



DAILY INFORMATION BULLETIN

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Govt to examine CLP's proposal on Black Point deferral

The Secretary for Economic Services, Mr Stephen Ip, said today (Tuesday) that the Government needed to examine China Light & Power's (CLP) submission relating to the deferral of generating units 5 to 8 at Black Point Power Station in detail before forming any firm views on it.

Mr Ip stressed that the Government wished to pursue with CLP options which are in the best interests of consumers.

On 5 November 1996, the Executive Council reviewed the electricity generating capacity of CLP and CLP was urged to submit to the Government, by 5 February 1997, a detailed proposal on the deferral of Black Point units 5 to 8, each for five years.

A spokesman for the Economic Services Branch noted that CLP had advised that manufacture of units 5 and 6 was too far advanced to defer, but commissioning of these units could be deferred with additional costs and loss of warranties.

As regards units 7 and 8, CLP had advised that these could be deferred without loss of warranties and with benefits to consumers in the short term. However, CLP felt that the long term costs would outweigh the benefits.

Giving the Government's initial reaction to CLP's response, the spokesman said that CLP's report lacked certain key information to enable the Government to assess whether the company's proposals were in the best interests of consumers.

In particular -

- * CLP said that deferral would result in savings to consumers until at least 2008, yet had chosen to emphasise that deferral would result in additional costs to consumers by the very distant year of 2040. More information was needed on the potential savings to consumers.
- * CLP had not spelled out the tariff implications of the different options.

The spokesman said that additional information would be sought from CLP and further advice sought from consultants, so as to ensure that any options pursued are in the best interests of consumers.

The spokesman noted that CLP had suggested that some older diesel-fired turbines at Castle Peak and Tsing Yi could be decommissioned so as to make an immediate impact on the company's excess reserve capacity.

The spokesman said that the Government had been pressing the company for some time to take immediate steps to reduce its current reserve margin. The proposed decommissioning of these older units would be examined in that context and not as an alternative to deferral of units at Black Point.

The spokesman also noted that CLP's report made reference to possible sales to Hongkong Electric from 2003 to 2005. The report also said that the possibility of such sales had not been discussed with Hongkong Electric.

He said that the Government had considerable doubts about whether reliability of supply could be maintained under any transfer of power arrangements without installation of an additional interconnector, which would be very expensive and required for only two or three years.

Copies of CLP's submission have been sent to the Clerk to the LegCo Panel on Economic Services on 10 February for distribution to panel members.

End

New Central and Western District Officer appointed

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Mrs Charlotte Li Chung Mee-yu will assume the post of Central and Western District Officer tomorrow (Wednesday), replacing Mr Philip Yung Wai-hung.

Mrs Li, aged 46, joined the Trade Officer grade in 1973 and was promoted to Principal Trade Officer in 1989.

She has served in the Industry Department, Trade Department and Financial Services Branch.

Her last posting was the Assistant Secretary of the Financial Services Branch, which she joined on attachment as an administrative officer in 1994.

End

Hong Kong Monetary Authority tender results

Tender date	:	11 February 1997
Paper on offer	:	EF Bills
Issue number	:	Q707
Issue date	:	12 February 1997
Maturity date	:	14 May 1997
Amount applied	:	HK\$8,570 MN
Amount allotted	:	HK\$2,000 MN
Average yield accepted	:	4.53 PCT
Highest yield accepted	:	4.55 PCT
Pro rata ratio	:	About 77 PCT
Average tender yield	:	4.64 PCT

Tender date : 11 February 1997
Paper on offer : EF Bills
Issue number : H758
Issue date : 12 February 1997
Maturity date : 13 August 1997
Amount applied : HK\$5,610 MN
Amount allotted : HK\$1,000 MN
Average yield accepted : 4.69 PCT
Highest yield accepted : 4.69 PCT
Pro rata ratio : About 96 PCT
Average tender yield : 4.78 PCT

Hong Kong Monetary Authority

Tender to be held in the week beginning - 17 Feb 1997

Tender date : 18 February 1997
Paper on offer : EF Bills
Issue number : Q070
Issue date : 19 February 1997
Maturity date : 19 March 1997
Tenor : 28 Days
Amount on offer : HK\$5,000 MN

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Tender date : 18 February 1997
Paper on offer : EF Bills
Issue number : Q708
Issue date : 19 February 1997
Maturity date : 21 May 1997
Tenor : 91 Days
Amount on offer : HK\$2,000 MN + 500 MN

Tender date : 18 February 1997
Paper on offer : EF Bills
Issue number : Y786
Issue date : 19 February 1997
Maturity date : 18 February 1998
Tenor : 364 Days
Amount on offer : HK\$500 MN + 150 MN

End