

**Minutes of the 3<sup>rd</sup> Meeting of the  
Energy Conservation Projects Vetting Subcommittee  
held on 14 July 2009 at 10:00 a.m.**

**Present**

Mr. Man Mo-leung	(Chairman)
Mr. Chua Hoi-wai	
Mr. Edward Leung	
Mr. Cheung Yan-hong	
Ms Christine Fong	
Mr. Alfred Lee	
Mr. Kendrew Leung	
Dr. Yau Wing-kwong	
Ms Betty Cheung	EPD
Mr. Matthew Tsang	EPD
Miss Katharine Choi	ENB
Mr. Kent Fung	ENB
Mr. SM Yu	EMSTF
Mr. Michael Wong	EMSTF
Ms Vivien Mok	(Secretary)

**Absent with Apologies**

Mr. Reuben Chu	(Vice-chairman)
Prof. Chan Chak-keung	
Mr. Alan Chow	
Mr. Wong Kam-sing	

**Welcoming Remarks**

The Chairman welcomed all Members to the third meeting of the Energy Conservation Fund (ECF) Energy Conservation Projects Vetting Subcommittee (ECPVSC).

**Agenda Item 1: Confirmation of the Minutes of the Last Meeting**

2. The draft minutes of the last meeting held on 18 June 2009 were sent to Members on 8 July 2009. The minutes were endorsed with the following proposed amendments-
  - i) Para 3, to remove “Applicants that were not owners’ corporation should ...under the project” from the second sentence to the end of the paragraph as a footnote; and
  - ii) Para 13, to replace “ ...to authorize EMSTF to turn down non-eligible applications direct without awaiting Members’ formal approval at meetings to expedite the whole vetting process” in the second sentence with “to empower EMSTF to turn down and inform the applicant of any application which obviously did not meet the basic criteria of an eligible application without awaiting Members’ formal approval at meetings to expedite the whole vetting process.”

## **Agenda Item 2: Matters Arising from Minutes of the Last Meeting**

I) Allocation of Extra Fund for the Dedicated Project Team of the Electrical and Mechanical Services Trading Fund (EMSTF) for the Buildings Energy Efficiency Funding Schemes (BEEFS)

3. Miss Katharine Choi briefed Members on Paper 3/2009-10 on the proposal to seek an additional allocation of \$2 million to the EMSTF for providing extra manpower in the dedicated project team for the operations of the BEEFS in its first year of operation and to increase the strength of this team in the second and third service years to provide ongoing support to the operation of the funding schemes. In view of the volume of applications received, there was an urgent need to increase the strength of the project team in order to shorten the processing time for the received and upcoming applications and to handle the associated workload. To achieve this end, 4 engineer and 4 inspectorate posts were proposed to be created from 15 July 2009 till end of the Service Level Agreement (SLA) i.e. 20 January 2010. In response to Mr. Alfred Lee's enquiry on the interim arrangement before completion of recruitment formality, Mr. SM Yu explained that a short-term consultancy would be engaged to provide additional manpower to bridge this gap. After deliberation, Members unanimously supported this proposal to allocate extra fund for the dedicated project team and agreed to the proposed manpower plan for the second and third years.

II) Pilot Tripartite Scheme on Energy Saving

4. Ms Vivien Mok reported that as at 8 July 2009, a total of 100 applications for the Pilot Tripartite Scheme on Energy Saving had been received by the Hong Kong Council of Social Services of which 74 had been sent to the China Light & Power Company Limited and 26 to the Hongkong Electric Company Limited for vetting.

III) Funding Energy Conservation Projects (Excluding Energy-cum-Carbon Audit (ECA) & Energy Efficiency Projects (EEP) under the BEEFS)

5. Ms Betty Cheung briefed Members on Paper 4/2009-10 on the proposal to allocate funding for full or partial support of eligible non-government organizations (NGOs) to promote and implement energy conservation projects. The objectives of the funding schemes were to encourage NGOs to carry out energy-cum-carbon audits to enhance energy efficiency/conservation and reduce the level of greenhouse gas emissions and to carry out alternation, addition or improvement works to upgrade the energy efficiency performance of their buildings or premises. Local NGOs such as green groups or community bodies conducting non-profit making or charitable activities in their owned or occupied building or premises were eligible to apply. However, ECF funding for organizations such as schools and universities should be sought from the Environmental Education and Community Action Projects Vetting Subcommittee. For each energy-cum carbon audit application, the amount of grant for each building or premises should not exceed 100% of the total actual payment made for the audit and subsequent reporting, subject to a cap of \$200,000 while for each application for energy improvement works, the amount of grant for each building or premises should not exceed 100% of the actual payment made for the works when total payment was less than or equal to \$300,000. For application with actual payment exceeding \$300,000, the amount of grant for each building or premises should be the sum of \$300,000 and 80% of the actual payment in excess of \$300,000 made for the works subject to a cap of \$1 million. The funding schemes would tentatively be launched in late 2009

and applications would be accepted for three years.

