

Update on OIL AND GAS SECURITY (Hong Kong, China)



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- Hong Kong highly depends on import of coal, oil and gas
- Coal and natural gas are used for power generation
- Naphtha and natural gas are used for towngas manufacture



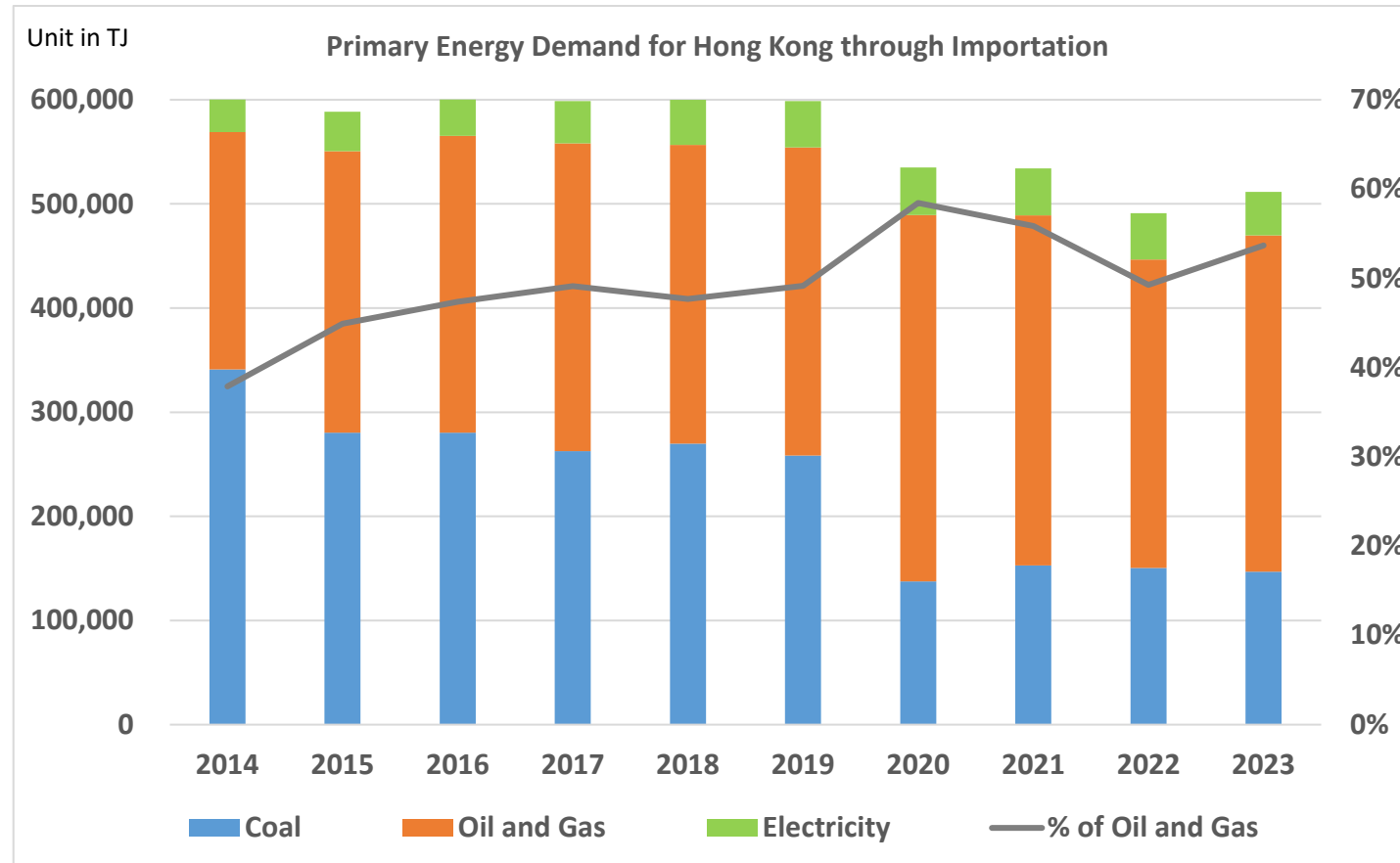
Power Stations



Towngas Production Plant

Oil and Gas Demand Situation

