

LCQ20: Supply and prices of energy in Hong Kong

Following is the question by the Hon Fred Li and a written reply by the Secretary for Economic Development and Labour, Mr Stephen Ip, in the Legislative Council today (February 11):

Question:

Regarding the supply, prices and local demand of energy, will the Government inform this Council whether:

- (a) it has forecast the global supply and prices of different forms of energy in five and ten years' time respectively, in particular those of various oil products, town gas and natural gas; if it has, of the forecasts;
- (b) it has forecast the future local energy demand; if it has, of the responsible department, the factors considered, and the respective forecasts concerning the sales volumes of various oil products and the consumption of electricity and town gas in Hong Kong in five and ten years' time; if not, the reasons for that; and
- (c) it has formulated a policy on the sustainable use of energy, including measures to encourage the use of renewable energy, in order to ensure the more effective use of energy in Hong Kong?

Reply:

Madam President,

My reply to the questions raised by the Hon Fred Li is as follows -

- (a) Energy supply markets are volatile in nature. It is very difficult to make an accurate forecast of energy supply and prices in five and ten years' time. As such, the Government will not make forecasts for different forms of energy but will make reference to data relating to the energy market produced by internationally recognised expert bodies.
- (b) The energy market in Hong Kong is open, where supply and demand are decided by market forces. The role of the Government is to ensure that the energy needs of the community can be met reliably, safely and at reasonable prices so as to support the economic and social development of Hong Kong.

The Government is not prepared to forecast the consumption or sales volumes of respective local oil products and gas in five and ten years' time, but will watch closely forecasts made by international organisations and private sector companies.

In the case of electricity, the Government Economist assesses on an annual basis, the trend growth rates of demand over the next ten years. We also appoint an independent consultant to audit forecasts made by the two power companies. In conducting these assessments, the Government will take into account the latest economic trends and other relevant factors, such as the number of households.

(c) The Environmental Protection Department imposes stringent environmental standards on the main sources of pollution, including power companies, oil companies and vehicle owners, to minimise damage to the environment caused by their activities. For instance, the construction of new coal-fired power units is not allowed because such units emit more pollutants than natural gas-fired units. On the consumption side, a comprehensive range of energy efficiency programmes, such as raising personal awareness and changing consumption habits, providing consumer information on energy efficiency of electrical apparatus and vehicles, improving energy management of buildings, and facilitating wider use of water-cooled air-conditioning systems, are actively promoted. In parallel, the Government is exploring the possibility of wider adoption of renewable energy to reduce reliance on fossil fuels and would also consider the role of renewable energy in energy supply in the post-2008 electricity market review.

Ends/Wednesday, February 11, 2004