

LCQ1: Natural gas supply

Following is the question by the Hon Emily Lau and a written reply by the Secretary for Economic Development and Labour, Mr Stephen Ip, in the Legislative Council today (March 29):

Question:

It is learnt that the utilisation rates of the gas-fired generating units at the Black Point Power Station of the CLP Power Hong Kong Limited ("CLP") are on the low side due to the unstable supply of natural gas as a fuel and a lower-than-expected growth in the local demand for electricity. In this connection, will the Executive Authorities inform this Council:

(a) given that the CLP is drawing up a proposal to build a liquefied natural gas receiving and storage terminal for the Black Point Power Station, whether the authorities will, when vetting and approving the proposal, request the CLP to adopt measures to ensure a stable supply of natural gas, so as to avoid the new asset from being left idle; if so, of the relevant details; if not, the reasons for that; and

(b) whether they have set up a mechanism whereby, when the supply of natural gas is stable in the future, the CLP will be restricted in the use of coal-fired units which have higher emission levels of air pollutants in generating power; if not, of the reasons for that?

Reply:

Madam President,

(a) Since 1996, CLP Power Hong Kong Limited (CLP) has been importing natural gas directly from the Yacheng gas field off Hainan Island via a submarine pipeline for use by its Black Point Power Station. As the reserve of the Yacheng gas field is estimated to maintain supply only until early next decade, CLP has to secure new sources of natural gas to replace the existing supply from Yacheng. In this connection, CLP is planning to construct a liquefied natural gas (LNG) receiving terminal in Hong Kong.

Generally speaking, piped natural gas from a gas field relies on only one single

source of gas and there is only a finite amount of gas available. As for an LNG system, it can obtain natural gas from multiple sources around the world. LNG can be shipped from different gas sources to the destined LNG receiving terminal and supplied for use by consumers after re-gasification. Therefore, LNG supply is generally more reliable and stable than piped natural gas supply.

CLP is carrying out an environmental impact assessment study on its proposed LNG receiving terminal. When CLP submits to the Government its detailed proposal for constructing an LNG receiving terminal in Hong Kong, the relevant bureaux and departments will consider it having regard to all relevant factors including environment, planning, land use, energy supply, etc. The Economic Development and Labour Bureau will also carefully examine the gas supply arrangement to ensure the stable supply of the natural gas.

(b) The Environmental Protection Department (EPD) has not allowed the construction of any new coal-fired generating plants in Hong Kong since 1997. Furthermore, in renewing the Specified Process Licences (SPLs) of CLP's Castle Peak Power Station in accordance with the Air Pollution Control Ordinance in August 2005, EPD has stipulated emissions caps in the SPLs to ensure that CLP would use natural gas for power generation as much as possible, hence minimising the use of coal-fired generating units and reducing emissions to practicable minimum levels. When renewing the SPLs of power stations in future, EPD will, having regard to the prevailing circumstances, tighten progressively the emissions caps to ensure that CLP would maximise the use of natural gas for power generation and adopt other emissions reduction measures as soon as possible for achieving the 2010 emissions reduction targets.

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