



Liquefied Natural Gas




CAPCO's LNG Terminal Project

Briefing for ACE EIA Subcommittee Members

19 January 2007



Liquefied Natural Gas



Why is natural gas so important for Hong Kong ?

Supply Reliability

- Natural gas contributes :
 - 25% of Hong Kong's electricity supply
 - Electricity needs of 2 million people

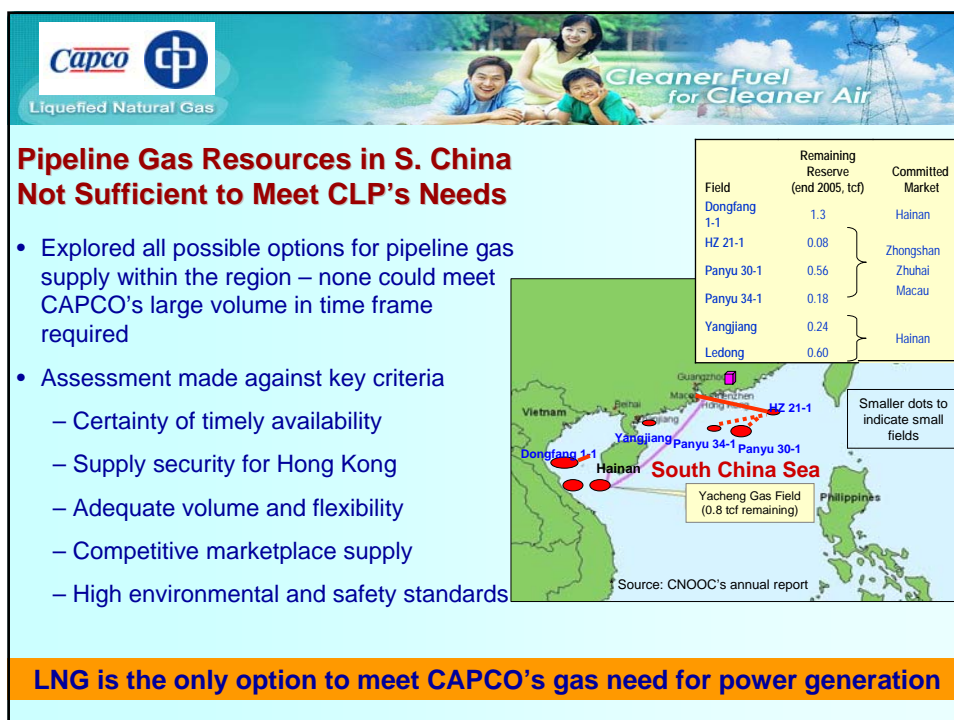
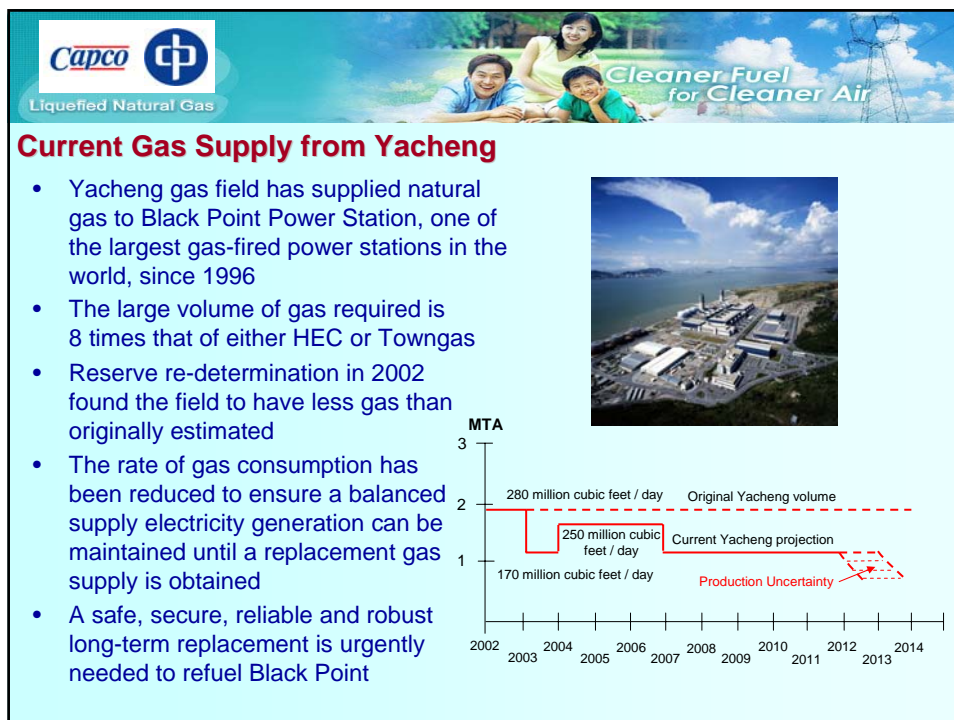
Improving Air Quality

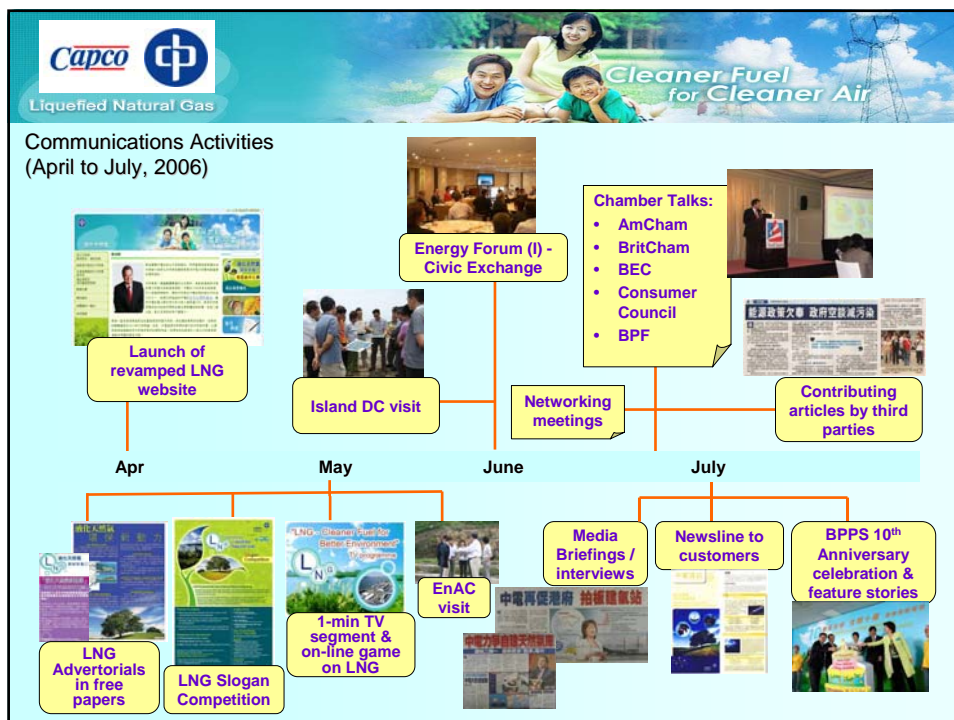
- Natural gas has helped substantially reduce emissions by 40% - 80%

