



Press Release
22 July 2005

Hongkong Electric's 2004-2008 Financial Plan Approved

Hongkong Electric will be spending around \$12 billion in the five years from 2004 to 2008 on capital projects to satisfy the growing demand for electricity while improving the environment.

The announcement followed the recent approval by the Executive Council of the 2004-2008 Financial Plan submitted by the Hongkong Electric Company Limited (HEC) earlier.

About half of the capital expenditure will be spent on generation facilities, while the rest for transmission and distribution network.

Hongkong Electric's Managing Director, Mr. Tso Kai-sum, welcomed the green light from the Government and stressed the importance of making timely and appropriate investment to ensure adequate and reliable supply of electricity for Hong Kong.

"About 40% of the current plan is for the completion of projects approved in the previous Financial Plan with the remaining 60% for those required up to 2008," Mr. Tso explained, noting that the total capital expenditure to be incurred is substantially lower than the \$18 billion spent during the last 6-year Financial Plan from 1999 to 2004.

Major capital expenditure include the commissioning of a 300MW class gas-fired unit and common facilities at Lamma Power Station Extension, pursuant to the agreement reached between HEC and the Government in 2003.

The new L9 unit, scheduled for commissioning in 2006, is necessary to cater for the demand in load growth, Mr. Tso said. "Maintaining an adequate generation capacity is vital for HEC to ensure a stable and highly reliable supply of electricity to our customers," he added, noting that the Company has achieved an outstanding supply reliability of over 99.999% since 1997.

Also covered in the 2004-2008 Financial Plan is the proposal to convert an oil-fired combined-cycle unit to a gas-fired one and two environment-related projects, one of which is the construction and commissioning of a commercial-scale wind turbine of 800 kW at Tai Ling, Lamma Island.

“This is a pilot project which will give us operational experience in running a commercial-scale wind turbine in Hong Kong. When commissioned in early 2006, the turbine will also be a showcase for promoting public understanding of the use of renewable energy in Hong Kong,” Mr. Tso maintained.

“We will also retrofit two 350MW coal-fired units with flue gas desulphurization (FGD) plants and low nitrogen oxides (NOx) burners to further reduce sulphur dioxide (SO₂) and NOx emissions from the generation process,” he said.

At present, there are eight coal-fired units at Lamma Power Station, three of which have been equipped with FGD plants and low NOx burners. FGD units will remove over 90 percent of the SO₂ in the flue gas, while the state-of-the-art low NOx burners in boilers are able to reduce the emission of NOx by two-thirds as compared with conventional burners.

These environment-related measures will take effect progressively from 2006 and be fully in place by 2010, after which the emissions of SO₂, NOx and particulates will be reduced by 19,000 tonnes, 7,200 tonnes, and 700 tonnes respectively, accounting for 53%, 44% and 37% of the respective emissions in 2004.

“We expect that after 2010, over 90% of our annual output will be electricity generated by gas-fired unit and coal-fired units fitted with FGD plants and Low NOx burners,” Mr. Tso said.

He reminded that the latest Financial Plan does not include projects to meet load growth after 2008 as the future development of the electricity market is still under Government consideration and public consultation. “We will continue to discuss with Government on ways to further reduce emissions,” he said.

- End -

Media Enquiries:

Miss Mimi Yeung
General Manager (Public Affairs)
Tel: 2843 3268

Miss Esme Lau
Public Affairs Manager (Media & Community)
Tel: 2843 3225