

**Buildings Energy Efficiency Funding Schemes**  
**Energy-cum-carbon Audit Projects**  
**Suspected Commencement before Approval**

**Purpose**

This paper aims to seek Members’ advice on two Energy-cum-carbon Audit Project (ECA) under the Buildings Energy Efficiency Funding Schemes (BEEFS) which are suspected to have commenced before application approval were given by the Energy Conservation Projects Vetting Subcommittee (Vetting Subcommittee).

**Background**

2. Electrical and Mechanical Services Trading Fund (EMSTF) has been reminding applicants in the acknowledge letters that any works which start before the approval of the Vetting Subcommittee is given would not be supported. The Vetting Subcommittee at its meeting on 29 January 2010 agreed to reject those applications of which contract had been awarded or works had commenced before the approval is given. Afterwards, both criteria had been explicitly set out in the acknowledge letter, the application form and the revised “Guide to Application” to draw applicants’ attention.

3. Two ECA applications in question were approved by the Vetting Subcommittee in September 2009 and December 2009 respectively. Their details are summarized below –

<b>Project Title</b>	China Insurance Group Building	Wing On House
<b>ECA Reference</b>	ECA0077	ECA0160

<b>Person-in-charge (PIC)</b>	Harriman Property Management Ltd	Harriman Property Management Ltd
<b>Qualified Service Provider (QSP)</b>	Johnson Controls Hong Kong Ltd	Johnson Controls Hong Kong Ltd
<b>Application submission date</b>	29 May 2009	29 July 2009
<b>Application received date</b>	2 June 2009	30 July 2009
<b>Vetting Subcommittee approval date</b>	16 September 2009	24 December 2009
<b>Funding approved</b>	HK\$35,000	HK\$35,000

4. Both applicants submitted their ECA Reports (Report) in April 2010 to the EMSTF for comment and funding reimbursement. Both Reports stated that the kick-off meetings were held in September 2009 and the detailed audits were conducted in October 2009.

5. The EMSTF further investigated the matter and the findings are set out below.

**a. ECA0077**

(i) The EMSTF requested the PIC, i.e. Harriman Property Management Ltd (Harriman), to provide the relevant documents for assessment. The supplementary documents provided by Harriman showed that the Purchase Order (PO) dated 25 May 2009 had been signed by the applicant on 28 May 2009 for sending to the QSP, i.e. Johnson Controls Hong Kong Ltd (JC), before the application was submitted to the BEEFS Office on 29 May 2009, which was well before the application was approved by the Vetting Subcommittee on 16 September 2009.

(ii) The EMSTF then arranged a meeting with Harriman and JC on 16 July 2010 for further clarification. In the meeting, the

EMSTF reiterated that audit started before the approval of Vetting Subcommittee would not be supported and such principle has featured in the acknowledgement letter issued upon receipt of application. As Harriman could not give any explanation or provide any supporting documents in the meeting, the EMSTF allowed Harriman to submit their explanation within a week.

- (iii) In the following week, Harriman submitted a copy of the Letter of Acceptance (LOA) to JC dated 5 June 2009 via email. The LOA stated that ‘this agreement should only be valid upon receiving the formal approval of the ECA by the Environment and Conservation Fund (ECF) of the Environment Bureau, HKSAR Government, and confirmed by the Principal’.

**b. ECA0160**

- (i) The EMSTF requested the PIC, i.e. Harriman, to provide the relevant documents for assessment. The supplementary documents provided by Harriman showed that the PO dated 21 July 2009 had been signed by the applicant on 24 July 2009 for sending to the QSP, i.e. JC, before the application was submitted to the BEEFS Office on 29 July 2009, which was well before the application was approved by the Vetting Subcommittee on 24 December 2009.
- (ii) The EMSTF further requested JC via e-mail on 7 July 2010 to confirm the exact commencement date of the audit. JC replied via an email on the same day that the audit had commenced on 2 October 2009 which was in line with the date stated in the Report.
- (iii) The EMSTF then arranged a meeting with Harriman and JC on 16 July 2010 for further clarification. In the meeting, the EMSTF reiterated that audit started before the approval of Vetting Subcommittee would not be supported and such principle has featured in the acknowledgement letter issued upon receipt of application. As Harriman could not give any

explanation or provide any supporting documents in the meeting, the EMSTF allowed Harriman to submit their explanation within a week.

- (iv) In the following week, Harriman submitted a copy of LOA to JC dated 5 August 2009 via email. The LOA stated that ‘this agreement should only be valid upon receiving the formal approval of the ECA by the ECF of the Environment Bureau, HKSAR Government, and confirmed by the Principal’. A working programme for ECA0160 was also attached with the email which showed that the audit commenced on 2 February 2010. The date does not tally with that in the submitted Report and that confirmed by the QSP, JC, on 7 July 2010.
- (v) The EMSTF doubted the authenticity of the LOA and the working programme, and had requested Harriman to verify the LOA by the applicant, the Senior Management of Harriman and JC. However, Harriman refused to do so and expressed that JC has incorrectly interpreted the commencement date in the Report for ECA0160.

### **Recommendation**

6. For ECA0077, as the audit commenced after the approval of Vetting Subcommittee, it is recommended that the funding approved should be reimbursed to the applicant.

7. For ECA0160, as evidence shows that the audit work was conducted before the approval of Vetting Subcommittee, it is recommended that the funding approved (HK\$35,000) should not be reimbursed to the applicant.

### **Advice sought**

8. Members are invited to consider recommendation as detailed in paragraphs 6 and 7.

**The Electrical and Mechanical Services Trading Fund**  
**August 2010**