

**Minutes of the 5<sup>th</sup> Meeting of the  
Energy Conservation Projects Vetting Subcommittee  
held on 15 February 2012 at 3:00 p.m.**

**Present**

Mr. Edward Leung	(Chairman)
Mr. Man Mo-leung	
Dr. Chan Fuk-cheung	
Mr. Cheung Yan-hong	
Mr. Bryan Pallop Gaw	
Dr. Cynthia Lam	
Mr. Kendrew Leung	
Dr. Yau Wing-kwong	
Ms Betty Cheung	EPD
Miss Eunice Chan	EPD
Mr. Steve Tsoi	EPD
Mr. Kent Fung	ENB
Mr. Ip Kin-ping	ENB
Mr. WS Szeto	EMSTF
Mr. Raymond Tong	EMSTF
Mr. Ming Chan	EMSTF
Ms Vivien Mok	(Secretary)

**In Attendance for Item 3 (II)**

Miss Linda Choy	ENB
Mr. Joseph Poon	Director, Technology Development of Hong Kong Productivity Council (HKPC)
Mr. KL Tsang	General Manager (Environmental Management) of HKPC
Mr. Clement Li	Principal Consultant of HKPC
Mr. Gary Tam	Consultant of HKPC
Mr. Daniel Cheng	Deputy Chairman of Federation of Hong Kong Industries
Ms Suzanne Cheung	Head – Environmental Management of Business Environment Council
Mr. Thinex Shek	Senior Manager of Hong Kong General Chamber of Commerce (HKGCC)

**Absent with Apologies**

Mr. Donald Ng	ENB
Mr. Alan Chow	
Mr. Alfred Lee	
Mr. Wong Kam-sing	
Mr. Wong Kin-wai	
Ms Wong Wai-ching	

## **Welcoming Remarks**

The Chairman welcomed all members to the fifth meeting of the Environment and Conservation Fund (ECF) Energy Conservation Projects Vetting Subcommittee (ECPVSC) and especially welcomed Mr. Ip Kin-ping, Assistant Secretary (Energy)<sup>4</sup> (Des.) of ENB, who joined the meeting for the first time.

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

2. The draft minutes of the last meeting held on 13 January 2012 were sent to members on 10 February 2012. The minutes were endorsed without amendments.

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

3. There was no matter arising from the minutes of the last meeting.

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

#### **I) Applications under Building Energy Efficiency Funding Schemes (BEEFS) (ECPVSC Paper 26/2011-12)**

4. Mr. Szeto Wing-sum briefed Members on Paper 26/2011-12 which aimed to seek their agreement to approve 18 funding applications including 17 Energy Efficiency Projects (EEP) and one Energy-cum-carbon Audit of the BEEFS costing under \$2 million; and to seek their support for one EEP funding application of value exceeding \$2 million. Since the last ECPVSC meeting held on 13 January 2012, two applications were withdrawn by the applicants of their own accord.

5. After discussion, member approved 18 applications costing under \$2 million with a total cost of \$4,136,288.50; and supported one EEP application costing \$3,322,500 for the ECF Committee's approval as set out in the paper.

#### **II) Energy Conservation Projects for Non-government Organizations (NGOs) (ECPVSC Paper 27/2011-12)**

6. Ms Vivien Mok briefed Members on Paper 27/2011-12 which aimed to seek their agreement to approve 11 funding applications for the energy conservation projects for NGOs including ten for energy improvement works and one for education programme; and to recommend one application for education programme exceeding \$2 million for the ECF Committee's approval. Amongst the 12 recommended applications, a number of applicant organizations had submitted separate funding requests for their different premises/offices at the same time. The relevant information had been highlighted in the paper. Ms Vivien Mok also added that the annex for ECP0300 entitled 'Source of light' submitted by Tseung Kwan O Kai Fong Joint Association Limited was revised and tabled at the meeting with the suggested amount

of manpower cost to be granted capping at 50% of the total project cost. The project was considered worthy of support as it helped 3,294 low-income households in several housing estates in Tseung Kwan O to replace energy saving bulbs.