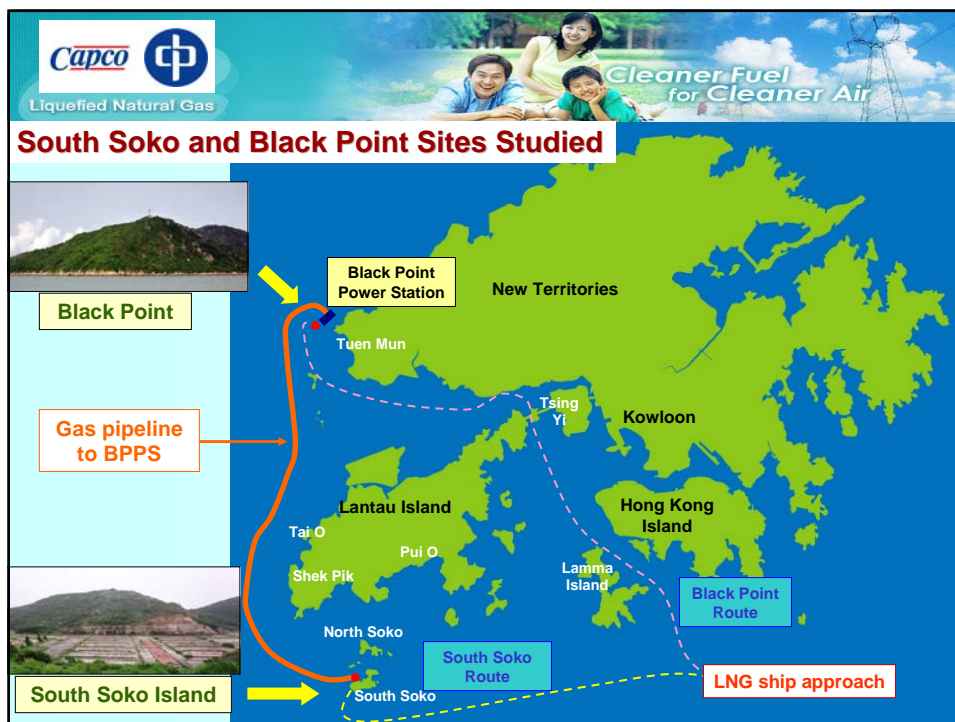
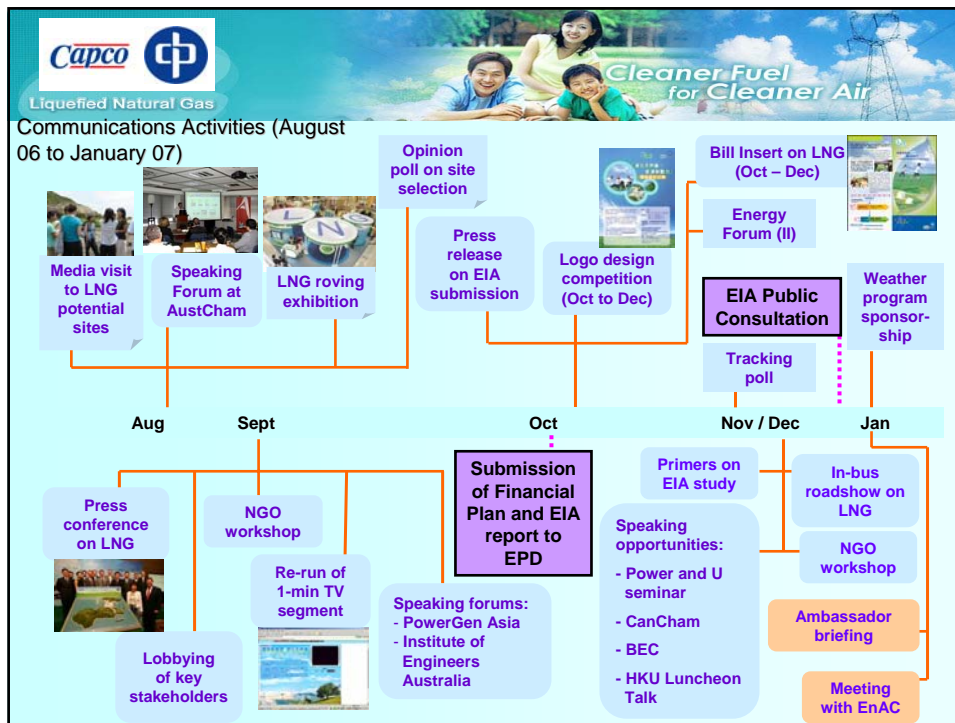
Significant Emissions Reduction between 1990 and 2005

Total Emissions Reduction 1990 - 2005	
NO _x	77%
SO ₂	44%
PM	70%
Total Electricity Demand	81%

Future natural gas supply to CAPCO is critical to maintain electricity supply reliability and improve air quality







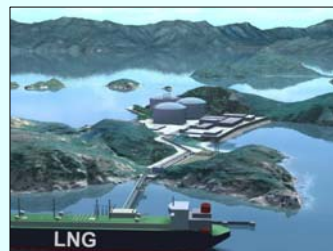
Benefits of South Soko option

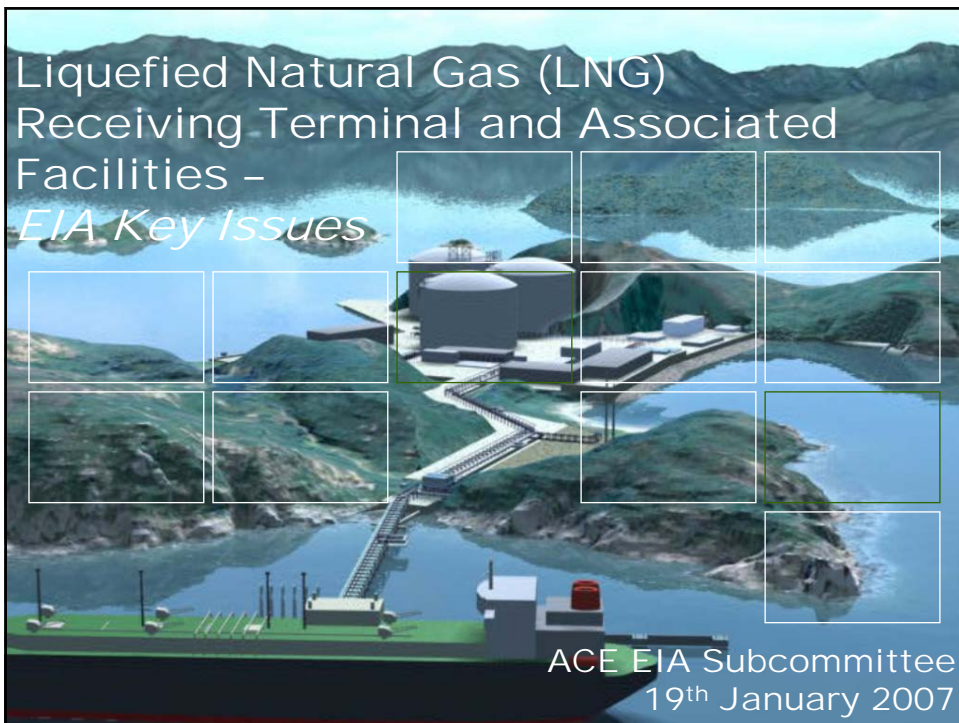
- **Shorter project lead time** – at least one year earlier in completion, meaning the environment benefit can be brought to Hong Kong people more quickly
- **Minimal reclamation** – less than 1 hectare by making use of the concrete platform of the former abandoned detention centre
- **Minimal maintenance dredging** – once every 10 years
- **Minimal risk** – the remote, un-inhabited island is away from busy marine traffic

