

S.A.M?

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\$87m bill for power consumers

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The Government plans to ask the two power companies to keep an emergency coal reserve and create more play areas at the same time.

It also revealed yesterday that electricity consumers will have to pay \$87.5 million as the cost of storing a 30-day supply of oil on two tankers in local waters last year.

No decision has been made on the amount of emergency coal the Government wants stored.

But there are plans to top the coal reserves with gravel to create temporary recreation areas.

When the coal is needed, it will just be dug up for use, officials say.

Both the Lamma Island plant of Hongkong Electric and the Castle Peak plant of China Light and Power are expected to start using some coal later this year.

Meanwhile, the Executive Council has asked the two power companies to maintain their reserves of fuel oil for generating electricity at the current level of about 60 days' supply this year.

This is to guard against "a disruption in supply" and the two companies have agreed.

Exco's request was made despite the current fairly stable world supply and Middle East situation.

The Energy Policy Committee, the group that advises the Government on energy matters, is believed to have recommended to Exco in December that oil reserves should be reduced from the present 60-day supply level.

After a 1980 decision to double the reserves from 30 days, 198,000 tonnes of emergency fuel oil was bought for

about \$240 million.

This was stored on the tankers Straits Dahlia and Seabreeze pending the construction of new storage tanks on Lamma Island and at Castle Peak.

This cargo of oil has been sold to the power companies at a price of HK\$1,263 a tonne.

In late 1980, 123,000 tonnes was bought for US\$224.75 a tonne while the remainder cost US\$241 a tonne.

In the year between Owensbord buying and selling the oil, the US dollar price of oil went down but the exchange value of the Hongkong dollar declined.

"In Hongkong dollar terms, oil bought on the spot market in December last year was slightly more than \$1,283," a spokesman for Owensbord, the 96 per cent Government-owned company managing the floating reserve scheme, said.

But the power companies' pay for the entire scheme and its costs will be passed on to electricity consumers.

"Owensbord is not in the business of making or losing money," the spokesman said.

The oil was moved to land storage tanks in December, when both chartered tankers were handed back to their owners.

It has been estimated the tanker storage costs amount to about \$442 a tonne — about 35 per cent of the basic cost of the fuel oil.

The total will be about \$87.5 million.

The power companies estimate that the cost of the land stored oil reserves will be about 25 cents per unit of electricity — about one-fifth the cost of maintaining the floating reserves.