

**Continued Engagement of the
Electrical and Mechanical Services Trading Fund for
Support for the Energy Conservation Projects
for Non-government Organizations Funding Scheme**

Purpose

This paper seeks Members' approval for the continued engagement of the Electrical and Mechanical Services Trading Fund (EMSTF) to provide professional support for processing and monitoring applications / projects for Energy-cum-Carbon Audits and Energy Improvement Works under the Energy Conservation Projects for Non-government Organizations (ECP NGO) Scheme over a period of two years from 23 February 2013 to 22 February 2015, and for allocation of \$5.22 million for the required services above.

Background

2. The Secretariat of the Energy Conservation Projects Vetting Subcommittee (ECPVSC) has been handling applications under the ECP NGO Scheme and monitoring the progress of projects through to their completion since its launch in November 2009. For processing applications which involve an extent of technical complexities or where the amount of funding sought is substantial, and for the subsequent monitoring of such approved projects, we obtained the ECPVSC's support and the ECF Committee's approval in July 2009 and September 2009 respectively for engaging EMSTF's professional support for a period of 36 months at a fixed lump sum fee of \$11 million.

3. With the approval obtained, the Secretariat signed a Service Level Agreement (SLA) with the EMSTF, under which the EMSTF has set up a dedicated project team, comprising a part-time Senior Engineer, a full-time Engineer, a full-time Inspector and a full-time administrative staff, to process a maximum of 100 applications referred from the Secretariat over a three-year period commencing on 23 November 2009. The EMSTF also agreed, as a good will, to provide its services for three more months for those successful cases which had not yet been completed upon the lapse of the three-year SLA on 22 November 2012, or cases that were referred to the EMSTF for processing on or before 22 November 2012. For additional services beyond the three-month extension, a new SLA will need to be signed and extra fee will be charged.

Rationale for the Continued Engagement of EMSTF

4. Upon the lapse of the SLA on 22 November 2012, 100 technically complex applications (involving works such as replacement of lifts, heat pumps or centralized chillers) and applications where the amount sought was substantial had been referred to the EMSTF for processing. As the funding scheme had experienced a flooding in of applications during the last few days before its closing on 31 October 2012, a number of these applications were referred to the EMSTF towards the end of the SLA service period. Among the 100 applications, 14 were withdrawn, rejected or completed; **28 are under vetting or pending approval** by the ECPVSC; and **58 approved applications** which are currently in the **monitoring stage**. In view of the above situation, and considering that the technical complexities involved in these outstanding applications projects would require more time for processing, it is not practicable for the EMSTF to complete processing of all outstanding applications and monitoring work of all approved projects within the service period of the current SLA.

5. After review of the remaining workload, we consider that further engagement of the EMSTF for another two years to provide professional support is essential. The continued engagement of the EMSTF would also help ensure consistency in the technical standards applied in the vetting and monitoring work. We propose, therefore, to extend the current SLA with the EMSTF for a period of two years from 23 February 2013 to 22 February 2015.

Services Required from EMSTF

6. During the proposed extension of the SLA, the EMSTF will be required to provide the following services in handling the outstanding referred cases:

- (a) commenting on referred applications and advising the ECPVSC / ECF Committee for consideration of the applications;
- (b) monitoring and vetting referred applications; and
- (c) advising the Secretariat on the disbursement of fund to the applicants upon satisfactory completion of milestones / whole project.

7. The EMSTF will work closely with the ECPVSC Secretariat and the Electrical and Mechanical Services Department when delivering the above services. The Secretariat will also closely monitor EMSTF's performance and progress to ensure the timely submission of all outstanding applications to the ECPVSC for consideration, and the timely commencement and completion of works of approved projects. Details of the services to be provided by the EMSTF are set

out below.

Commenting on Not-yet-approved Applications

8. The workload at this stage includes:
 - (a) studying and assessing each referred application, which may include site meetings, surveys and measurements, verifications of submitted information, liaison with applicants and request for additional information if necessary;
 - (b) preparing pre-approval site visit reports;
 - (c) monitoring the submission of supplementary information;
 - (d) coordinating with different parties in processing the applications; and
 - (e) providing advice and recommendation to the ECPVSC for consideration and attending ECPVSC meetings to address comments/enquiries from members regarding the assessment made on the applications.

Monitoring and Vetting of Outstanding Applications

9. For energy-cum-carbon audits, there would be three progress reports subsequent to the completion of each audit. For energy improvement works, there would be one completion report with measurement and validation after completing the project. In each case, the EMSTF would be responsible for:
 - (a) collecting agreements, reports and the required supporting documents;
 - (b) requesting outstanding or additional information;
 - (c) preparing the respective assessment reports and variation papers to provide necessary advice and recommendation to the ECPVSC for their consideration, if any;
 - (d) checking the applicants' tendering exercise for compliance with the requirements of the Guide to Application;
 - (e) conducting post-approval site visits, site measurements and site meetings as appropriate;

- (f) preparing post-approval site visit reports;
- (g) monitoring the progress of the approved projects including submission of annual reports or completion reports; and
- (h) assessing the annual progress reports of the energy-cum-carbon audits or completion reports of the energy improvement projects.

Advising the ECF Secretariat on Funds Disbursement of Outstanding Applications

10. The workload would include:
- (a) collecting the required supporting documents from applicants for fund disbursement;
 - (b) coordinating with relevant parties including the Secretariat; and
 - (c) processing certification of payments for the approved projects.

Proposed Budget and Manpower

11. After critically reviewing the status of all outstanding applications / projects referred to them, EMSTF will provide a part-time Senior Engineer to supervise a working team to complete these cases with an estimated total budget of \$5.22 million for the service period of two years.

12. The manpower proposal of EMSTF to handle the outstanding referred applications is considered reasonable for the following reasons:

- (a) the proposed **volume** of manpower has been projected based on a detailed assessment on the manpower needed for processing outstanding applications; and
- (b) the **ranking** of officers proposed is considered appropriate taking account of past experiences and the continued need for EMSTF to serve as the gate-keeper for the technical complexities involved in the outstanding cases. The proposed manpower at professional level has been kept to a minimum to contain the manpower cost.

13. With estimation of the workload of the outstanding referred cases, a dedicated project team is proposed with details and costing summarized in the table below.

	Manpower	Proposed Responsibilities	Estimated Cost
1.	One part-time Senior Electrical & Mechanical Engineer	To provide strategic input to the operation of the scheme including the processing of applications	HK\$5.22 million (covers salaries, accommodation and other administrative costs involved in supporting the daily operation of the team)
2.	One full-time Electrical & Mechanical Engineer		
3.	One part-time Electrical Inspector	To provide key professional support in processing the applications,	
4.	One part-time administrative staff		

Advice Sought

14. The ECPVSC, after examining the above proposal for continued engagement of the EMSTF to provide professional support for the ECP NGO scheme at the requested amount of \$5.22 million at its meeting on 23 January 2013, decided to recommend the proposal for the ECF Committee's approval.

15. Members are invited to consider and approve the proposal for continued engagement of the EMSTF for professional support for energy conservation projects under the ECP NGO scheme and the proposed funding allocation of \$5.22 million for the required services as set out in paragraph 1 and detailed in paragraphs 6 to 13 above.

**Secretariat, Energy Conservation Projects Vetting Subcommittee
January 2013**