South Soko option ensures timely completion of the project for continuous gas supply by early next decade

The Project

- **Land Required** : An area of 30 hectares
- **Facilities** :
 - 3 LNG Storage Tanks
 - Vaporizers
 - Marine facilities
 - Auxiliary utilities
- **Project lead time** : 4 years for construction
- **Target Completion Date** : First delivery of LNG in 2011 if timely Government approvals secured





Key Issues Identified in the EIA

- Specialist studies conducted for the EIA
- Development of the Site Layout
- Hazard to Life
- Marine Ecology
- Pipeline

Engineering studies included



- Land and marine SI works
- Marine geophysical surveys
- Engineering design studies:
 - Site formation, dredging, excavation;
 - Design of process facilities;
 - Jetty studies

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Environmental studies included



- Archaeological investigations (terrestrial and marine)
- Photomontages for LVIA
- Computational modelling (water, air, noise)
- QRA studies (marine, terminal and pipeline)

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Ecological studies included

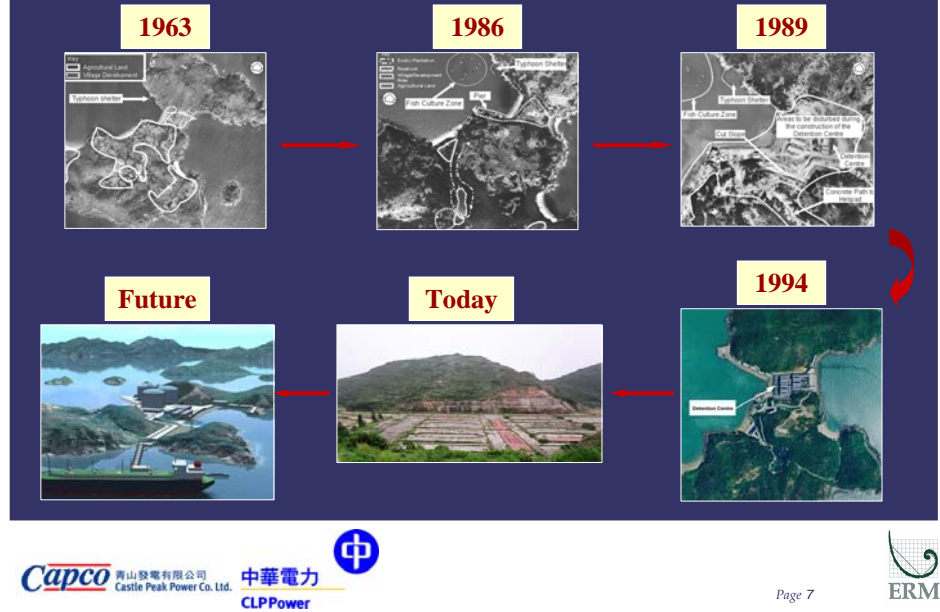
- Marine ecology surveys
- Terrestrial ecology surveys
- Marine mammal surveys
- Fish fry surveys



Development of a 3D EIA



Historical Development of South Soko



Development of Site Layout

Pre-EIA Layout

- **Design Adopted in Pre-EIA Studies**
 - 13 ha of reclamation to accommodate the LNG terminal facilities
 - Total dredging volumes exceeded 4 Mm³
 - Field work revealed low ecological value of the terrestrial habitats
 - ESMG and NGOs questioned whether less reclamation could be done and more land utilised

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Development of Site Layout



• Design Presented in the Project Profile

- Reduced reclamation (< 5 ha)
- Utilised more existing land
- NGOs and ACE members questioned whether the LNG jetty could be located in the deeper waters to the south of the island to reduce dredging and avoid the waters between the North and South Soko Islands

Development of Site Layout



• Design at EIA commencement

- Design took into account:
 - Consultations with ACE, Rural Committees, District Councils, NGOs, Fishermen, LegCo members
 - Ongoing process, civil and marine engineering reviews
 - Environmental baseline
- Reclamation reduced to 1.7 ha
- Jetty relocated to southeast
- Dredging reduced to 1.4 Mm³
- Positioning of the tanks improves visual impacts

Development of Site Layout



• Preferred Scenario

- Design took into account:
 - Ongoing process, civil and marine engineering reviews
 - Updated environmental baseline including presence of Amphioxus in Tung Wan
- Reduction in reclamation to approximately 0.6 ha in Sai Wan and no reclamation in Tung Wan
- Reduces the magnitude of impacts on the coastal resources of South Soko Island

LNG Carrier Route

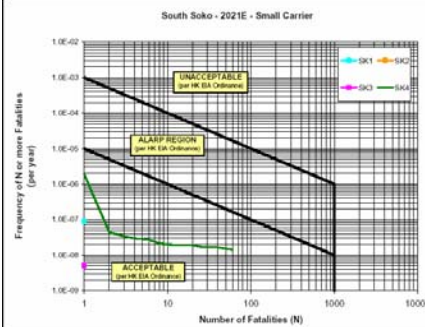
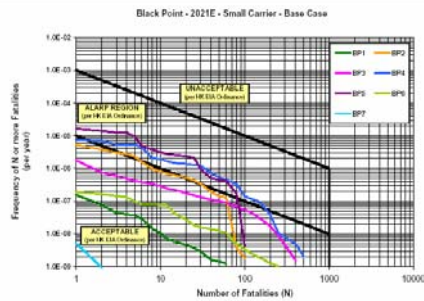


- Land based population along Black Point Route = ~ 1,030,000
- Land based population along South Soko Route = ~ 300

Hazard to Life

Black Point – ALARP

South Soko - Acceptable



- Societal risk of the marine transit to Black Point is **As Low As Reasonably Practicable (ALARP)** for some areas of the marine transit. Measures to mitigate the risk from ALARP to Acceptable are not considered to be implementable at this time due to their impact on other marine traffic in the busy Hong Kong environment.

Hazard to Life

- LNG Carrier transit to Soko is **Acceptable** along entire route
- Contrasts with Black Point transit, segments of which are in **ALARP** due to presence of densely populated areas
- Selection of the South Soko site removes the need to transit these areas
- South Soko's remoteness provides for very low numbers of surrounding land and marine-based populations for both the terminal and marine transit of the LNG Carrier.



