

## LCQ13: Public housing estates with supply of centralised liquefied petroleum gas

Following is a question by the Hon Chan Hok-fung and a written reply by the Secretary for Housing, Ms Winnie Ho, in the Legislative Council today (May 28):

Question:

It is learnt that there are 15 public housing estates (PHEs) under the Hong Kong Housing Authority (HA) that are installed with centralised liquefied petroleum gas (LPG) supply. The previous arrangements for renewal of LPG suppliers were such that existing suppliers with satisfactory performance would be eligible for renewal. Subsequently, with reference to the experience in private housing developments, and taking into account public views and the Competition Commission's recommendations, the HA decided in August 2017 that tenders should be invited for awarding new contracts for the supply of centralised LPG to PHEs upon expiry of the existing contracts. In this connection, will the Government inform this Council:

(1) of the information on current contracts for the centralised LPG supply systems of the 15 PHEs and the Home Ownership Scheme (HOS) estates sharing the same LPG compound (shared HOS estate) (set out in the table below); whether such contracts were awarded by tender; if not, of the reasons for that;

PHE	Shared HOS estate	Current contract information			
		LPG supplier	Start date	Expiry date	Whether the contract was awarded by tender
Tai Yuen Estate, Tai Po	Ting Nga Court				
Yau Oi Estate, Tuen Mun	/				
On Ting Estate, Tuen Mun	Siu On Court				
Choi Yuen Estate, North District	Yuk Po Court				
Butterfly Estate, Tuen Mun	Siu Shan Court				
Wu King Estate, Tuen Mun	Siu Shan Court				

Lung Tin Estate, Lantau Island	Lung Hin Court				
Oi Man Estate, Kowloon	/				
Kwong Fuk Estate, Tai Po	Wang Fuk Court				
Kam Peng Estate, Peng Chau	Peng Lai Court				
Ngan Wan Estate, Lantau Island	/				
Sam Shing Estate, Tuen Mun	/				
Shui Pin Wai Estate, Yuen Long	/				
Wah Fu (II) Estate, Hong Kong Island	/				
Nga Ning Court, Cheung Chau	/				

(2) whether it has compiled statistics on the total annual supply of domestic piped LPG to the PHEs and shared HOS estates mentioned in (1) over the past five years, as well as the annual average price of LPG in such PHEs and HOS estates; of the comparison between such average LPG prices and the corresponding town gas prices during the same period; and

(3) whether the owners' committees or residents of the PHEs mentioned in (1) have requested the HA to replace the gas supply system (e.g. natural gas)?

Reply:

President,

Our reply to the question raised by the Hon Chan Hok-fung is as follows:

(1) At present, 15 public rental housing (PRH) estates under the Hong Kong Housing Authority (HA) are equipped with centralised liquefied petroleum gas (LPG) supply systems. According to the past policy, prior to 2017, on the premise of ensuring that residents of the estates could enjoy safe and stable centralised LPG supply services, the HA would renew the contract with the existing supplier upon expiry of the contract if the supplier's performance had been satisfactory during the contract period. In the light of public views and the Competition Commission's advice of 2016, the Commercial Properties Committee of the HA approved in 2017 that new contracts would be awarded by tender instead for centralised LPG supply upon expiry of the existing contracts. Accordingly, the HA arranged bundled tendering for the LPG supply contracts for two PRH estates (i.e. Wah Fu (II) Estate and Nga Ning Court) as a trial in 2018. The new contracts were successfully awarded and the handover work was completed smoothly. Since 2019, the new supplier has commenced the supply of LPG for the two estates for a contract term of 10

years.

After consolidating the experience gained from the tendering exercise for the above-mentioned two PRH estates, the HA endorsed in 2019 that new contracts for centralised LPG supply for the remaining PRH estates would also be awarded by tender upon expiry of the existing contracts. The HA has further enhanced the relevant tendering arrangements. Apart from retaining concessionary measures welcomed by residents, including the requirement for suppliers to provide residents with free annual inspection of gas appliances and to waive the minimum charge, suppliers were required to waive the monthly fee for the maintenance service plan so as to provide more comprehensive concessions for residents. At the same time, for the protection of consumers, we continue to require in the tender documents that the LPG prices charged by suppliers should not be higher than the market rate. The suppliers are also required under the enhanced tendering arrangements to strengthen customer service such as shortening the response time for handling emergency calls and providing a variety of payment channels to provide convenience to residents. Suppliers are required to enhance safety of the LPG supply system and introduce measures to promote environmental protection and energy saving as well in order to further enhance their services to the residents.

As most of the LPG storage tanks located in PRH estates also serve the adjoining Home Ownership Scheme (HOS) estates, the HA has to liaise with the Incorporated Owners (IOs) of the relevant HOS estates on the new arrangement of joint tendering. As the IOs concerned may not be aware of the necessity of joint tendering, it takes time for the HA to negotiate with the IOs. The IOs also have to reserve time to convene owners' meetings to explain the joint tendering arrangements to the owners. Some of the individual HOS estates involve a large number of households, for example, Wang Fuk Court in Tai Po involves near 2 000 units. It takes time to explain to the owners about the shared LPG storage tanks and the required joint tendering arrangements so as to obtain the consensus and necessary approval from the owners for the joint tendering. Once the relevant approvals are obtained, the HA and the concerned IOs will have to seek legal advice on the documents for joint tendering separately, and the tendering exercise can only be formally launched after securing agreement by both parties.