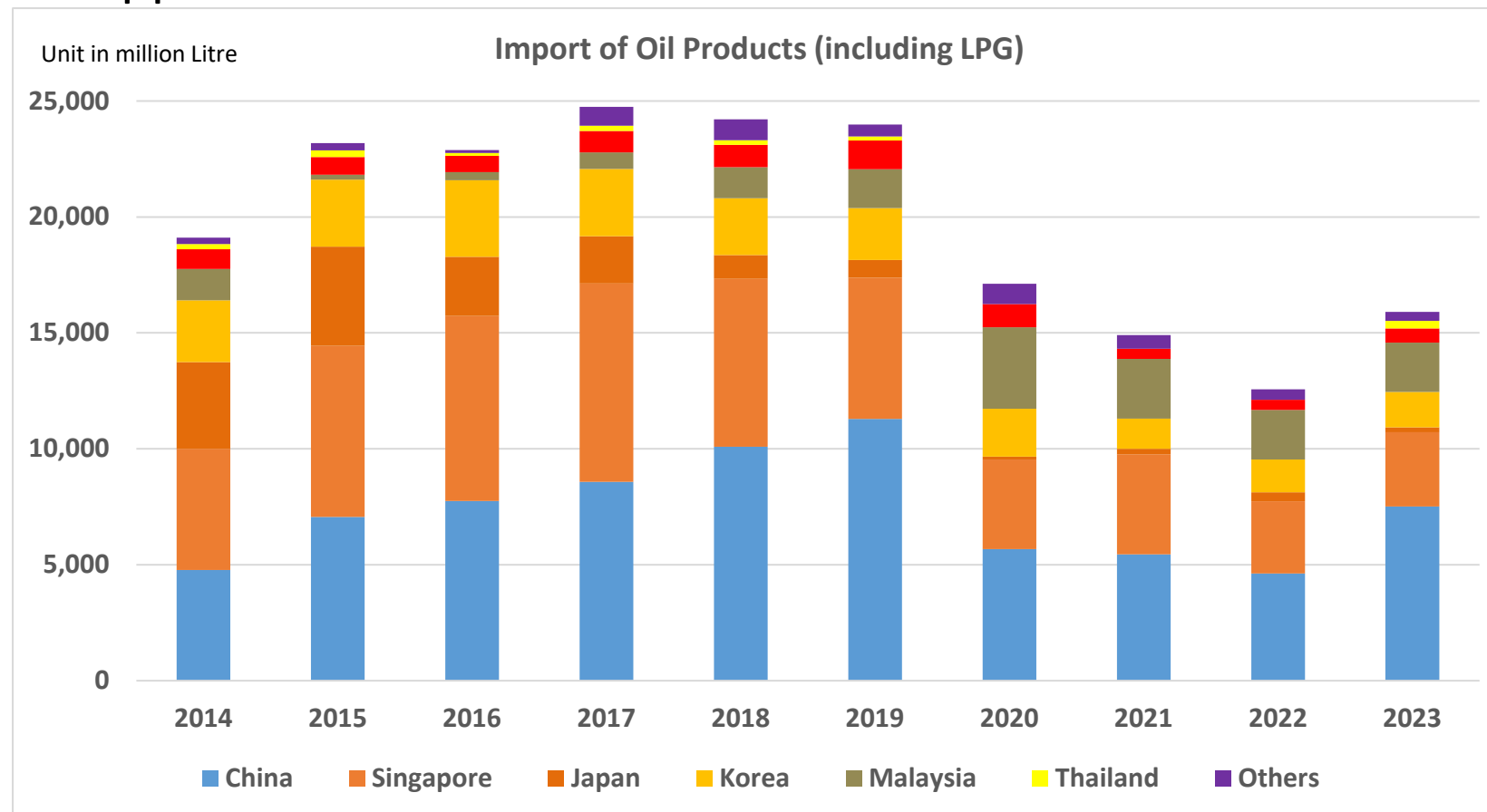
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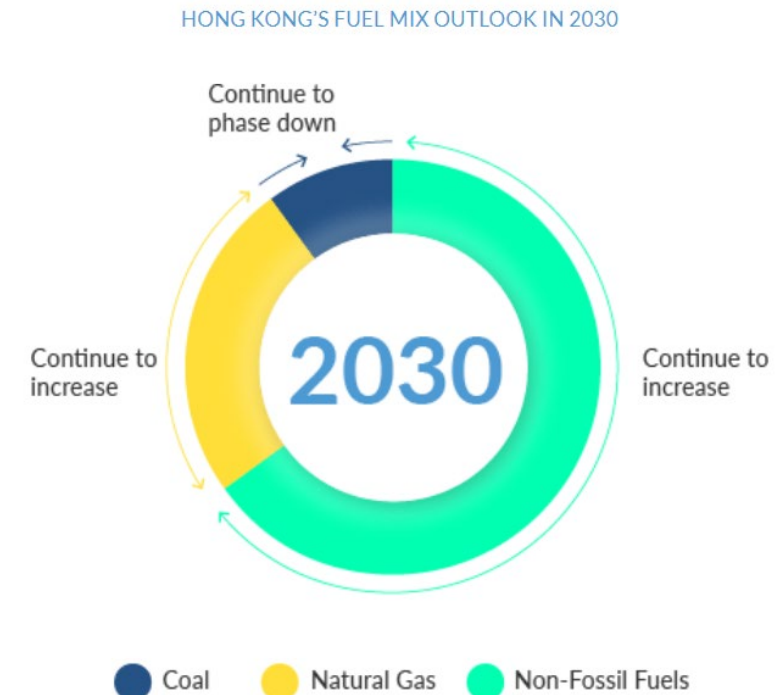
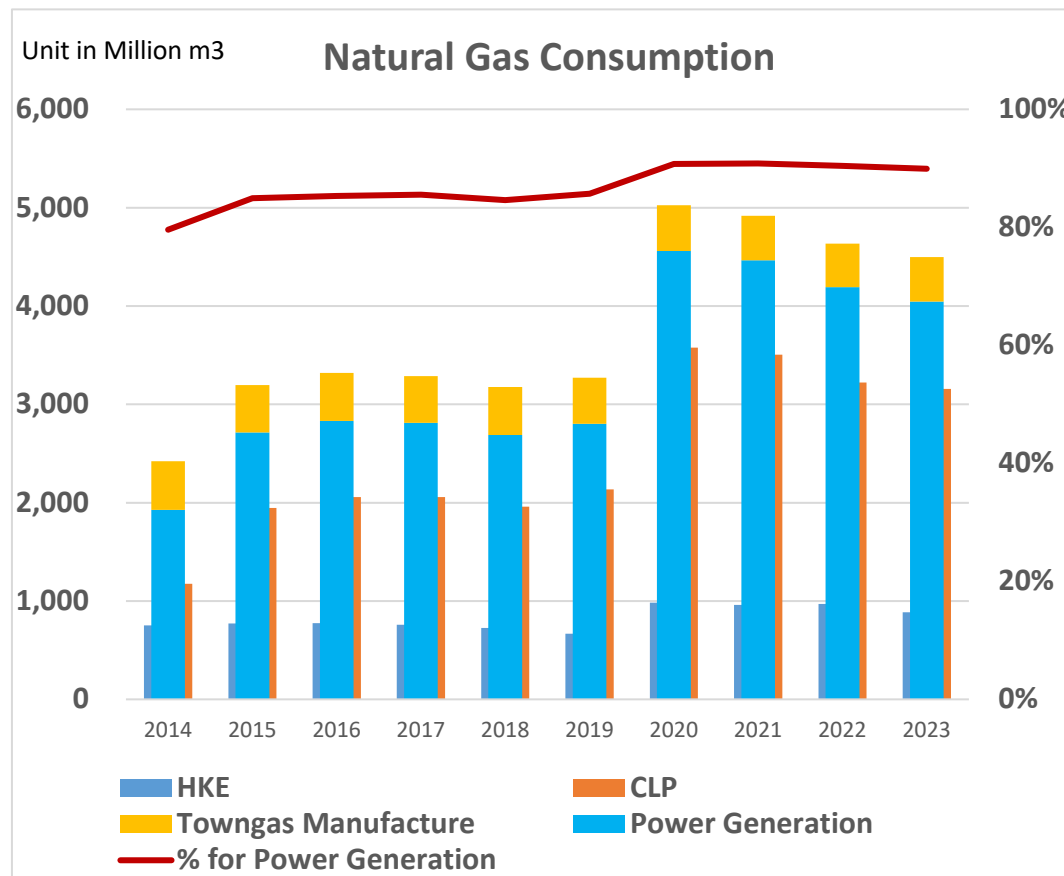
Oil and Gas Demand Situation – Oil Products