ECP0316 – CarbonSmart 200

7. Miss Eunice Chan briefed Members on ECP0316 entitled “CarbonSmart 200”. The proposal with a funding request amounting to \$9,997,250 was submitted by HKPC with three co-organizers including Federation of Hong Kong Industries (FHKI), Hong Kong General Chamber of Commerce (HKGCC) and Business Environment Council (BEC). This 30-month project aimed at rallying the business sector of Hong Kong to support carbon audit and reduction so as to reinforce the strength of the fight against climate change through initiatives including awareness-raising, action-driving, repository-building, empowering and environmental industries capability enhancement. A series of programmes under the campaign were designed to leverage on the industry associations’ extensive network with their members for maximizing penetration into the business sectors, bridging the gaps of existing activities to achieve an interactive and result-based outcome, and driving action change. A sum of \$6 million of the proposed budget would be used for implementing a Carbon Audit Pilot Fund (CAPF) to provide financial incentive to 200 companies across the four selected sectors to carry out carbon audit on a matching basis. Successful applicants would receive a grant of up to 50% of the cost of carbon audit, subject to a ceiling of \$30,000. Carbon Reduction Facilitation Scheme (CRFS) would be set up to enable the creation of ten success cases in carbon reduction through encouraging the use of market-based means or own financing means. In addition, an initial repository would be established through collecting data on carbon footprint and essential variables from the 200 participants with a view to linking the data up to the current IT Tool Kit developed by the City University of Hong Kong for future benchmarking purpose.

8. In view of the large project scale, representatives of the HKPC, FHKI, HKGCC and BEC were invited to join the meeting at this juncture and answer Members’ questions on the proposal. Mr. Joseph Poon briefly introduced the project objectives and Mr. Clement Li conducted a short presentation.

9. In answering to Dr. Cynthia Lam’s enquiry about the capability of HKPC in carrying out the project, Mr. KL Tsang assured that HKPC had extensive and rich experience in managing large-scale government-funded projects. For example, HKPC was the implementation organization of the well-received Cleaner Production Partnership Programme which provided funding subsidy over a period of five years starting from 2008-2009. Mr. Daniel Cheng added that with the strong business networks and industry intelligence of FHKI, HKGCC and BEC, the project team was confident that the project, which was in line with the government’s policy objective to raise awareness towards carbon reduction, could be implemented successfully to help enhance knowledge and capacity building of the business sectors in carbon audit and carbon reduction measures, and to provide multiple communication pathways in engaging stakeholders.

10. In response to Dr. Yau Wing-kwong’s enquiry on the ceiling for the CAPF, Mr. Clement Li explained that successful applicants would receive a grant of up to 50% of the cost of carbon audit, subject to the ceiling of \$30,000. As funding to applicants was on a matching basis and the initial 200 companies might not necessarily use up the allocated budget, the number of

companies to be recruited could increase as long as the allocated funding amount for the programme was not exceeded. Mr. KL Tsang added that the subsidies granted through the CAPF would help deepen the companies' awareness on carbon reduction and create a driving force for them to implement the improvement opportunities identified.

11. Mr. Man Mo-leung noted that the level of commitments of applicants on pursuing carbon reduction measures after the carbon audits would be part of the application selection criteria. As it was expected that many participants would be small and medium enterprises (SME) which had limited budget for taking forward improvement measures, Mr. Man considered that the criteria proposed should not be set at a too high level, or else the incentive for SMEs to join the programme would be diminished. Mr. Clement Li explained that the commitments did not necessarily refer to monetary commitments. Companies' pledges, objectives and management structure on putting forward greening measures would also be counted when vetting their applications. Ms Betty Cheung advised that while installation of energy efficient hardware items would incur expenses, some energy saving measures were cost-neutral and easy to be implemented. Mr. Kent Fung supplemented that recommendations from the carbon audit would include energy reduction opportunities as well as other carbon intensive areas.

12. Dr. Chan Fuk-cheung expressed his support to the project. He enquired whether there was conflict of interest for HKPC in discharging the dual roles of project management and funding allocation to applicant companies under the CAPF. In response, Mr. Joseph Poon clarified that HKPC would not take part in the Project Management Committee (PMC) which would be established to vet and advise whether applications for the CAPF should be provided. HKPC would provide secretariat support to the PMC and took up the role of monitoring the smooth implementation of the whole project.

