

**For discussion on
27 February 2023**

Legislative Council Panel on Economic Development

Legislative amendments for the operation of the Offshore Liquefied Natural Gas Terminal

PURPOSE

This Paper consults Members on the legislative proposals to provide regulations and controls over the operation, movement and anchorage of the Floating Storage and Regasification Unit (“FSRU”) vessel and the operation of the offshore Liquefied Natural Gas (“LNG”) terminal to ensure navigational safety within Hong Kong waters.

BACKGROUND

2. To promote low-carbon transformation of the electricity generation sector and achieve “net-zero electricity generation” in the long run, the Government has seen to it that the two power companies phase down the use of coal and use cleaner fuel for electricity generation. With the increasing use of natural gas for power generation in Hong Kong, the power companies have to diversify the sources of gas supply and enhance energy security. To this end, the power companies are jointly developing an offshore LNG terminal, which has the capability to receive and store LNG from LNG carriers, and to deliver regasified natural gas by subsea gas pipelines to the power companies’ respective gas receiving stations. This energy infrastructure comprises a vessel equipped with FSRU; a double berth jetty in open Hong Kong waters; and two subsea gas pipelines connecting the FSRU vessel to the power companies’ plants at Black Point and Lamma Island. The project provides the power companies with the flexibility to directly access competitively priced gas from the global LNG market, therefore relieving the pressure for tariff increase.

LEGISLATIVE PROPOSALS

(i) Establishing a pilot boarding station in the southwest of Lamma Island

3. LNG carriers are ocean-going vessels carrying dangerous goods¹ which are subject to the requirement of compulsory pilotage. According to the proposed route to the LNG terminal, LNG carriers will enter the Hong Kong waters from the southwest of the Lamma Island and navigate towards the LNG terminal. To facilitate the operation of the LNG terminal and LNG carriers, we propose to amend Schedule 2 to the Pilotage Ordinance (Cap. 84) to establish a pilot boarding station in the southwest of Lamma Island near the southern boundary of Hong Kong waters for the boarding of pilots.

(ii) Providing a multi-purpose anchorage

4. The Government seeks to provide sufficient anchorages to facilitate the berthing of vessels for efficient port operation. At present, there are eight dangerous goods and 13 general-purpose anchorages providing temporary berthing spaces for vessels to conduct various port-related functions such as cargo operation, replenishment, port formalities, maintenance, etc. The specified and special anchorages are listed in Schedule 3 to Cap. 84 and the Seventh Schedule to Shipping and Port Regulations (Cap. 313A) respectively. In view of the nature of LNG carriers and their proposed route of entering the Hong Kong waters, we propose to amend the aforementioned Schedules to provide a new multi-purpose anchorage in the southwest of Lamma Island for contingency berthing of LNG carriers. This new anchorage can also be used by other vessels for contingency berthing when it is not used by LNG carriers.

¹ LNG is classified as Class 2 dangerous goods under the International Maritime Dangerous Goods Code and Schedule 2 to the Dangerous Goods (Application and Exemption) Regulation 2012 (Cap. 295E). According to Schedule 1 to the Pilotage Ordinance, a ship of 1 000 gross tonnage or over proceeding to or from any wharf specified in Part 1 of Schedule 1 to the Dangerous Goods (Shipping) Regulation 2012 (Cap. 295F) or a ship of 1 000 gross tonnage or over carrying Class 2 dangerous goods shall be subject to compulsory pilotage.

(iii) Approved petroleum wharf

5. LNG carriers are considered as a type 2 vessel carrying on board Class 2 dangerous goods under the Dangerous Goods (Shipping) Regulation 2012 (Cap. 295F). Section 14(1) of Cap. 295F requires that “unless the Director otherwise permits, a type 2 vessel carrying on board Class 2, 3 or 3A dangerous goods must not anchor or berth at any place within the waters of Hong Kong other than an approved petroleum wharf”. To cater for berthing of LNG carriers at the LNG terminal on a regular basis, we propose to amend Schedule 1 to Cap. 295F to specify the LNG terminal as an “approved petroleum wharf”. We will also specify the ASB Biodiesel Terminal² at Tseung Kwan O as an “approved petroleum wharf” to facilitate the handling of biodiesel by type 2 and type 3 vessels in the current legislative exercise.

