

14 December 2010

The Honorable Edward Yau
Secretary for the Environment
46/F, Revenue Tower
5 Gloucester Road
Wanchai, HK

Dear Mr Yau,

The British Chamber of Commerce is pleased to respond to the Government's consultation paper "*Hong Kong's Climate Change Strategy*". We applaud the Government for raising this critical issue directly with the public and would suggest that in the interests of transparency that the Government to go a step further and to release the consulting study upon which it was based. Transparency is vital if Government is to obtain the community support (both from the business community and the wider general public) needed for the successful implementation of these proposed programmes. Government should set the example now at the very start of the long, difficult and absolutely vital task of meeting the challenges posed by climate change.

In developing our response we have elected to focus on Section V of the Consultation Document (CD) entitled *Hong Kong's Climate Change Strategy and Action Agenda*. Within this section the CD is further broken down into a section on *GHG Reduction Measures* and a section on *Adaptation to Climate Change*. The body of our comments will centre upon GHG Reduction Measures with a last section on adaptation to some of the inevitable consequences of climate change.

Greening of Road Transport

We support measures to reduce GHG emissions from road transport and agree with the proposed focus on electric transport. Widespread use of hybrid vehicles and Electric Vehicles (EVs) can deliver significant reductions in carbon intensity. Hong Kong is compact, driving distances relatively low and there are significant public health and economic benefits to be gained from improvements in roadside pollution.

We would suggest that Government considers reinforcing financial and other incentives to support increased market penetration for electric vehicles (not only private saloon cars but also business vehicles and public transport), to help secure early the release of new models in Hong Kong and for the power companies and others to strongly support the roll-out of additional charging infrastructure.

We do however consider more can be done and suggest consideration be given to the following:

- **Reduce the demand for mechanized transport**
 - Establish a **high level Working Group on Congestion** with private sector representation. The Group should have a broad remit to identify solutions including more off-road public transport (rail, light rail, moving walkways etc), park and ride schemes, and charge zones/ERP.
 - Develop visionary **pedestrian schemes** which will promote Hong Kong's image as a world city. They will need significant capital investment. Implementation will require various bureau and departments to work together to overcome the current blocks to

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further pedestrian schemes, including lack of a common vision and lack of resources in the departments.

- Promote **cycling** where practicable, particularly in the New Towns which already have a network of cycle paths. Hong Kong should consider introducing **cycle hire schemes** similar to those now available in many European cities and also in the Mainland, for mainstream journeys not just tourism.
- Remove unnecessary trips, in particular through further **rationalization of bus services**. This would need to be done with care and to be focused on crowded urban areas. Any road space freed up should not be taken over by private cars or other vehicles. Passengers affected would need to be assured of reasonable alternatives in terms of fares, comfort and time.
- **Increase the provision of electric public transport**
 - **Work with the Tramway Company** to maximise the use of this clean mode of transport and thereby reduce demand for parallel diesel bus services. This can be done through traffic engineering to give priority to trams and enable more efficient operation, and through better trams to provide more comfortable services to passengers.
 - **Implement trial electric bus schemes** where feasible.
 - We support KMB's trial of a **supercapacitor bus** at its West Kowloon depot. This bus should be further tested under service conditions to see how it would work in Hong Kong, and how acceptable it is to passengers and other road users. We note that double-deck vehicles are not available for trial at this stage.
 - We propose that **trolley bus** trials also be carried out in Hong Kong. We note that a small pilot was successfully carried out by Citybus in its Wong Chuk Hang depot in about 2002. This established that double-deck air conditioned operations are feasible. Trolleys should now be tested on road to see how acceptable they are to passengers and other road users.
 - Implement **trial electric vehicle schemes for taxis, light buses and commercial vehicles** as appropriate vehicles become available. These trials could be promoted through the Government's Green Transport Fund.
- **Further facilitate the introduction of electric cars into Hong Kong**
 - **Mandate the use of electric vehicles where practicable**
 - The Government should set **fleet targets for the number of electric vehicles** in its own fleet and in selected locations such as the airport, the container ports, and tunnel management vehicles over the next 5 years.
 - The Government should **mandate the use of electric cranes** at the airport and container ports.
 - **Further expand the number of charging and quick charging points** in order to encourage quicker uptake of electric cars by the public.
- **Use cleaner fuel**
 - Encourage the **replacement of old diesel light goods vehicles with new LPG vehicles**. Since LPG is cheaper than diesel, operators will immediately benefit from reduced operating costs, at little cost to Government.