6. Mr. Chua Hoi-wai asked whether NGOs like hospitals under the Hospital Authority or private hospitals, hostels/hotels operated by organizations like YMCA and YWCA, churches and other cultural/amenity organizations, etc that conducted non-profit making or charitable activities or social enterprises that their profit would be ploughed back to the organizations for other community services were eligible under the funding schemes. Ms Betty Cheung stated that when vetting applications, due consideration would be given to whether the applicant organizations would have alternative sources of funding and whether it would be more appropriate for the proposed projects to be funded by other sources. For instance, for the applications of public hospitals, since EMSTF had already set aside a vote to carry out alternation, addition or improvement works to upgrade the energy efficiency performance for their buildings, their applications should normally not be entertained. In this regard, the Subcommittee might need to consider specific applications on a case-by-case basis.

7. Ms Christine Fong opined that the eligibility should be broadened as far as possible in order to benefit a larger spectrum of NGOs and Dr. Yau Wing-kwong suggested that applications from NGOs like social enterprises should also be considered but subject to the Subcommittee's final decision. Mr. Edward Leung viewed that to avoid uncertainty and unnecessary appeals, the principles of eligibility should be clearly set out in the guideline.

8. Regarding Members' concern about repeated applications from a single applicant organization, Ms Betty Cheung supplemented that although a cap for an individual organization had not been proposed in the guideline to avoid rush for the fund within the application period of three years, the Secretariat would record and take into account repeated applications from the same applicant organization when processing applications. The Subcommittee might also impose a cap on the cumulative amount of grant to be awarded each year whenever necessary.

9. In response to Mr. Chua Hoi-wai's enquiry about the funding cap for energy improvement projects, Ms Betty Cheung clarified that the maximum grant on the government side should be up to \$1 million i.e. excluding the 20% contribution from the applicant organization for application with actual payment exceeding \$300,000.

10. After deliberation, Members opined that the funding caps i.e. \$200,000 for energy-cum-carbon audit and \$1 million for energy improvement works, and the strata approach for energy improvement projects for granting a maximum of 80% of the actual payment in excess of \$300,000 as set out in the guideline, the consideration of alternative source of funds in assessing the merit of individual application as well as professional advice from EMSTF should effectively help safeguard the proper use of the funds. Members also agreed that as a pilot trial, the eligibility should be limited to local NGOs conducting non-profit making or charitable activities in their owned or occupied buildings or premises which were granted tax exemption status by the Commissioner of Inland Revenue under Section 88 of the Inland Revenue Ordinance (Cap.112) at this stage.

IV) Proposal for Entrusting EMSTF to Provide Support to the Operation of Energy Conservation Projects (Excluding ECA & EEP under the BEEFS)

11. Ms Betty Cheung briefed Members on Paper 5/2009-10 on the proposal to entrust EMSTF to provide professional support to the operation of the energy-cum-carbon audit and

energy improvement projects for NGOs and to allocate \$11 million or \$3.66 million per year for a period of three years for the manpower resources to be provided by EMSTF beginning in 2009/2010 to support the operation of the schemes. In view that about 80% of the approximate 3,000 premises/buildings operated by NGOs for charity operations in Hong Kong had floor areas less than 3,000 square feet, it was anticipated that the EMSTF's technical advice might generally be required for cases mainly involving larger premises/buildings which applied for the replacement of heat pump, centralized chillers or lifts. Assuming that 100 cases would require professional support from EMSTF during the three-year application period and the successful rate was 80%, there would be about a total of 80 successful cases. Based on the current experience from the BEEFS showing the split between the energy audits to energy improvement works of about 1:3, 20 and 60 applications received for energy-cum-carbon audits and energy improvement projects respectively with a total project sum of \$64 million would be referred to EMSTF for advice during the said period. To process and monitor these referred applications, EMSTF would provide a senior engineer to supervise a working team comprising a professional engineer, an electrical inspector and a supporting administrative staff.