Marine Ecology

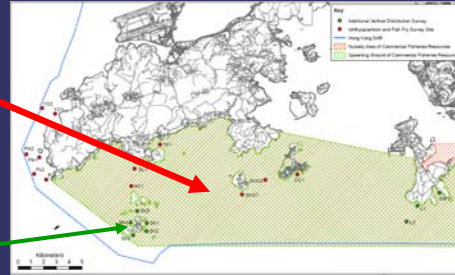
- **Reclamation of 0.6 ha of seabed**
 - Hong Kong is an international leader in environmentally acceptable reclamation
 - Chek Lap Kok Airport (~950 ha)
 - Lamma Extension (22 ha)
 - Proven track-record in reclamation management and mitigation
- **Dredging of 3.89 Mm³ of marine sediment**
 - Long term history of dredging / disposal management and mitigation
 - Relatively small volumes in comparison to recently approved EIAs e.g.
 - Contaminated Mud Pit 5 = 12 Mm³
 - Theme Park at Penny's Bay = 46 Mm³

Marine Ecology

- **Area affected at SSI by dredging = 51 ha**
 - A shrimp trawler in Hong Kong operating for 3 hours will disturb 50 ha of seabed
 - Hong Kong seabed recolonises rapidly and is accustomed to disturbance (trawling, typhoons etc)
- **Maintenance dredging at jetty area (every ~10 years)**
- **Cooled water discharge**
- **Operation phase impacts are not expected as cooled water discharge disperses to meet guidelines within 200m of outfall point**

Fisheries Spawning Grounds and Nursery Areas

- Baseline surveys of S Lantau Spawning and Nursery Areas conducted from July 05 through March 06
- LNG terminal will require approximately 0.6 ha of reclaimed land at South Soko
- Equal to < 0.003% of the total spawning ground / nursery areas (22,000 ha) in south Lantau
- A short section (< 3 km) of the pipeline is also located within the identified fisheries spawning ground in south Lantau but will not pass through such areas in north Lantau



Fisheries Impacts

- **Construction**
 - Impacts from construction works not predicted to be adverse as a result of the employment of controlled working rates
 - Loss of ~ 0.6 ha of marine waters is relatively small in context of surrounding fisheries areas
- **Operation**
 - Operation phase impacts are not expected to occur as the area affected by the cooled water discharge is within 200m of outfall
- **No unacceptable adverse residual impacts**

Pipeline to Black Point

- Eighth submarine pipeline to be installed in Hong Kong waters

Pipeline	Date	Length	Passes through / close to Sensitive Habitat				
			Marine Reserve	Marine Park	CWD	FP	Corals
Towngas Shenzhen - Tai Po	2005	~45km		Yes			Yes
Towngas Tai Lam - Lantau	1996	~5km			Yes		
HEC Shenzhen - Lamma	2005	~90km	Yes	Yes		Yes	Yes
AAHK PAFF - Sha Chau	2006/7	~8km		Yes	Yes		
AAHK Sha Chau - Airport	1996	~10km		Yes	Yes		
CNOOC Yacheng-Black Point in PRD	1995	~75km		Yes	Yes	Yes	

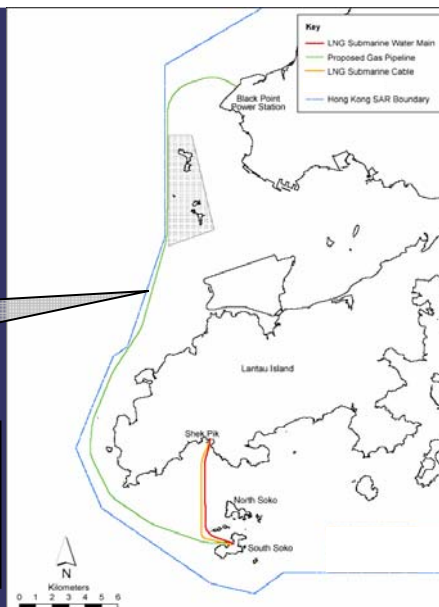
- Proven track-record in installation management and mitigation

Marine Ecology - Monitoring / Mitigation Measures at South Soko

No dredging works for the submarine gas pipeline during the peak calving season of the Chinese White Dolphin from March through August; restricted to a daily maximum of 12 hours with daylight operations (aside from in the Urmston road)

Exclusion zone (250 m) during dredging works for the construction phase

Long-term monitoring for the distribution and abundance of dolphins and porpoises during the construction and post-construction phase. A pre-construction period of dolphin monitoring will also be conducted



Benefits of LNG Terminal at South Soko

- South Soko will enable replacement gas supply 12-18 months earlier than Black Point
- South Soko enables CAPCO to meet the HKSAR emission targets sooner than Black Point
- South Soko requires less reclamation than Black Point
- South Soko remoteness provides for very low numbers of surrounding land and marine-based populations for both terminal and marine transit of the LNG Carrier
- Siting at South Soko provides an opportunity to enhance the island's terrestrial & marine environments
- CAPCO has identified key potential enhancements to the island and will work with Government and stakeholders to further develop the plan



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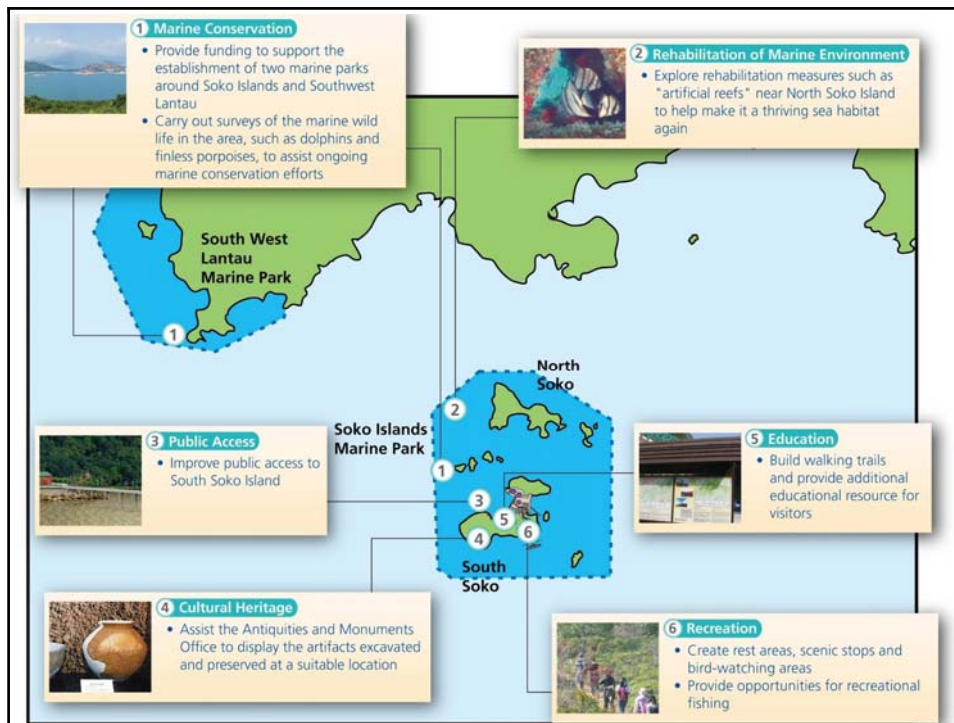


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Terminal Outside of Hong Kong

- Locations suggested including Macau or Huangmao island
- Pipeline for either would pass through dolphin habitat
- Additional sensitive areas present
- Site requirements would remain
- Water depth constraints present the further in the PRD
- Bottom line – offers no distinct environmental advantages over a HK terminal



Why Coastal Location in Hong Kong

- Site Selection undertaken using approach **consistent with other similar studies** undertaken under the EIAO in Hong Kong
- Entire area of Hong Kong, both land mass and water body, was reviewed for suitability based on *general site requirements for an LNG Terminal*
- Key requirements were:
 - 30ha of land (existing or able to create) to locate terminal infrastructure
 - Approach channel, turning basin and berth depth of -15mPD
 - Pipeline to Black Point Power Station

Tonggu Waterway – HK version

- Tonggu Channel Project was proposed 14 May 2003, rejected by EPD on 24 March 2005

- Roughly 20% of the dredging was proposed for Hong Kong waters

- The EIA was rejected for many reasons, but most notably:

“...the Project will likely affect substantially the marine environment including the Chinese White Dolphin and other marine life, thus putting them under high ecological risk when the project is being constructed and in operation.”