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- Oil products are mostly imported from APEC countries
- China, Singapore, Japan, Korea & Malaysia are major suppliers









- Natural Gas is imported for power generation and towngas manufacture



- NG is currently imported into HK via submarine pipelines



| Existing NG Supply | Year of commissioning | Length, Pressure and Pipe diameter |
|---|--|------------------------------------|
| Yacheng Gas Field, China (CAPCO) | 1996  | 780km, 90bar & 700mm |
| West to East Pipeline II, China (CAPCO) | 2013  | 20km, 60bar & 800mm |
| Dapeng LNG Terminal, China (HKCG) | 2006  | 34km, 90bar & 450mm |
| Dapeng LNG Terminal, China (HKE) | 2006  | 93km, 90bar & 500mm |
| Offshore LNG Terminal, China (CAPCO) | 2023  | 45km, 90bar & 700mm |
| Offshore LNG Terminal, China (HKE) | 2023  | 18km, 90bar & 500mm |

Regulatory Control

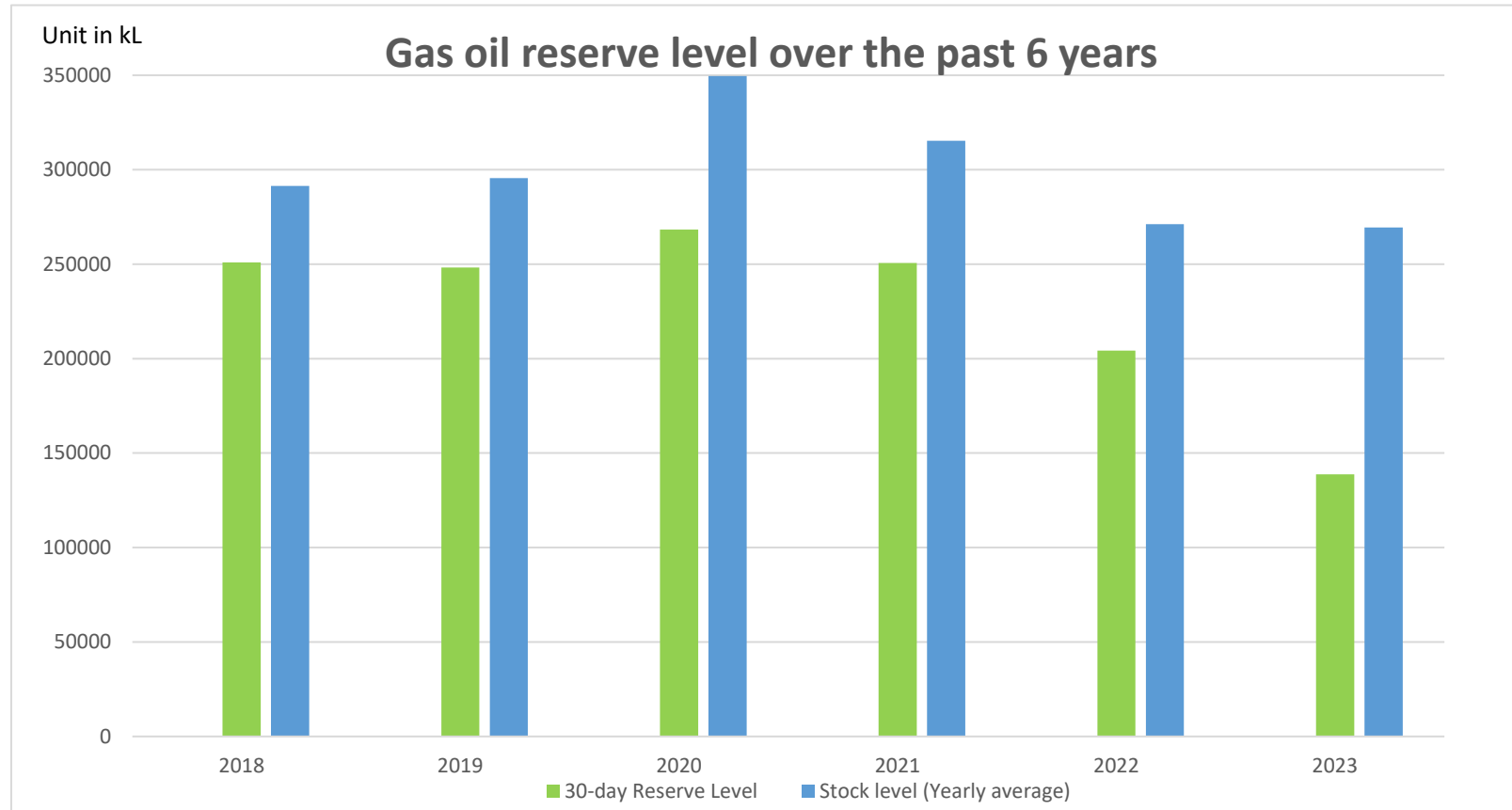
- Oil (Conservation and Control) Ordinance, Cap 264
- Under emergency situation, Director of Oil Supplies (DOS) shall :
 - regulate or prohibit storage, supply, acquisition, disposal or consumption of oil and gas
 - regulate or prohibit supply or consumption of electricity or gas