12. Dr. Yau Wing-kwong asked about the implementation date of this SLA. Ms Betty Cheung replied that subject to the approval of the ECF Committee at its coming meeting to be held on 23 September 2009, the SLA would commence tentatively in October 2009.

13. After discussion, Members supported the proposal to entrust EMSTF to provide professional support to the operations of the energy-cum-carbon audits and energy improvement projects for NGOs and to recommend the Trustee to allocate \$11 million or \$3.66 million per year for a period of three years for the manpower resources to be provided by EMSTF beginning in 2009/2010 to support the operation of the schemes.

### **Agenda Item 3: New Applications**

#### **D) Buildings Energy Efficiency Schemes (ECPVSC 6/2009-10)**

14. Mr. SM Yu briefed Members on Paper 6/2009-10 which aimed to seek their agreement to approve 13 funding applications for ECA and EEP of the BEEFS under the ECF. Since the last meeting held on 18 June 2009, out of the 33 funding applications vetted, 13 were recommended for approval, 3 were withdrawn while 17 were found not eligible and had been rejected.

15. Mr. Michael Wong also drew Members' attention to the application from the Aegean Coast Owners' Committee (Project No. EEP-0059). The proposed disbursement plan for this recommended case should be 80% in March 2010 and 20% in June 2010 as the final payment. Two proposed items in the application i.e. installing sun control window film at Blocks 2 to 8 and clubhouse and installing a solar energy system at Block 1 were not supported owing that these installation could not directly improve the energy saving condition of these communal areas and alternative installations such as shade or curtain were available to perform similar function. The Chairman added that alternation, addition or improvement works which could upgrade the energy efficiency performance of the buildings would also be considered under EEP.

16. In reply to a question raised by Mr. Alfred Lee on proposing a suitable brand of the energy efficient equipment in an application, Mr. Michael Wong said that applicants were

required to follow the procurement procedures as listed in the guide to application of EEP. Brands or models of the equipment would not be required to be mentioned in the application submission stage.

17. After deliberation, Members approved eight EEP applications (i.e. EEP 0007, 0018, 0059, 0079-80, 0083-84 and 0096) and five ECA applications (i.e. ECA0006, 0014, 0017, 0034 and 0059) with a total sum of \$2,404,072.50.

## **II) ECF Collaboration Scheme with District Councils (ECPVSC 7/2009-10)**

18. Mr. Matthew Tsang briefed Members on Paper 7/2009-10 on two funding applications for the energy conservation projects with educational elements under the ECF Collaboration Scheme with District Councils. In sum, the two projects had been endorsed by the Shatin District Council. They were the “Low Carbon Emissions for Green Shatin” programme from the Shatin Women’s Association with an aim to promote green living life style by conducting carbon audits in the Shatin community and to disseminate the energy conservation concept to the public by seminars and workshops; and the “Energy Efficient LED Lighting” programme from the Ma On Shan Community Service Association with an aim to encourage participants to save energy by replacing the conventional incandescent light bulbs by the compact fluorescent lamps at singleton elders’ homes and to disseminate the green living concept to the community.

19. Regarding the “Low Carbon Emissions for Green Shatin” programme, Members viewed that since the setting and size of District Councilors’ offices were quite similar, the applicants should be suggested to select up to six offices e.g. one to two from each area committee within the district with representative features for conducting carbon audits for demonstration purpose. Members also suggested the Secretariat to further discuss with the applicants on the revised budget details of the two applications to ensure the practicality of these projects.

20. After deliberation, Members approved these two funding applications i.e. DCP001 and DCP002. The Secretariat, after discussing with the applicants, would circulate the revised budgets for Members’ comments.

### **Agenda Item 4: Any Other Business**

21. There was not any other business.

### **Agenda Item 5: Date of Next Meeting**

22. Members noted that the next meeting would normally be held around two to three months from now. The Secretariat would inform Members of the date of the next meeting in due course. In the meantime, Members agreed that the Secretariat could circulate funding applications for their endorsement when required.

23. The meeting was adjourned at 12:00 noon.

**Secretariat, ECF Energy Conservation Projects Vetting Sub-committee  
August 2009**