

By post and by email at dco-consultation@emsd.gov.hk

24 March 2025

Energy Efficiency Office
Electrical and Mechanical Services Department
3 Kai Shing Street
Kowloon

Dear Sir/Madam

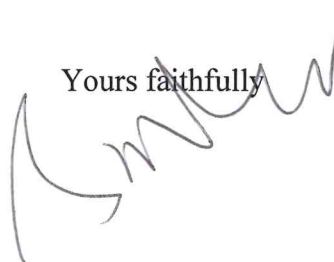
**Consultation on the Proposed Amendments to
the District Cooling Services Ordinance (Cap. 624)**

On behalf of the Institution, I am pleased to present to you our views and suggestions as set out in the enclosure for your consideration on the captioned subject.

The Institution welcomes the opportunity to work with the Government and offer our expertise and experience on the area of concern if and when it is needed.

Thank you.

Yours faithfully



Ms Sandy SO
Senior Executive Manager –
External Affairs

Enclosure

**Views from The Hong Kong Institution of Engineers
on the Proposed Amendments to the
District Cooling Services Ordinance (Cap. 624)**

The Hong Kong Institution of Engineers (HKIE) is pleased to present our views on the proposed amendments to the District Cooling Services Ordinance (Cap. 624) (DCSO) as presented in the Electrical and Mechanical Services Department (EMSD)'s Consultation Paper.

2. While the HKIE is appreciative of the EMSD's initiative to expand the District Cooling System (DCS) network and propose correlative amendments to the DCSO, we would like to advance a recommendation for the EMSD's consideration.

Background

3. Under the current DCSO, provisions are noted to be in place for imposing charges on non-Government consumers for district cooling services provided by a specified DCS. As stipulated in Schedule 2 of the DCSO, Capacity Charges and Consumption Charges constitute the two major components of the total tariff. The Capacity Charge Rate (CR) and the Consumption Charge Rate (ER) are, respectively, the two variables serving as factors that determine the amounts of these two Charges.

4. At present, the mechanism for calculating CR and ER is delineated in Section 5, Schedule 2 of the DCSO. This Section sets out the set of pre-determined formulas and monetary values with reference to which the calculations are made. Since only the Kai Tak District Cooling System (KTDCS) is covered in the Schedule, only its CR and ER formulas and values are stipulated.

5. In view of the numerous new DCS projects now underway, it is highly plausible that additional values and formulas pertaining to the calculations of their CR and ER will need to be incorporated into the amended Ordinance. Nevertheless, the existing placement of these computational details (i.e. embedded within the Ordinance) may create unnecessary administrative and legislative burdens as far as potential modifications are concerned. For example, despite the anticipated need for periodic adjustments to reflect changes in electricity tariffs, operational costs, or other economic factors, formal amendments to the DCSO may necessitate approval by the Legislative Council.

Recommendation

6. In this regard, the HKIE recommends that the computational framework for CR and ER be removed from the Ordinance and relocated to a separate document titled

“Technical Memorandum”. Such a Technical Memorandum should be formally referenced in the Ordinance and authorised for periodic updates by the Director of Electrical and Mechanical Services in response to evolving conditions.

7. The proposed approach may result in greater flexibility in adjusting charge rates, while ensuring that updates can be made efficiently without requiring a fully-fledged legislative process each time such adjustments are deemed necessary.