of the information for the general public, Mr Leung shared that EMSD was exploring to the feasibility to introduce a labelling system to illustrate the energy efficiency of major building services installations of the buildings. Another Member supported the introduction of a labelling system as building owners and investors would be more motivated to improve the grading of their buildings. She opined that it could be a game changing element to induce the wider application of green finance in the long run. On the Member's further enquiry, Mr Leung advised that EMSD would hold a stakeholder forum in February 2025 and invite relevant parties such as the Hong Kong Green Financial Association to discuss the matter.

21. A Member opined and two Members echoed that there should be a platform to facilitate knowledge sharing and skills transfer of successful cases to incentivise the wider application of energy saving measures, in particular in those buildings with GFA under 7 000 m². One of the Members above suggested that useful information such as best practices in various sectors, energy saving equipment for different types of buildings, etc. could be shared to the public.

Registered Energy Assessor (REA)

22. Two Members held the view that the Government could consider including the Hong Kong Institute of Qualified Environmental Professionals (HKIQEP)'s membership as one of the qualifications for application for registration as REA. Ms Polly Kwok explained that under the existing mechanism, registered professional engineers in the energy discipline, including members of HKIQEP who possessed relevant experience or qualifications equivalent to those of the Hong Kong Institution of Engineers and passed EMSD's assessment, could serve as REAs. Mr Wallace Leung added that all qualified persons were welcomed to register as REAs and there were already HKIQEP members who had registered as REA.

23. On a Member's question on whether there were sufficient REAs to cope with the demand for energy audits following the legislative amendments, Ms Polly Kwok responded that there were currently about 900 REAs, among which around 300 were active in providing professional services in respect of energy audits. With the inclusion of professional engineers in the energy discipline as an eligible discipline, Ms Kwok expected that there would be around 80 new REAs after the legislative amendments, which should be sufficient to meet the new demand.

Publicity and Public Education

24. Members suggested that the Government should make it clear to the public that it was a challenging task for Hong Kong to achieve the target of carbon neutrality by 2050 and the proposed legislative amendments were meant to help achieve such target. In particular, a Member considered that there should be a clear articulation of the Government's overall carbon reduction strategy and the Government should relate it to the expected contributions of the proposed BEEO amendments, the types of buildings which would get the most benefits out of energy audits, the reasons why certain types of buildings were exempted and the measures to be taken by those exempted buildings to achieve energy savings in parallel. Considering that the proposed exemption of buildings under 7 000 m² GFA from conducting energy audits might give society a wrong message about the Government's carbon reduction efforts, three Members emphasised the importance to highlight that all buildings should adopt energy saving measures notwithstanding their exemptions at the current stage which were based on pragmatical considerations such as cost-effectiveness, ease of implementation, etc.

25. A Member further suggested that more explanation should be provided to the public about the proposed amendments including the calculation of the additional saving of 5.4 billion kilowatt-hours of electricity in 2035, the benefits of including certain types of buildings but not others, etc. To help the public visualise their contributions, two Members held the view that the Government should provide more information on the expected achievements in carbon neutrality after the implementation with illustration of statistics. As the subject matter was rather technical, two of the Members above opined that easy-to-understand information in layman terms such as green practices should be shared through various channels such as exhibitions. Another Member underscored that proper education to the public could be an important step to induce change. In reply, Mr Wallace Leung said that more information including relevant calculations would be provided on the relevant websites on buildings energy efficiency.

26. Two Members opined that appropriate supportive measures and education should be provided to the public and stakeholders to facilitate the implementation of the new legislation. Quoting the academic sector as an example, one of the Members above said that many institutions might not have sufficient knowledge or information about energy saving and energy audits. The Government could arrange for them outreaching programmes in consultation with the Education Bureau to share relevant information such as funding sources for the installation of energy saving facilities. Mr Wallace Leung indicated that the Government had been promoting and sharing useful practices with building management offices and the trade and would continue with the efforts while enhancing publicity on the subject. To help speed up the pace of carbon neutrality, the above Member considered that matching grants might be offered to encourage those exempted buildings to install energy saving equipment by using the money saved from audit fees.

27. Assuming that most primary and secondary schools in Hong Kong would be exempted from BEEO after the amendments, a Member shared the successful case on carbon neutrality in Brazil. While Hong Kong might not have the conditions for implementing the same measures, she said that the Government could consider alternatives such as through funding support and award scheme to incentivise schools to put in place more energy saving measures. Based on EMSD's preliminary estimation, Mr Wallace Leung clarified that around half of the schools in Hong Kong would be exempted from the requirement of energy audits as they occupied less than 7 000 m² GFA.

28. Ms Polly Kwok supplemented that the two power companies had set up community energy saving funds to help needy members of society to reduce their electricity consumption through energy saving measures. She aspired that more similar energy saving funds or subsidy schemes would be available in the future to further support non-profit organisations with genuine difficulties. In terms of technical support, Ms Kwok shared that EMSD would reach out to different organisations to help them prepare for the energy audits.

29. To address a Member's enquiry, Ms Polly Kwok said that the Government had made reference to the legal requirements of other regions, including the Mainland, Japan, South Korea, the European Union, etc., and that the proposed requirements were comparable to those of the aforementioned places. The Member opined that if there were any areas where Hong Kong outperformed other places, they should be highlighted in the publicity to demonstrate the Government's proactiveness in attaining carbon neutrality.

30. Ms Polly Kwok remarked that the Government would spare no efforts in achieving carbon neutrality through various measures including energy saving and green building, promoting green transport and waste reduction. She thanked members for their suggestions and said that Government would enhance the overall presentation of this subject to facilitate public understanding.

Conclusion

31. The Chairman thanked EEB and EMSD for their presentation and explanations. He said that based on the discussions at the meeting, Members understood more about the rationale of the proposed amendments, including the exemption of building with GFA less than 7 000 m², the exclusion of certain types of buildings from conducting regular energy audits, etc. Having regard to the technicality of the subject matter and the different background of stakeholders with various interests, he suggested that the Government should include more information about the reasons and considerations behind the proposal in its communication with the public so that people could understand easier the rationale behind the legislative amendments, why certain types of buildings were excluded from BEEO or exempted from the requirements of energy audits, the reasons for setting the exemption threshold at 7 000 m² GFA, etc. Apart from the technical details, the Chairman considered that it was equally important to present a holistic picture to help society relate the matter to themselves and understand that the proposal had balanced different interests and factors. The Chairman appreciated the Government's efforts in striking a balance between public interests and administrative responsibility. To sum up, Members supported the proposed legislative amendments to BEEO as enhanced building energy efficiency would bring Hong Kong a step closer towards carbon neutrality.

Internal Discussion Session (Closed-door)

32. As the recommendations made in the energy audits were not compulsory, a Member enquired if there were any measures, advice or funding support to ensure their implementation. Ms Polly Kwok responded that based on the past experience, building owners or operators generally had the incentives to implement the recommendations as they could bring savings. Ms Kwok supplemented that under the prevailing arrangements, building owners could apply funding from the community energy saving funds under the two power companies or other relevant funds under the Government to carry out the improvement measures.

(A Member left the meeting during the Internal Discussion Session.)

(The presentation team left the meeting at this juncture.)

Item 4 : Any other business (Closed-door session)

33. There was no other business for discussion at the meeting.

Item 5 : Date of next meeting (Closed-door session)

34. The next ACE meeting was scheduled for 10 March 2025. Members would be advised on the agenda in due course.

35. There being no other business, the meeting ended at 4:20 pm.

**ACE Secretariat
March 2025**