Stock Holding Requirement on Oil Reserve Level

- Hong Kong has no government-held oil stocks, but imposes stockholding requirement for gas oil and naphtha on industry
- Code of Maintenance of Stocks implemented since 1982
- Major oil and gas companies participated
- Maintain 30-day reserve level for gas oil and naphtha

Oil and Gas Security Policy

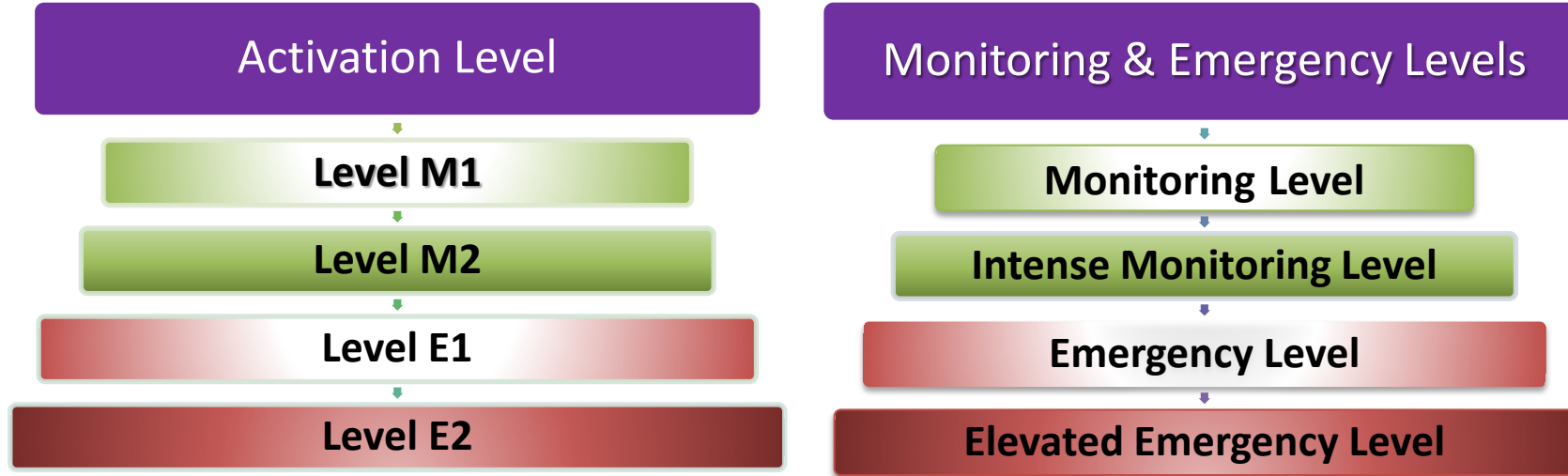
Hong Kong, China



- Issuance of reminder letter for non-compliance
- The 30-day reserve level was met in the past 6 years
- Effective communication with the oil and gas supply companies

Emergency Preparedness

- Hong Kong is entirely dependent on imports of oil products
- Hong Kong has regulatory control on oil supply under emergency situation
- Oil Supply Contingency Plan (OSCP) in place to provide appropriate responses to different situations



Policies to strengthen gas security

- Fuel diversity for power generation (coal, oil, NG and nuclear power)
- Alternative gas sources from mainland China
- Construction of an offshore Liquefied Natural Gas (LNG) import facility - Floating Storage and Regasification Unit (FSRU)
- Development of organic resource / waste recovery projects (Several landfill gas and biogas production plants in operation)

Thank you very much

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