In addition, as the centralised LPG storage tanks in some PRH estates were due for replacement in 2022 and 2023, tendering exercises for the centralised LPG supply contracts of these estates could only be arranged after completion of the replacement of LPG storage tanks. As such, the tendering schedule for these estates during the said period is also affected by the replacement of LPG storage tanks. In formulating the tendering schedule, the HA also needs to take into account a range of factors, such as the expiry dates of respective LPG supply contracts, the geographical location of different estates, economy of scale, as well as the views of the industry on the tendering arrangements.

In early 2024, the HA conducted the first joint tendering exercise for the LPG supply contracts for a PRH estate and an HOS estate (Kwong Fuk Estate and Wang Fuk Court) as a trial and the contracts were successfully awarded. We have planned to progressively arrange tendering exercises for the

remaining PRH estates and HOS estates with shared LPG storage tanks in an orderly manner, including the tendering exercises for Choi Yuen Estate/Yuk Po Court and Shui Pin Wai Estate within 2025. Pending the commencement of the new contracts, the existing suppliers would continue to operate with a temporary licence to maintain the provision of centralised LPG services. The existing centralised LPG suppliers for the 15 relevant PRH estates concerned is tabulated as follows:

PRH estates	HOS estate sharing the same LPG storage tanks	Existing contract information	
		LPG supplier	Remarks
Wah Fu (II) Estate, Hong Kong Island	/	ExxonMobil Hong Kong Limited	Tender exercises were completed
Nga Ning Court, Cheung Chau	/	ExxonMobil Hong Kong Limited	
Kwong Fuk Estate, Tai Po	Wang Fuk Court	Sinopec (Hong Kong) Petroleum Holding Company Limited	
Tai Yuen Estate, Tai Po	Ting Nga Court	ExxonMobil Hong Kong Limited	Tender exercises are being conducted in a progressive and orderly manner
Yau Oi Estate, Tuen Mun	/	ExxonMobil Hong Kong Limited	
On Ting Estate, Tuen Mun	Siu On Court	ExxonMobil Hong Kong Limited	
Choi Yuen Estate, North District	Yuk Po Court	ExxonMobil Hong Kong Limited	
Butterfly Estate, Tuen Mun	Siu Shan Court	ExxonMobil Hong Kong Limited	
Wu King Estate, Tuen Mun	Siu Shan Court	ExxonMobil Hong Kong Limited	
Lung Tin Estate, Lantau Island	Lung Hin Court	ExxonMobil Hong Kong Limited	
Oi Man Estate, Kowloon	/	Shell Hong Kong Limited	
Kam Peng Estate, Peng Chau	Peng Lai Court	Shell Hong Kong Limited	
Ngan Wan Estate, Lantau Island	/	Shell Hong Kong Limited	
Sam Shing Estate, Tuen Mun	/	ExxonMobil Hong Kong Limited	
Shui Pin Wai Estate, Yuen Long	/	Shell Hong Kong Limited	

(2) and (3) As for the amount of supply of domestic centralised LPG to the

PRH estates and HOS estates with shared LPG storage tanks, the concerned LPG suppliers indicated that the relevant information was commercially confidential and therefore could not be disclosed. Moreover, the LPG consumption varies depending on a number of factors such as the number of occupants in the household, seasons, the living style of the residents and the efficiency of the gas appliances. The estimated average LPG consumption for a 3-person household is around seven cubic metre per month.

To protect the interests of the centralised LPG consumers in the PRH estates and HOS estates with shared LPG storage tanks, the HA has stipulated in the centralised LPG supply contracts that the LPG prices charged by the suppliers shall not be higher than the market rate. For the benefit of residents, the HA will also require in the tender documents for LPG supply that LPG suppliers must provide free annual inspection of gas appliances and waive the minimum charge and the monthly fee for the maintenance service plan provided to domestic tenants/occupiers using the LPG supply service. We have meetings with LPG suppliers every six months and will review the relevant LPG prices by making reference to the domestic centralised LPG prices published by local LPG suppliers to ensure compliance with the relevant requirements. In April 2025, the latest average price of domestic centralised LPG published by LPG suppliers in April 2025 was \$47.34 per cubic metre.

As for the town gas price for household customers for the same period, with effect from August 1, 2024, the charge ranges from 27.60 cents to 28.55 cents per megajoule, plus a fuel cost adjustment. In addition, the minimum basic charge for each household customer is \$20 and the monthly maintenance charge is \$10. Town gas is charged based on the energy unit of megajoule, while LPG is generally charged per cubic metre for consumption. As the unit of measurements, basis of calculation and charging scheme of these two gas types are different; the heat efficiency of LPG and town gas appliances are different; and these two gas types vary in aspects such as calorific value, it is not possible to make a direct comparison of their prices.

So far, there is no request for the replacement of LPG supply systems from the tenants of PRH estates or IO's committees of the HOS estates.