	Length km	Width m	Depth m	Dredged Volume million m ³	Operation Date
Phase 1	18	200	-13.5	32.8	2003
Phase 2	18.6	215	-15.7	48.5	2008
Phase 3	19.2	455	-17	102.4	If necessary

Tonggu Waterway – Present version

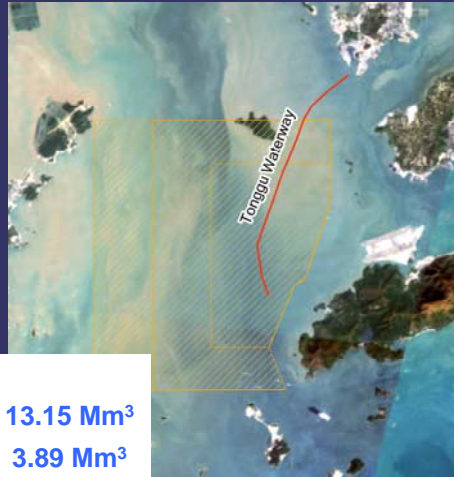
- New alignment proposed
- Unidirectional channel
- Majority of route falls within the core area of the Pearl River Estuary Chinese White Dolphin Nature Reserve
 - Any “destructive activities” are prohibited in this area
 - Area is governed by a Protected Area Management Board

The New Tonggu Channel	
Length	20 km
Width	210 m
Depth	15.8 m
Dredged volume	50 million m ³
Maintenance	2.6 million m ³ /yr
Dredging Completion	2007



Tonggu Waterway – LNG Carrier transit

- 250m minimum channel width required based on PIANC guidelines; bidirectional (400m) preferred
- Would result in incremental construction dredging of **10 Mm³**
- Would result in incremental annual maintenance dredging of **0.5 Mm³/yr**
- Concern regarding incremental impacts to Chinese White Dolphins if this option was pursued



Dredging Volumes

- Black Point w/ Tonggu = 13.15 Mm³
 - South Soko = 3.89 Mm³
- (Soko gas pipeline dredged volume = 2.06 Mm³)

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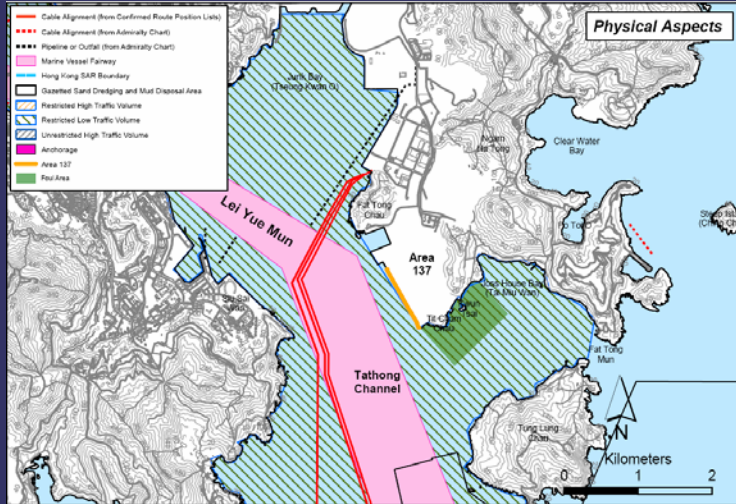
Longlist Site Selection



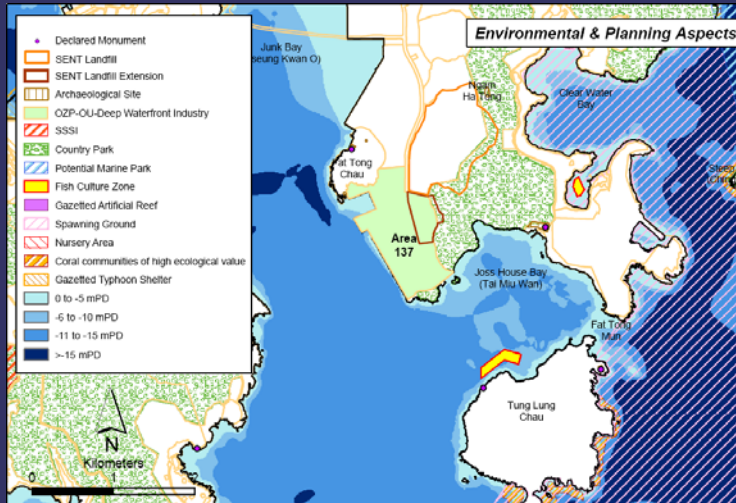
- **Phase I – Longlisting of Viable Sites**

- Task 1 Definition of Necessary Characteristics/ Features of the Required Site
- Task 2 Environmental Constraint Mapping
- Task 3 Physical & Social Constraint Mapping
- Task 4 Identification of Longlist of Viable Sites

Area 137



Area 137



Area 137 - Advantages



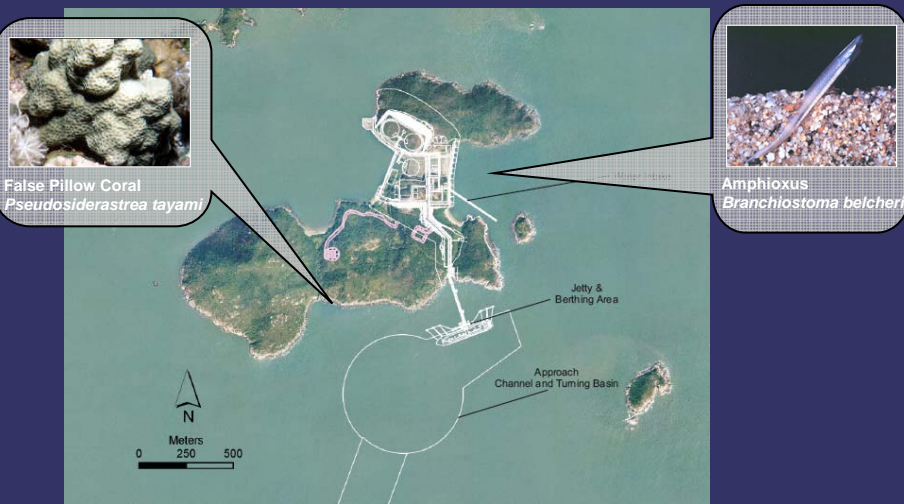
- Area 137 has been zoned in the OZP for uses compatible with Deep Waterfront Industry.
- Little to no dredging would be required to access the site.
- The absence of key sensitive terrestrial, coastal and marine habitat due to the recent artificial nature of the site. The construction and operation of the site would not lead to the direct loss of important habitats. Furthermore, based on existing data sets on marine mammals distribution in HKSAR waters, neither Indo-Pacific Humpback dolphins (*Sousa chinensis*), nor Finless Porpoises (*Neophocaena phocaenoides*) have been recorded in the immediate vicinity of the site.

Area 137 - Disadvantages



- The approach channel, turning basin and jetty will have to be located on the western limit of the site and in close proximity to the Tathong Shipping Channel, which may disrupt operations transit.
- The location of the jetty exposes moored LNG carriers and the jetty to potential collisions with passing ships. An MQRA will be required. The necessary safety zone would not be permitted in Hong Kong.
- The area is visually exposed to densely populated residential areas. Siu Sai Wan which is located less than 2 km away. The site's visibility to major urban districts will lead to a high level of public interests and impacts to perceived safety of the local population.
- Require a pipeline of > 80 km. The route is highly constrained by submarine cables. Once passed the Soko Islands, the pipeline route is largely unconstrained.

