

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Head: 42 – Electrical and Mechanical Services Department Subhead:

Programme: (1) Energy Supply; Electrical, Gas and Nuclear Safety

Controlling Officer: Director of Electrical and Mechanical Services

Director of Bureau: Secretary for the Environment

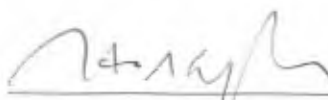
Question: The Electrical and Mechanical Services Department (EMSD) has indicated that one of the focuses of work in 2009-10 is to continue to conduct studies on the development of the electricity market structure. Has the Department set any specific direction for the studies in this aspect? If yes, what are the details? What is the specific work plan in this aspect in 2009-10? Moreover, will the Department include the feasibility of inter-connecting the networks of the two power companies and segregating the generation sector from the network sector in the study plan? If yes, what is the detailed arrangement? If not, what is the reason?

Asked by: Hon. CHAN Tanya

Reply:

EMSD will provide technical support to the Environment Bureau to conduct studies on the long-term market structure for the electricity market. The studies will cover the exploration of various options of a new market mechanism and the associated regulatory framework for the electricity market, with due regard to the unique situation of Hong Kong. The studies commenced in end January 2009 and are expected to be completed by the end of 2009. Inter-connection between the networks of the two power companies and segregation of the generation sector from the network sector will also be covered in the studies.

Signature



Name in block letters

HO KWONG WAI

Post Title

Director of Electrical and Mechanical Services

Date

16 March 2009