(iv) Setting up new principal fairways

6. The purpose of a principal fairway is to improve the safety of navigation in areas where traffic density is high or traffic movement is restricted. Vessels plying within the principal fairways in the Hong Kong waters shall follow specified rules and regulations, including not to anchor within the fairway limits. To ensure the safe operation of the LNG terminal and the safety of vessels moving to or from the LNG terminal, we propose to amend the Third Schedule to Cap. 313A to set up new principal fairways in the south of Shek Kwu Chau.

(v) Licensing of the FSRU vessels

7. Upon the commissioning of the LNG terminal, the FSRU vessel will stay in the Hong Kong waters except under special circumstances such as seeking shelter outside Hong Kong waters in the advent of typhoon. To ensure its safety and the safety of other vessels, the FSRU vessel should be certified and licensed as a Class II vessel (i.e. working vessel) according to the Merchant Shipping (Local Vessels)(Certification and Licensing)

² The “ASB Biodiesel Terminal” was established in 2013 at Tseung Kwan O for the handling of biodiesel, which is a Class 3A dangerous goods under Cap. 295F. Since its establishment, the Marine Department has been granting permissions for type 2 and type 3 vessels to berth at the ASB Biodiesel Terminal. In view of the regular and frequent uses of the ASB Biodiesel Terminal by type 2 and type 3 vessels, we propose to take the opportunity to specify the ASB Biodiesel Terminal as an “approved petroleum wharf” under Schedule 1 to Cap. 295F.

Regulation (Cap. 548D), and should comply with the requirements, e.g. surveying, fire-fighting equipment requirements, etc. under relevant marine legislation according to vessel's Class. However, the existing description of Class II vessels in Schedule 1 to Cap. 548D cannot provide a clear description for the special operation of a FSRU. The only description that could be used for the certification and licensing of a FSRU is "special purpose vessel", which is currently used to describe all other working vessels including those not involving any LNG operation.

8. Given that a FSRU vessel is substantially different from other "special purpose vessels" in terms of the technical aspect, we propose to establish a new vessel type as "gas carrier" under the description of Class II vessels in Schedule 1 to Cap. 548D such that the Marine Department ("MD") may issue specific Code of Practice to regulate the operation of the FSRU vessel.

9. We also propose to amend the Merchant Shipping (Local Vessels)(Safety and Survey) Regulation (Cap. 548G) to provide for the consequential changes due to the addition of a new vessel type "gas carrier".

CONSULTATION

10. MD consulted the Local Vessels Advisory Committee on 9 December 2022, and the High Speed Craft Consultative Committee, the Port Operation Committee and the Pilotage Advisory Committee on 30 December 2022. The four Committees endorsed the legislative proposal.

11. MD also received comments from fishermen representatives on the reduction of fishing area in the Hong Kong waters due to the establishment of the new principal fairways and the multi-purpose anchorage. MD has explained to the fishermen representatives that the establishment of the new principal fairways is to ensure the navigational safety of all vessels plying through that area, including fishing vessels. Fishing vessels may conduct fishing activities at waters outside the new principal fairways including the multi-purpose anchorage.

LEGISLATIVE TIMETABLE

12. We aim at tabling the amendment regulations at the Legislative Council for negative vetting in March 2023 such that the proposed amendment may come into effect in early May 2023.

ADVICE SOUGHT

13. Members are invited to comment on the legislative proposals set out in paragraphs 3 – 9 of this Paper.

Transport and Logistics Bureau
Environment and Ecology Bureau
Marine Department
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