Marine Ecology - Baseline



Marine Ecology - Mitigation / Additional Measures at South Soko

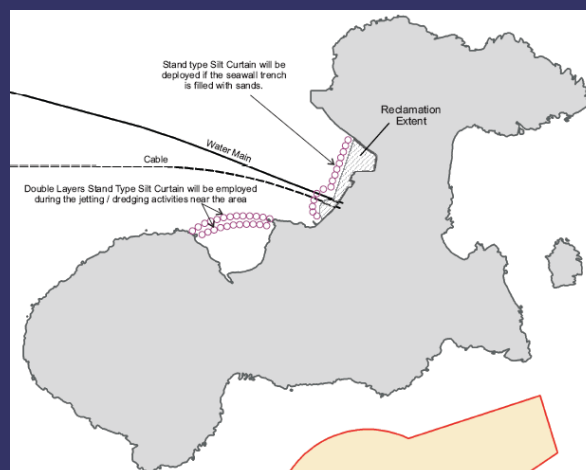


Marine Ecology - Monitoring at South Soko

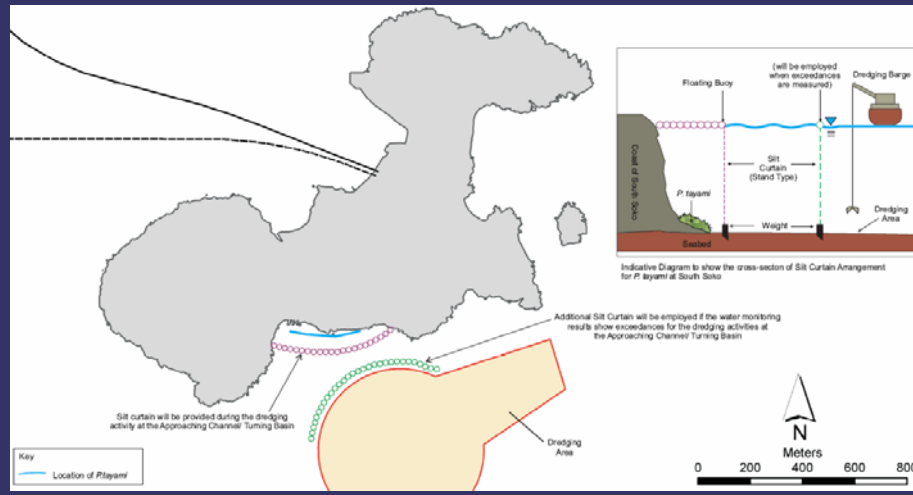


Silt Curtain – Pak Tso Wan

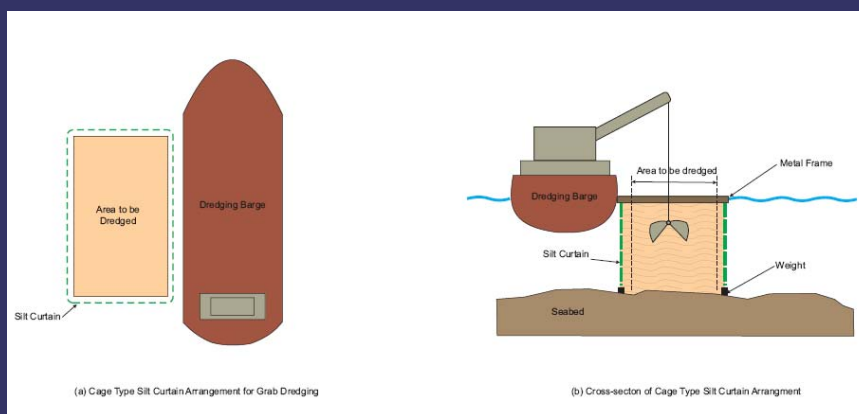
- Silt Curtains:**
 Should plumes of muddy water occur, an additional measure to stop them spreading is the installation of silt curtains. These act as mesh-like walls within the water column and trap sediment to prevent it spreading beyond the works area.



Silt Curtain – False Pillow Coral



Silt Curtain – Grab Dredger

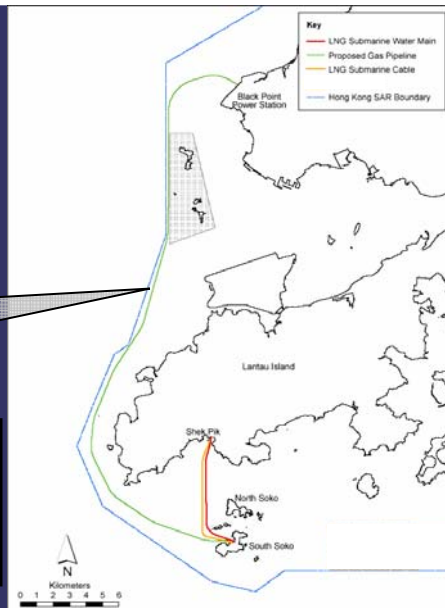


Marine Ecology - Monitoring / Mitigation Measures at South Soko

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Exclusion zone (250 m) during dredging works for the construction phase

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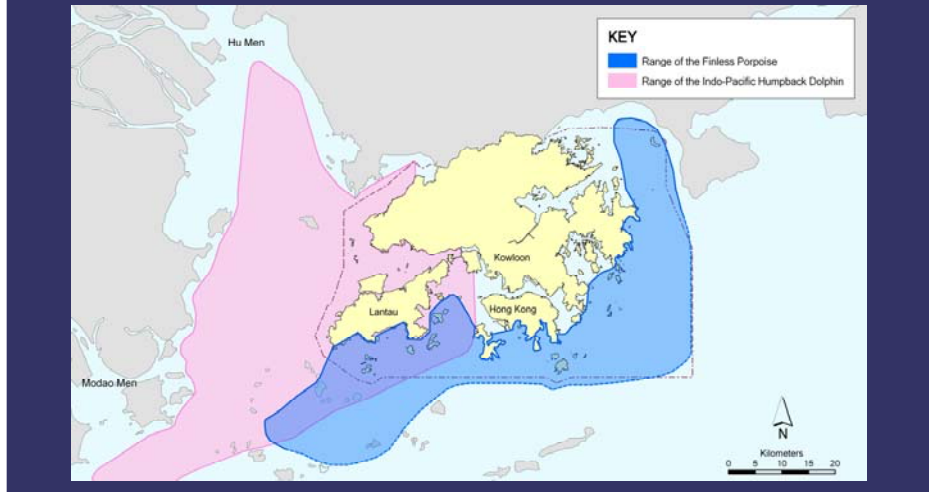
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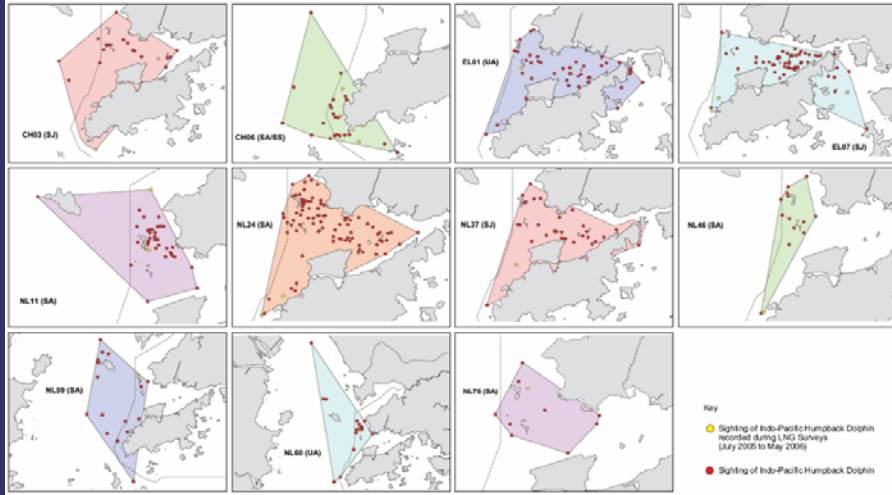
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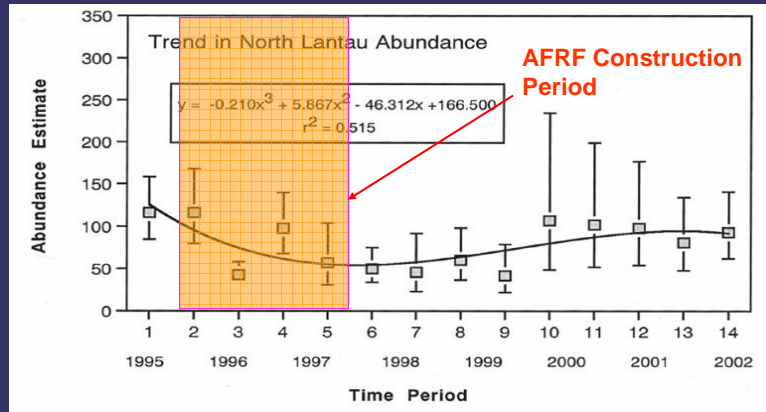
Chinese White Dolphin (pink) and Finless Porpoise (blue)
distribution of sightings in Hong Kong and adjacent waters,
1996-2005



