




Special Feature

Building Energy Efficiency Funding Schemes



The HK\$450 million Building Energy Efficiency Funding Schemes were formally launched in April 2009 with funding from the Environment and Conservation Fund (ECF).

The funding schemes will encourage building owners to take concrete action for enhancing the energy efficiency performance of buildings. The funding schemes provide subsidies to incentivise building owners to conduct energy-cum-carbon audits and energy efficiency projects for their buildings. The Government expect that more than 1,600 projects will be subsidised. Energy-cum-carbon audits can help building owners to systematically review the use of energy and quantify the greenhouse gas (GHG) emissions associated with their buildings, as well as to identify opportunities for the enhancement of energy efficiency and conservation and reductions in GHG emissions arising from building operations. Financial incentives will also be provided to encourage building owners to carry out alteration, addition or improvement works to upgrade the energy efficiency performance of their building services installations.

Subsidies will be provided on a matching basis. For applications involving a single building, the funding caps will be \$150,000 and \$500,000 per building for energy-cum-carbon audits and energy efficiency projects respectively. For applications involving more than one building, a limit of 50% of the approved total actual expenditure spent will be provided without a maximum cap.

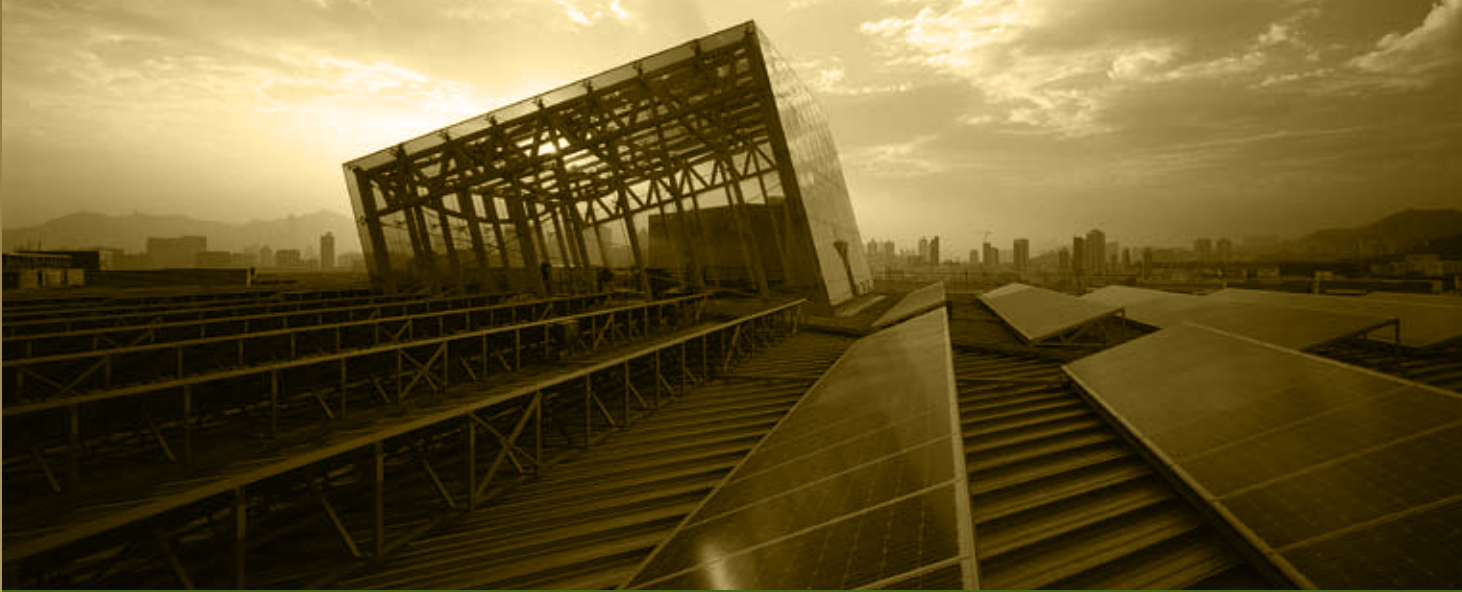
As buildings accounted for almost 90% of the electricity consumption in Hong Kong, improving their energy efficiency will be instrumental in bringing down GHG emissions.

The Government announced in last year's Policy Address the plan to set up the funding schemes, as a major initiative for building a low carbon economy.

Building owners interested in the funding schemes can obtain more information from www.building-energy-funds.gov.hk

Energy-cum-carbon Audit Projects

The Government is committed to promote a low carbon economy – an economy based on low energy consumption and low pollution, and to work closely with the



international community in tackling the challenges of climate change. As proposed in the 2008-09 Policy Address and approved by the Environment and Conservation Fund (ECF) Committee, HK\$150 million has been reserved under the ECF to subsidize building owners for conducting energy-cum-carbon audits.

