

15 January 2024

(Trade consultation on proposed amendments to Buildings Energy Efficiency Ordinance)
Energy Efficiency Office,
Electrical and Mechanical Services Department,
3 Kai Shing Street, Kowloon Bay,
Hong Kong
Email: beeo-consultation@emsd.gov.hk

**Response to proposed amendments to Buildings Energy Efficiency Ordinance
from Business Environment Council Limited
商界環保協會有限公司**

Over the last 31 years, Business Environment Council Limited 商界環保協會有限公司 (“BEC”) has played a leading role in advocating the business case for environmental excellence, given the importance of sustainable development to Hong Kong. Our members are committed to actively engage with the HKSAR Government (“the Government”) to help develop a supporting policy framework as well as impactful implementation in respect of environmental protection and sustainability.

Views expressed in this response are those of BEC, in line with BEC’s Mission and Vision as well as policy position on relevant issues but may not necessarily be the same as the views of each individual member. BEC is an independent non-profit membership organisation comprising over 250 member organisations including multinational corporations, listed companies, small and medium-sized enterprises, startups and NGOs.

A) Background

Buildings consume 90% of electricity in Hong Kong and cause more than half of its carbon emissions. Reducing electricity consumption and improving energy efficiency in buildings play a significant role in the Government’s Climate Action Plan 2050. The Chief Executive’s 2023 Policy Address set a target to commence the amendment of the Buildings Energy Efficiency Ordinance (Cap. 610) (“BEEO” or “the Ordinance”) in 2024, with trade consultation on the proposal by end-2023.

The Ordinance mandates certain types of buildings to meet energy efficiency standards and have energy audits conducted. Since its implementation in 2012, thousands of new and retrofitted buildings have complied with these standards and commercial buildings completed their first energy audit. The related codes of practice are updated every three years, and their latest 2021 editions are already expecting to achieve a double-digit electricity savings annually by 2035, against a 2015 baseline.

Therefore, leveraging the existing legislation is considered an effective way to further enhance the energy efficiency of buildings. The Government solicits input from stakeholders on the proposed amendments to incorporate community feedback into the legislative process, regarding additional building types, disclosing energy audit report, and more frequent energy audits.

B) Response to proposed amendments

1. Including data centre under the regulatory scope of energy efficiency standard for building services installations

With the vision of Smart City 3.0, it is anticipated the number of data centres in Hong Kong will increase to meet the demand for processing and storing ICT related data. Data centres operate around the clock, 24 hours a day, every day of the year. According to the Hong Kong Energy End-use Data for 2023, data centres account for approximately 4% of the total electricity consumption in the territory. Given these factors, it is crucial to include buildings or specific areas that are primarily occupied as data centres within the regulatory scope of energy efficiency standards for building services installations. The industry would also look forward to more government provision / requirements, such as catering for different data centre operation modes, predicted Power Usage Effectiveness (PUE) at various Design IT load and operating PUE value for data centre as performance indicator.

On the other hand, the Government should provide clarification and definition on the scale of data centre to be considered for “*building that is occupied principally as data centre*” that falls under the regulatory scope and energy audit (see also below pt2), since it is common in Hong Kong that a building is only partially used for data centre purpose and may only have a small-sized data centre.

2. Requiring more building types to conduct energy audits

BEC recognises the importance of expanding the requirement for energy audits to include a wider range of buildings with reference to Schedule 1 of the Ordinance. Currently, communal areas of industrial and residential buildings are excluded, as the Government may weigh between the large number of buildings to be included and the potential energy efficiency improvement. However, this limits the potential for identifying energy management opportunities (“EMOs”). On the residential building end, we understand that not every residential building has an owners’ corporation, and there may be a lack of technical expertise to conduct energy audits independently. Furthermore, many public residential buildings are still using energy inefficient lighting. BEC proposes that the Housing Department and the Hong Kong Housing Society may take the lead to conduct energy audits for the communal areas of their public residential buildings. This will ensure these important areas receive due attention and that energy-saving measures are implemented effectively.