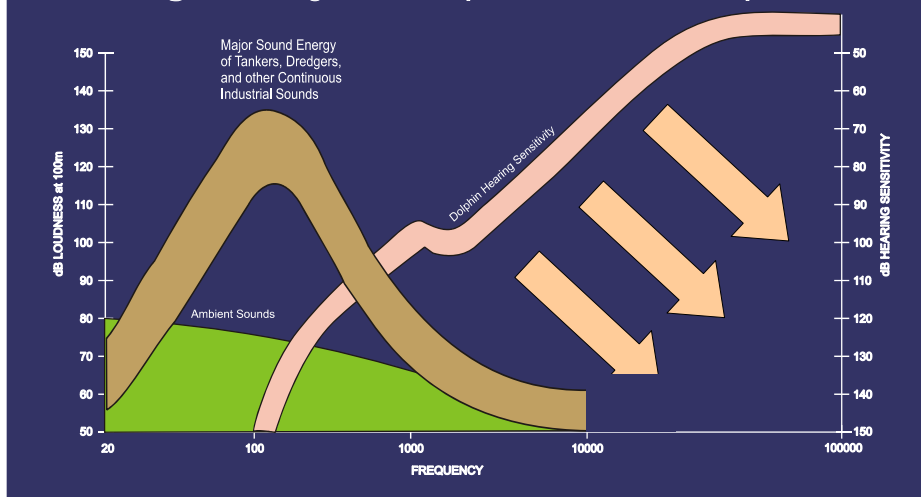
Known Ranging Patterns of Individual Chinese White Dolphins



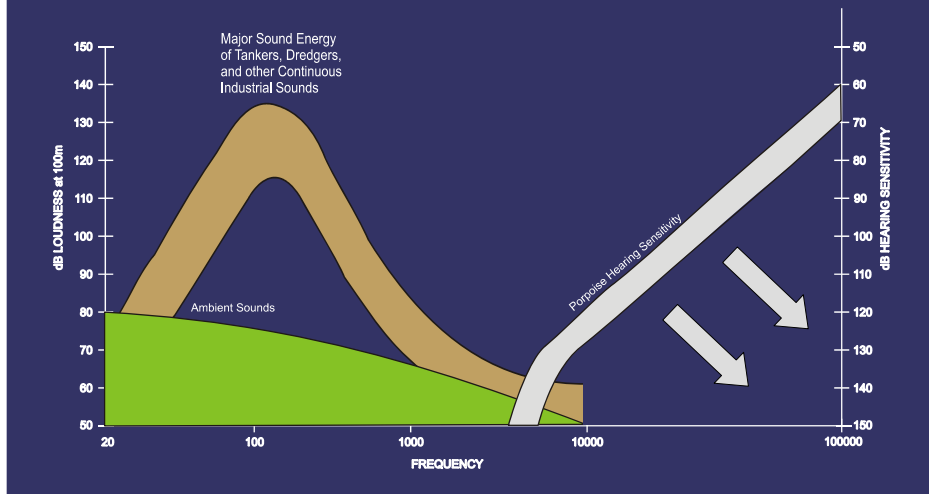
Abundance Trends of Chinese White Dolphins Relative to AFRF Construction



A Comparison of Industrial Sounds and Hearing Ability of Dolphins and Porpoises



A Comparison of Industrial Sounds and Hearing Ability of Dolphins and Porpoises



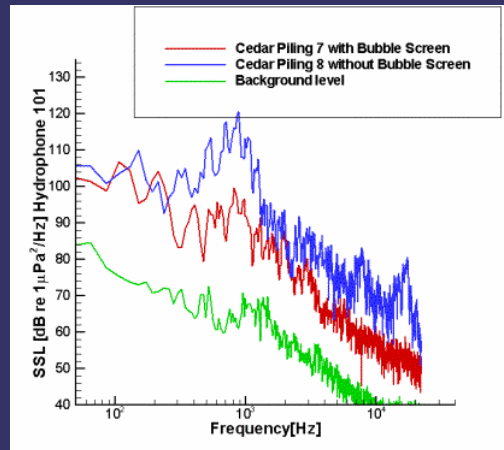
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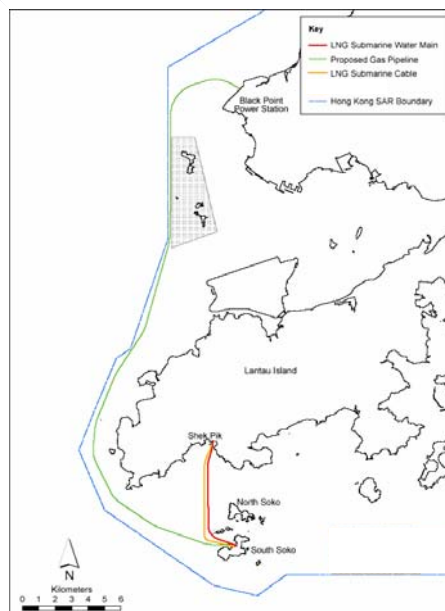
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Example of pile driving intensity with and without bubble screening, measurements at 100m (From Vagle 2003)



Pipeline to Black Point

- Four alternatives examined in the EIA:
 - Base Case - marine
 - Options 1 and 3 – overland by road plus marine
 - Option 2 - tunnel through Lantau plus marine
- General agreement that Option 1 and 3 are not viable
- EIA concludes marine route is best environmental option