The objective of the Programme is to encourage existing building owners to carry out energy-cum-carbon audits, with a view to systematically reviewing the use of energy and quantifying the greenhouse gas (GHG) emissions associated with their buildings, and to identify opportunities for enhancements of energy efficiency and conservation and reductions in the level of GHG emissions arising from building operations. The scheme will cover energy-cum-carbon audits to be carried out in communal areas of residential, commercial, industrial buildings or composite buildings comprising any two of these three types of establishments. Applications will be administered by the Environment Bureau (ENB) and the Electrical and Mechanical Services Trading Fund (EMSTF).

Targeted applicants

Owners' Corporations registered under the Building Management Ordinance (Cap.344), owners' organizations or residents' organizations of residential, commercial, industrial buildings or composite buildings comprising any two of these three types of establishments are eligible to apply. An application can also be submitted by a property management company or a qualified service provider on behalf of an applicant under the latter's authorization. Applications from public housing estates wholly owned by Housing Authority, Housing Society, as well as Government quarters will be excluded because they may receive other forms of Government funding.

Funding limits

Funds will be granted on a matching basis. For applications involving a single building, a limit of 50% of the approved total actual expenditure spent for the audit and subsequent reporting will be reimbursed subject to a maximum of HK\$150,000 per application.

For applications involving more than one building, a limit of 50% of the approved total actual expenditure spent for the audit and subsequent reporting will be reimbursed without a maximum cap.

Duration of each project

Each project should last for at least 4 years, with the first audit to commence within 6 months after the approval of the application.





Vetting criteria

The following broad criteria are used in assessing the merits of individual applications:

- (a) The projects must contribute to promoting a low carbon economy in Hong Kong by identifying enhancements of energy efficiency and conservation and reduction of GHG emissions in Hong Kong;
- (b) The projects must be non-profit making in nature;
- (c) The technical and project management capability of the applicant, as well as the past performance of the applicant, including the effectiveness of past projects, and the applicant's ability to comply with funding conditions;
- (d) Whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (e) Whether the proposed budget is reasonable and realistic, and whether the project is cost-effective, with full justification for every expenditure item;
- (f) Whether the proposed project has alternative sources of funding, and whether it would be more appropriate for the proposed project to be funded by other sources;
- (g) Whether there is or likely to be a duplication of the work already or currently carried out by similar buildings (e.g. buildings of similar structure, similar purpose, in close proximity to each other and under the same management);
- (h) Priority will be given to applications involving buildings with high potential of energy saving and reduction in carbon emission; and
- (i) Priority will be given to applications that seek to complement with other initiatives that promote environmental protection.

Energy Efficiency Projects

The Government is committed to promote a low carbon economy – an economy based on low energy consumption and low pollution, and to work closely with the international community in tackling the challenges of climate change. As proposed in the 2008-09 Policy Address and approved by the Environment and Conservation Fund (ECF) Committee¹, HK\$300 million has been reserved under the ECF to subsidize building owners for conducting energy efficiency projects.

The objective of the Programme is to encourage existing building owners to carry out alteration, addition or

improvement works to upgrade the energy efficiency performance of building services installations for communal use in residential, commercial, industrial buildings or composite buildings comprising any two of these three types of establishments. Building services installations covered in the Programme include lighting, electrical, air-conditioning and lift and escalator installations.

Targeted applicants

Owners' Corporations registered under the Building Management Ordinance (Cap.344), owners' organizations or residents' organizations of residential, commercial, industrial buildings or composite buildings comprising any two of these three types of establishments are eligible to apply. An application can also be submitted by a property management company or a qualified service provider on behalf of an applicant under the latter's authorization. Applications from public housing estates wholly owned by Housing Authority, Housing Society, as well as Government quarters will be excluded because they may receive other forms of Government funding.

Funding limits

Funds will be granted on a matching basis. For applications involving a single building, a limit of 50% of the approved total actual expenditure spent for the energy efficiency projects will be reimbursed subject to a maximum of HK\$500,000 per application.

For applications involving more than one building, a limit of 50% of the approved total actual expenditure spent for the energy efficiency projects will be reimbursed without a maximum cap.

Duration of each project

The energy efficiency projects should commence within 12 months and complete within 24 months after the approval of the application.

Vetting criteria

The following broad criteria are used in assessing the merits of individual applications:

(a) The projects must contribute to promoting a low carbon economy in Hong Kong by identifying enhancements of energy efficiency

and conservation and reduction of GHG emissions in Hong Kong;

- (b) The projects must be non-profit making in nature;
- (c) The technical and project management capability of the applicant, as well as the past performance of the applicant, including the effectiveness of past projects, and the applicant's ability to comply with funding conditions;
- (d) Whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (e) Whether the proposed budget is reasonable and realistic, and whether the project is cost-effective, with full justification for every expenditure item;
- (f) Whether the proposed project has alternative sources of funding, and whether it would be more appropriate for the proposed project to be funded by other sources;
- (g) Priority will be given to applications involving buildings with high potential of energy saving and reduction in carbon emission;
- (h) Priority will be given to applications that seek to complement with other initiatives that promote environmental protection;
- (i) Priority will be given to applications that have previously conducted energy or carbon audits, or energy-cum-carbon audits; and
- (j) Due considerations will be given to repeated applications from individual building(s).

