

**Proposal for Entrusting Electrical and Mechanical Services Trading Fund to Provide Support to the Operation of the Energy Conservation Projects for NGOs (Other than Energy-cum-Carbon Audits & Energy Efficiency Projects under the Buildings Energy Efficiency Funding Schemes)**

**Purpose**

This paper seeks Members' views on the proposal to:

- (a) seek **approval** from the Environment and Conservation Fund (ECF) Committee to entrust the Electrical and Mechanical Services Trading Fund (EMSTF) to provide professional support to the operation of the Energy-cum-Carbon Audit and Energy Improvement Works which are under the Energy Conservation Projects Funding Scheme for eligible non- government organizations (NGOs);
- (b) invite the ECF Committee to recommend to the Trustee to allocate HK\$11 million or \$3.66 million per year for a period of 3 years for the manpower resources to be provided by the EMSTF beginning in 2009/2010 to support the operation of the scheme.

**Background**

2. Following the launching of the two energy funding schemes under the Building Energy Efficiency Funding Schemes (BEEFS) which are targeted at increasing the energy efficiency of communal areas within residential, commercial and industrial buildings, the Government considers the need to complement these schemes by encouraging eligible NGOs to participate in energy conservation initiatives. Their participation can take the form of (a) implementing energy-cum-carbon audits for their owned or occupied buildings or premises and (b) implementing energy improvement works for their owned or occupied buildings or premises in carrying out energy saving initiatives.

3. Sections (a) and (b) of the scheme require extra manpower support, similar to the Energy-cum-Carbon Audits (ECA) and Energy Efficiency Projects (EEP) under the BEEFS for private buildings (see ECF Paper 46/2008-09). This paper sets out the rationale and detailed funding requirement of the proposal to engage the EMSTF to provide professional support to the operation of the energy-cum-carbon audits and energy improvement works for the buildings or premises owned or occupied by eligible NGOs.

### **Rationale for Engaging the EMSTF**

4. The EMSTF has been approved by the ECF Committee to provide professional support to the operation of the ECA and EEP schemes targeted at increasing the energy efficiency of communal areas within residential, commercial and industrial buildings. We consider the same professional support should be provided to the Energy Conservation Projects Vetting Subcommittee to ensure the same operational standards be applied in the vetting and monitoring of the applications/projects by NGOs with regards to the energy-cum-carbon audits requirements and energy improvement works .

### **Technical Service Required from the EMSTF**

5. There are about 3000 premises/buildings operated by NGOs for charity operations in Hong Kong. Most of these (about 80%) have floor areas less than 3000 square feet. Given their operation mode mostly of office-base in nature, we believe that the auditing and energy improvement works involved will be quite simple and straight-forward, for example, the replacement of energy saving light bulbs or air conditioners that may not require the EMSTF's technical advice. On the other hand, for those cases involving larger premises/buildings that may involve the replacement of heat pump, centralized chillers or lifts (like the Salvation Army Headquarters or the Hong Kong Girl Guide Association), we envisage that they would demand the engagement of full technical support from the EMSTF for the vetting and monitoring of the applications.

### **Detailed Services Rendered by the EMSTF**

6. The EMSTF is proposed to provide the following services to support

the operation of the scheme on a case by case basis:

- (a) commenting on referred applications and advising the Vetting Subcommittee/ the ECF Committee for their consideration of the applications;
- (b) collecting and vetting the progress reports; and
- (c) advising the ECF Secretariat on the disbursement of funds to the applicants upon satisfactory completion of milestones/whole project.

7. In delivering the above services, the EMSTF will work closely with the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department. Details of services to be provided by the EMSTF are set out below.

### ***Commenting on Applications Referred (Stage 1)***

8. The anticipated workload at this stage would include:

- (a) studying and assessing each referred application, which may include site surveys and measurements, liaison with applicants and request for additional information if necessary;
- (b) preparing the engineering assessment reports including cost assessment;
- (c) coordinating with different parties in processing the referred applications e.g. seeking inputs and comments from the EPD;
- (d) providing advices to the Vetting Subcommittee/the ECF Committee for their consideration; and
- (e) attending the vetting meetings to brief Members of the comments made on the referred applications.

### ***Monitoring and Vetting Progress Reports (Stage2)***

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 either case, the anticipated workload would include:

- (a) monitoring the progress of the referred applications including submission of annual reports or completion reports;
- (b) collecting reports;
- (c) conducting site visits, site measurements and site meetings as appropriate;
- (d) requesting outstanding information;
- (e) assessing the annual reports or completion reports; and
- (f) preparing the engineering commentary reports for the submitted annual /completion reports, and presenting in the vetting meetings if necessary.

### ***Advising the ECF Secretariat on Funds Disbursement (Stage 3)***

10. The anticipated workload would include:
- (a) monitoring the progress of all approved audits/projects under the referral arrangement; and
  - (b) coordinating with relevant parties including the ECF Secretariat.

### **Proposed Budget and Manpower**

11. We estimate that there would be about 100 cases in three years beginning in 2009/2010 requiring technical support from the EMSTF to process the applications and monitoring their progress. Assuming an 80% successful rate, there would be about 80 successful cases. Based on the current experience from the BEEFS showing the split between the energy audits to energy improvement work of about 1: 3, we thus estimated that there would be 20 applications involving the energy-cum-carbon audits and 60 applications involving energy improvement works with a total project sum of \$64 million for the three-year period.

12. The EMSTF will provide a senior engineer to supervise a works team comprising a professional engineer, an electrical inspector and a supporting administrative staff to process the 100 referred applications with a total budget estimation of \$11 million or \$3.66 million per year on average for the total service period of three years.

13. The manpower proposal of the EMSTF to handle all referred applications (including successful and unsuccessful), is considered reasonable for the following reasons-

- (i) the proposed **volume** of manpower has been projected based on a detailed assessment on the manpower needed for processing each application as detailed in paragraph 8 to 10 above; and
- (ii) the **ranking** of the officers proposed is considered appropriate taking account of the need to serve as the gate-keeper for the complexity of technical issues involved and the level of technical knowledge/ relevant experience required. The proposed manpower at professional level (i.e. one E&M Engineer and a part time Senior E&M Engineer) has been kept to a minimum to contain the manpower cost.

14. Accordingly, a dedicated project team is proposed with details and costing summarized in the table below.

	<b>Manpower</b>	<b>Proposed Responsibilities</b>	<b>Estimated Cost</b>
1.	One part-time Senior E&M Engineer	To provide strategic input to the operation of the scheme including the processing of applications.	<b>HK\$11million or HK\$3.66 million/year</b> (covers salaries, accommodation and other administrative costs involved in supporting the daily operation of the team)
2.	One E&M Engineer		
3.	One Electrical Inspector	To provide key professional support in processing the applications.	
4.	One Administrative Staff		

15. The above manpower proposal is based on the estimated caseload detailed in paragraph 11 above. The actual number of applications referred to the EMSTF for processing will be reviewed quarterly. In case the actual number of

applications referred exceeds the estimated caseload, we will seek approval from the Energy Conservation Projects Vetting Subcommittee or the ECF Committee for additional resources for extra manpower requirement as appropriate.

### **Advice Sought**

16. Members are invited to approve the proposal to engage the EMSTF to provide professional support for the Energy Conservation Projects Funding Scheme, and to recommend to the Trustee the proposed allocation of funding from the ECF for the manpower resources as detailed in paragraphs 11 to 14 above.

**Environmental Protection Department  
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