Pipeline to Black Point

- **Tunnel:**

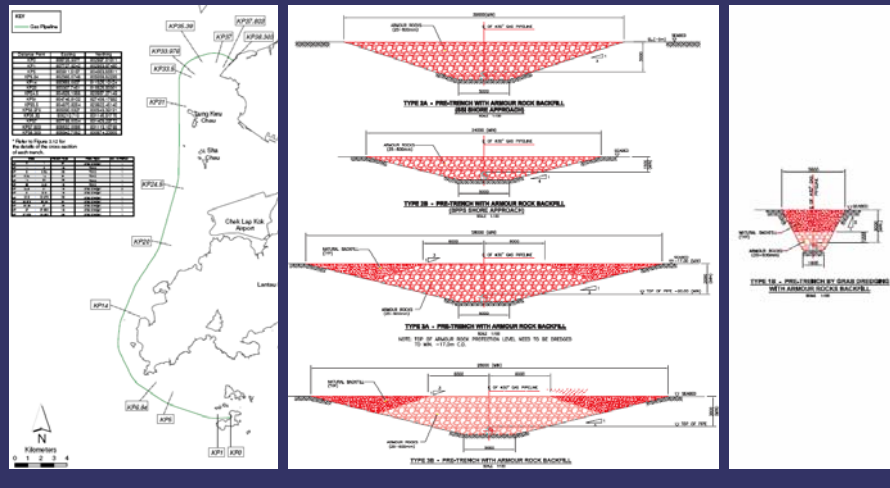
- Two reclamations (3 ha) – none for marine – that may require decommissioning
- Two additional areas of natural coastline impacts – none in marine
- Four dredged approaches – two in marine
- Additional land based construction impacts on air, noise, landscape, visual, terrestrial ecology and heritage SRs
- Potential ventilation and access roads required for tunnel in Lantau – none required for marine
- Tunnel route avoids ~ 10 km marine waters

Pipeline to Black Point

- **Marine option:**

- Monitored exclusion zone around the works
- No night time dredging
- No dredging during calving season of Chinese White Dolphin
- EM&A for water quality impacts
- **Marine route preferred due to short term nature of impacts**
- **Tunnel route introduces longer term impacts to a wider range of sensitive receivers**

Pipeline Design



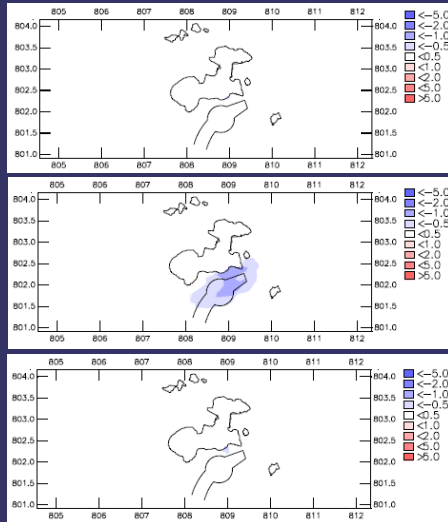
Cooling Water Discharge

- **Dry Season**
- Maximum reduction in temperature below ambient conditions
- Discharge temp = - 12.5 °C below ambient

Surface

Middle

Bottom



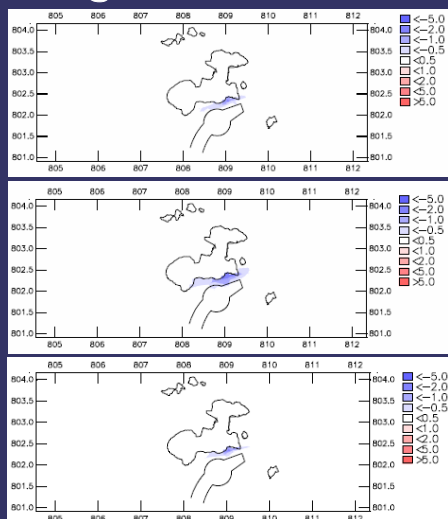
Cooling Water Discharge

- **Wet Season**
- Maximum reduction in temperature below ambient conditions
- Discharge temp = - 12.5 °C below ambient

Surface

Middle

Bottom



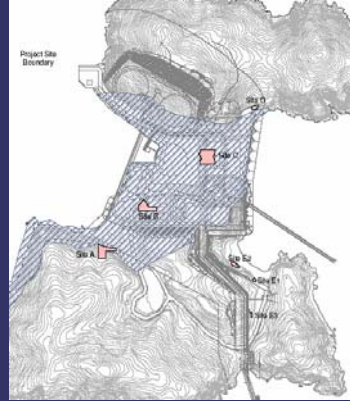
Marine Disposal of Contaminated Mud

- Marine sediments requiring Type 2 – Confined Marine Disposal (0.6 Mm3)
- At present, East of Sha Chau Mud Pits are designated for confined marine sediment disposal. Due to the size of these existing pits, it is noted that the capacity may not be available at the time of the disposal
- In view of such a situation, an alternative site for confined marine sediment disposal would be identified in discussion with the Marine Fill Committee and the Environmental Protection Department

Cultural Heritage

- **South Soko – detailed surveys conducted**

- Areas identified and delineated of archaeological potential at South Soko
- Design focus on avoidance but some artefact removal will be necessary in highlighted areas
- Rescue excavation to be conducted in consultation and with involvement of AMO as per AAB practice
- Marine archaeological investigations confirm low archaeological potential of project site



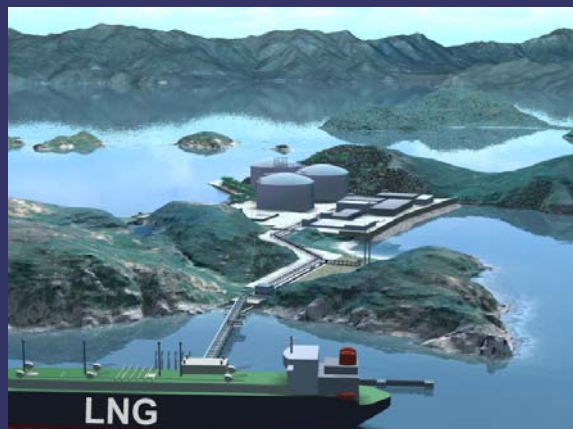
Reduction in Landscape Character Impact - Design

- Reclamation of ~ 13 ha
- Tanks prominent in centre of Island



Reduction in Landscape Character Impact - Design

- Reclamation of ~ 0.6 ha
- Tanks tucked into hillside for screening
- Scale of development much reduced



Landscape Character Impact – Mitigation



Size Comparison Membrane Type LNGC



Small 90km³ LNGC (nominal only not in service or under construction)



90,000m³ LNGC
 Cargo Capacity = 90,000 m³
 Length = 248 m
 Breadth = 37 m
 Depth = 23 m
 Draft = 11.1 m
 Dwt = 49,000 MT



Conventional 155km³ LNGC – In service



155,000 m³ LNGC
 Cargo Capacity = 155,000 m³
 Length = 280 m
 Breadth = 46 m
 Depth = 25 m
 Draft = 11.6 m
 Dwt = 72,000 MT



Large 215km³ LNGC – Under construction for delivery 2007

215,000 m³ LNGC
 Cargo Capacity = 215,000 m³
 Length = 315 m
 Breadth = 50 m
 Depth = 27 m
 Draft = 12 m
 Dwt = 106,000 MT

- Ship Dimensions do not increase in a linear fashion in relations to the increase in capacity