Some of the industry stakeholders raise the concern that energy audits could be potentially costly for very small premises and the Government should review and indicate if minimum building size requirement should be factored into regulatory consideration.

As the Government looks to mandating disclosure of energy audit report information (pt4), it should also take the opportunity to facilitate energy audits to benchmark on the energy intensity for different types of buildings and premises. The Government should

also introduce mechanisms to require actions in relation to the energy management opportunities identified from the energy audits.

3. Shortening time interval of energy audits

In line with the practices of many other cities, it is common to require existing buildings to undergo energy audits every five years. Besides, BEAM Plus Existing Buildings mandates conducting energy audit every five years as a prerequisite under the Energy Use category. Conducting energy audits more frequently ensures that buildings stay up to date with the latest energy-saving technologies and strategies. To enable more fruitful outcome from more frequent energy auditing process, the Government should take the opportunity to provide further technical guidance and case studies to keep the industry up to date with related technologies and solutions.

On the other hand, there are opinions from some industry stakeholders that more frequent energy audit over small-sized buildings may not be as cost beneficial in terms of potential efficiency improvement, costs investment and environmental impacts on retiring installed equipment. The Government should conduct periodic cost benefit review and address such concerns.

4. Mandating disclosure of energy audit report information

Disclosing technical information in energy audit reports, such as energy consumption profile, energy utilisation index (“EUI”) and identified energy management opportunities, can enhance the transparency in the industry. Since different building types and sizes may have varying energy efficiency requirements, disclosure allows us to bridge the gap and address the unique characteristics and energy consumption patterns of buildings with different usage.

The Government may take the opportunity to develop and maintain a database on building EUI performance, enabling building management companies and owners to benchmark their energy performance against industry peers and facilitate further energy reductions. The Hong Kong Green Building Council’s Zero-Carbon-Ready Building Certification Scheme has also demonstrated a relevant voluntary industry initiative. By identifying areas of excellence and those requiring improvement, such transparency can motivate the industry to strive for better performance. For commercial buildings, this also opens new opportunities for dialogue and collaboration between landlords and tenants to accelerate energy reduction. Such practice could also pave way to create demand and scale up green financing on existing building retrofit projects.

However, there is also concern raised by some industry stakeholders. Building owners of certain industries may consider installed building services or energy consumption data as confidential information, depending on the depth of disclosure. They may also have concern on competitive implications against peers. BEC suggests the Government conduct additional consultation with the industry regarding the scope of technical information to be disclosed at both mandatory and voluntary level, and secure industry buy-in before implementing the regulation. When considering data disclosure, the

Government can also consider category approach and adoption of rating system like the Mandatory Energy Efficiency Labelling Scheme or Indoor Air Quality Level.

5. Strengthening registered Energy Assessors registration and panels composition

Currently, there are over 40,000 existing buildings in Hong Kong, yet there are only around 1,350 Registered Energy Assessors (“REAs”) in the market. Clearly, more REAs are needed to cover the expanded building energy audit scope and expedite the course of energy efficiency improvement. Registered professional engineers in the energy discipline and members from the HKIE Energy Discipline should be equipped with the necessary knowledge, possess a broad-based experience, and bear responsibility in the energy industry. Their technical competency should meet the requirements for becoming an REA, as well as for serving on the Disciplinary Board Panel and the Appeal Board Panel. On top of that, additional requirement to require professional engineer of energy discipline to demonstrate certain work experience in energy auditing and/or building services installations would be appreciated. Beyond professional body qualification, the Government should also take a further step to evaluate the nature of specialisation within the energy discipline as prerequisite for registration as REAs and inclusion in the abovementioned bodies.

6. Transitional period

It is believed that a transitional period of 12 months would be sufficient for the industry to adapt the new amendments to the BEEO.

Enquiries

For queries related to this submission, please contact our Chief Executive Officer, Mr Simon Ng at simonng@bec.org.hk.

Yours sincerely,



Kevin O'Brien
Chairman
Business Environment Council Limited