In addition, the Government needs to address **Greening Marine Transport, Transparency and Education**.

- **Greening Marine Transport**
 - The inclusion of shoreside power facilities in the new cruise terminal will help to **minimise use of on-board fuel**. We note that several ports in China and a local tug operator already operate with shoreside power. Government should make the use of shoreside power compulsory as far as practical.
 - We welcome the recent voluntary adoption of **cleaner, high quality fuel** by a number of container and passenger liners in Hong Kong. We hope that this will lead to the reporting and regulation of both GHG and toxic pollutants within Hong Kong waters and in collaboration with the Guangdong authorities.

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- **Address the special problems of the ferry services.** We look forward to the swift introduction of cleaner fuels in all domestic ferries.
- **Transparency**
 - We propose that Government should increase transparency by reporting marine and aircraft emissions in the context of overall emissions to illustrate contributions from different sectors which would assist in comprehension of the scale of the various issues.
- **Education**
 - We suggest that Government expend greater efforts on promoting understanding and buy-in by the community. This may take various forms including publishing more information, various activities such as no-car days etc.

Fuel Mix

With two-thirds of Hong Kong's CO₂ emissions accounted for by electricity generation, Britcham supports the Government's plans to **target** by 2020 a **significantly revised mix of fuels** used for the generation of electricity. However, Britcham recognises that changing the fuel mix for Hong Kong is a complex task which requires careful planning and execution, investment in the right technology and infrastructure, a firm understanding of sources of supply and the support of the community. Appropriate and effective support is also required from both the Hong Kong and Central People's Governments to make available the requisite supplies and volumes of gas and nuclear energy in a timely manner in order to reach the desired target by 2020.

With this understanding we wish to make the following points:

- Given the importance of electricity to everyday life, the **security of supply is essential to our city** but that does not detract from the importance of promoting energy saving and demand-side management strategies. Reducing energy demand is the cheapest and fastest means to reducing fossil fuel needs, greenhouse gas emissions and demand for additional nuclear power.
- Britcham supports an approach whereby Hong Kong maintains a diversified fuel supply, which has long provided Hong Kong the benefits of energy security and supply reliability. Hong Kong should be careful that it does not become dependent upon any one technology type or source as it brings on board a new paradigm for power generation. It would be prudent for Government to ensure the power companies **maintain coal or oil fired generation plants as emergency back-up systems** should there be an interruption in natural gas or nuclear power supplies. It would be prudent also for the government to maintain close awareness of international developments in advanced coal technologies and bio-chemical processing of the refined waste stream.
- As the consultation paper points out, Hong Kong's two power companies are evaluating the potential to develop off-shore wind farms in Hong Kong waters. These studies will need to be completed but, given the apparent relative scarcity of large scale renewable resources in the SAR, they probably represent the best opportunity for Hong Kong to achieve the 3-4% of local generation to be met from large-scale renewable energy (RE) in 2020 set out in the Government's target. Britcham believes that as technology advances and costs fall, there may be an increasing role for RE in Hong Kong, especially in the form of small schemes close to load centres in commercial buildings, schools and institutes, homes and factories.
- As there are questions regarding RE's ability to provide the large-scale, base-load generation necessary to replace coal generation, nuclear power is an appropriate energy form to replace coal as it provides a secure supply of low-carbon power at relatively stable prices. Hong Kong has had a positive experience with nuclear power for over 15 years. However, there are safety concerns in the community on nuclear power which must be properly addressed by the Government and the industry. Safety design, measures and plans (including emergency responses) must be transparent and clearly communicated to the public.