13. In answering to Dr. Chan Fuk-cheung's enquiry, Mr. Joseph Poon said that out of the 200 participating companies, ten cases would be chosen as success stories for demonstration of the benefits. These showcases would generate multiplying effect and were considered as the most promising means to encourage peers in the relevant sectors to follow suit. Dr. Chan suggested that to maximize the benefits of the CAPF, participating companies should be invited to help in the programme promotion and publicity. Mr. Daniel Cheng agreed to Dr. Chan's view and would incorporate the suggestion in the project.

14. In replying to Dr. Yau Wing-kwong's enquiry on the CRFS, Mr. Clement Li responded that the Scheme enabled the creation of success cases in carbon reduction. Successful applicants would be encouraged to adopt Energy Performance Contracting (EPC) or through their own financing means to achieve carbon reduction. The mode of EPC was particularly useful for SMEs as a financing means to implement the subsequent energy improvement measures. On Dr. Chan Fuk-cheung's enquiry, Mr. Joseph Poon responded that the Energy Service Companies (ESCOs) would be selected by the participating companies instead of HKPC and the relevant business deals were anticipated to be conducted in an objective and fair manner.

15. Noting that the data collected would be kept in an initial repository for benchmarking purpose, Dr. Yau Wing-kwong wondered on the willingness of the companies in disclosing their information. Dr. Chan Fuk-cheung enquired about the representativeness of data obtained from the 200 companies in building up the repository. Mr. Clement Li said that as a condition of participating in the CAPF participating companies had to give their consent for using the carbon

audit results for the building repository and benchmarking purpose. Mr. Daniel Cheng added that consideration could be given to show companies' specific information in the repository for other peers' reference if their consents were able to be obtained. To make the repository data more representative, Mr. KL Tsang said that HKPC would consider inviting the two local electricity power companies to provide their carbon footprint data to enhance the representativeness of the initial repository. The Chairman remarked that with more companies participating in the programme, more data could be collected which would be beneficial for the establishment of the repository.

16. Dr. Cynthia Lam enquired about the ownership of the repository. Mr. KL Tsang responded that HKPC undertook to hand over its ownership to the Government after project completion for continuous system maintenance with a view to developing a useful long-term benchmarking tool for the reference of business sectors.

17. Noting that participating companies would be required to engage quality service providers (QSP) to implement the carbon audits, Dr. Yau Wing-kwong asked whether there was adequate supply of QSPs in the market. Mr. Clement Li responded that there were already lists of QSPs publicly available such as registers on the website of BEEFS. Also, a series of Capability Enhancement Workshops would be arranged for both existing service providers and potential new blood in the environmental industry. It was expected that approximately over 450 service providers, graduates and undergraduates, trainees, junior engineers as well as consultants would be benefited from the 30-month project.

18. In response to Dr. Chan Fuk-cheung's enquiry on the awareness training provided to junior staff who were usually assigned to collect carbon related data, Mr. Joseph Poon explained that under the project, various types of seminars and training courses targeting at staff members of different levels in a company would be organized.

19. The representatives of the project team left after the discussion.

20. After deliberation, Members approved ten applications for energy improvement works and one for education programme with a total budget of \$2,215,861; and supported one education programme application submitted by HKPC (ECP0316) costing \$9,997,250 for the ECF Committee's approval.

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

##### **I) BEEFS Progress Report (ECPVSC Paper 28/2011-12)**

21. Mr. Kent Fung briefed Members on the progress report of BEEFS as at 3 February 2012. In sum, 1,578 applications had been received including 220 energy-cum-carbon audits and 1,358 EEP. Total funding approved was \$351.49 million. The estimated savings in electricity per annum were 150.37 GWh and the estimated reduction in carbon dioxide emissions per annum was 105,261 tonnes.

**II) NGO Scheme Progress Report  
(ECPVSC Paper 29/2011-12)**

22. Ms Vivien Mok briefed Members on the progress report of the NGO scheme as at 31 January 2012. In sum, 327 applications had been received including 19 energy-cum-carbon audits, 271 energy improvement projects and 37 education programmes. Total funding approved was \$65.46 million. The estimated savings in electricity per annum were 7.13 million kWh and the estimated reduction in carbon dioxide emissions per annum was 4,990 tonnes.

23. Members had no particular comment on the above two progress reports.

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

24. Members noted that the next meeting would be held in around three months from now. The Secretariat would inform Members of the exact date in due course.

25. The meeting was adjourned at 4:30 p.m.

**Secretariat, ECF Energy Conservation Projects Vetting Subcommittee  
February 2012**