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- Operators of nuclear facilities providing power to Hong Kong must be sensitive to public concerns with this technology and should keep the public fully informed of all incidents.
 - The Government should also look into including in this scheme the reporting of minor incidents which do not trigger international reporting thresholds.
 - Britcham believes that the Government should work with PRC authorities to ensure that these reporting standards are applied to all nuclear facilities in the PRD and surrounding regions.
- Britcham notes Government plans to implement a new generation of waste management facilities in the form of the recently awarded Sludge Management facility (STF), the Integrated Waste Management Facility (IWMF) and two Organic Waste Treatment Facilities (OWTF) as part of the **3 to 4 % fuel mix from RE**.
 - While these may offer significant benefits in the treatment of Hong Kong's organic wastes in particular and reduce the pressure on landfill sites, Britcham believes much more effort should be paid to reducing all types of waste created in the first place through more innovative and effective recycling schemes.
 - For the remaining waste, community concerns on the development of incineration facilities in Hong Kong should be properly addressed. Providing that safe, efficient and effective technology is used, Britcham would welcome the generation of additional electricity by Government from such facilities.

Building//Energy Efficiency

- As 60% of GHG emissions in Hong Kong are related to buildings, we support the Government's proposals to maximize energy efficiency in buildings.
- The Government's efforts on expanded scope for the Building Energy Codes only focus on new buildings. However, **new buildings account for only 2% of total building stock** each year. We believe more needs to be done to address the issue of existing building stock
 - Given this, we believe monitoring and labeling energy performance, recommissioning and **retrofitting existing buildings, with Government buildings leading the way should be a central concern and focus of** the Government's proposed strategy.
 - However, success in a major retrofit buildings programme will require the government to reach out to the community on the necessary consultation, planning, and education to effect co-operation in the retrofit works. Lessons from other societies/cities already engaged in retrofit projects could well be useful, especially on funding models and procurement policies.
- Hong Kong's Building Energy Efficiency Regulations currently fall under the EMSD and Building's Department. Both Departments' regulatory scope is narrow and not well coordinated with the EPD. To address this we believe the Government should expand the role of the **EMSD's Energy Efficiency Office** to become the **coordinating body** for all energy efficiency regulations initiatives under the policy guidance of the Secretary for the Environment. However, BritCham emphasizes that the purpose of such a revised management structure must be to streamline bureaucracy, resolve disputes and increase the overall clarity and efficiency of regulatory processes.

Adaptation

Early Climate change adaptation

- In concert with the action plan BritCham suggests that more detailed information could be provided on **climate change impacts** that will be affecting Hong Kong. This should include timescales for expected climate change impacts and to what extent critical (lifeline) infrastructure will be affected (and to what extent this infrastructure is able to cope with expected impacts). **Greater awareness of potential impacts** and risks among businesses will **encourage autonomous adaptation**.
- **Disaster risk reduction and preparedness are crucial** in reducing the economic costs of extreme weather events in Hong Kong. Measures to help reduce the impacts of extreme weather

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events and to help build preparedness of business and society need to be identified and promoted. This should involve enhancing the capacity of small and medium sized enterprises to respond and recover from extreme weather events and other climate change related physical impacts. With only limited resources available to SMEs, they stand the risk of being put out of business with each extreme event.

- Public-private partnership plays a key role in **building resilience** in the eight key areas identified in the climate change strategy and action agenda and their potential needs to be further explored.
- A clear policy framework is needed for **effective climate change adaptation** and should include **spatial policies reflecting climate change risks**. With Hong Kong being among the top ten cities in terms of assets exposed to coastal flooding, risk-based development planning is therefore crucial.
- **Responsibilities** need to be outlined, i.e. who is expected to lead on the adaptation options listed in the strategy paper.
- With rising sea levels being a matter of great concern particularly for the PRD, more research is needed to evaluate related risks to business and society in Hong Kong.
- With water being one of the **identified high vulnerable areas** water demand side management is crucial to reduce water consumption.
- There is a need to **examine business opportunities in developing financial and insurance related services** in response to a changing climate that goes beyond just infrastructure and assets (extended to vulnerable parts of the community as well).

Yours sincerely,



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