

Education Bureau Circular Memorandum No. 168/2019

From : Secretary for Education To : Supervisors and Heads of all primary and secondary aided schools, caput schools, Direct Subsidy Scheme (DSS) schools, English Schools Foundation (ESF) schools and private schools (including international schools and Private Independent Schools (PISs)), and kindergartens

Ref. : EDB(SA)/ADM/150/5/39/3(4)

Date : 2 September 2019

Participation of Schools in Feed-in Tariff (FiT) Scheme

SUMMARY

This circular memorandum (CM) aims to inform schools of the points to note when participating in the FiT Scheme. It supersedes the Education Bureau (EDB) CM No. 113/2018 of 20 August 2018 starting from the 2019/20 school year. This CM should be read in conjunction with EDB Circular No. 4/2017 on “Environmental Policy and Energy Saving Measures in Schools” to complement the environmental policy and environmental education in schools. **The participation arrangements under the FiT Scheme are not applicable to government schools.**

DETAILS

2. The Hong Kong Government entered into a new Scheme of Control Agreements (SCAs) with the two power companies (i.e. CLP Power Hong Kong Limited (CLP) and The Hongkong Electric Company, Limited (HKE)) in April 2017. Taking into account the public’s opinions and to tackle climate change, the new SCAs introduce a number of measures to encourage the power companies to develop renewable energy (RE) on their own, while at the same time promoting the development of RE. Among these measures, the introduction of the FiT Scheme is an important initiative to promote RE under the new SCAs. Implemented by the two power companies, the FiT Scheme encourages the private sector and the community to develop RE and sell the power so generated to the power companies at a rate higher than the normal electricity tariff rate.

3. In line with the Government’s environmental policy, the Environment Bureau and the EDB encourage schools to install RE systems on the school premises subject to the conditions that the activities and safety of students will not be jeopardized by such installation. Secondary and primary schools as well as kindergartens¹ may participate in the FiT Scheme having regard to their individual circumstances. It is hoped that schools will make the best use of the RE systems installed to promote environmental education in schools when participating in the FiT Scheme. When installing RE facilities and participating in the FiT Scheme, schools should take note of the following:

¹ Including kindergartens, kindergarten-cum-child care centres and schools with kindergarten classes.

RE Facilities

- (i) All schools may purchase, hire, install, replace, repair or maintain RE facilities, and pay for the other recurrent costs of these facilities, if any, by seeking funding under applicable government schemes (e.g. the Environment and Conservation Fund and the “Solar Harvest - Solar Energy Support Scheme for Schools and Welfare Non-Governmental Organisations”²), or through donations or sponsorships. In addition, aided schools and caput schools may use the funds in the General Funds Account to pay for the relevant expenses. However, schools charging tuition fees³ are not allowed to use the fee income directly for the relevant purposes. Schools in receipt of recurrent funding from the Government⁴ are not allowed to purchase, hire, install, replace, repair or maintain⁵ the RE facilities, and pay for the other recurrent costs of these facilities, if any, through loan arrangements (including but not limited to payment by instalments) or EDB subsidies (including the Emergency Repairs and annual Major Repairs).
- (ii) All schools should submit applications to the EDB for prior approval in accordance with the prevailing requirements⁶ if any structural alterations are involved in the installation of RE facilities on their school premises.
- (iii) When purchasing, hiring, installing, replacing or carrying out repair and maintenance works for RE facilities, all schools should refer to the EDB’s prevailing circulars and guidelines⁷ and select, under the principles of openness and fairness,

² Schools may refer to the details of the two schemes (including eligibility and scopes) via the following links: Environment and Conservation Fund (https://www.ecf.gov.hk/doc/eeca_guide_to_application_en.pdf) Solar Harvest (<https://re.emsd.gov.hk/english/gen/4S/4S.html>)

³ Including DSS schools, ESF schools, private schools and kindergartens.

⁴ Including aided schools, caput schools, DSS schools, ESF schools as well as kindergartens under the Kindergarten Education Scheme and kindergartens having participated in the Pre-primary Education Voucher Scheme or the Kindergarten Education Scheme and still having students eligible for subsidies from the relevant schemes.

⁵ Regarding the repair or maintenance of the RE facilities, aided schools with an Incorporated Management Committee (IMC) may use the surplus of the Expanded Operating Expenses Block Grant to top up no more than (i) 50% of the recurrent cost arising from government-funded projects; and (ii) 25% of the recurrent cost arising from furniture, equipment and other facilities or educational service acquired through private donations or other fund-raising schemes.

⁶ As stipulated in regulation 10(a) of the Education Regulations (Cap. 279A), except with the consent in writing of the Permanent Secretary, there shall not be made any structural alterations to the school premises.

⁷ Aided schools, caput schools and DSS schools should refer to the EDB Circular No. 4/2013 on “Procurement Procedures in Aided Schools”; and the other schools should comply with the relevant requirements stipulated in the EDB Circular No. 14/2003 on “Acceptance of Advantages and Donations by Schools and their Staff”. As for arrangements for the contract period, all schools should refer to item (i) of the “Guiding Principles on Operating Business/Trading Undertaking Involving Above-standard Facilities in Publicly-funded Schools” in Appendix 4 of the EDB Circular No. 10/2016 on “Trading Operations in Schools”, as well as paragraph 6.3 of the “User Guide to Contract Management” (<https://www.effo.gov.hk/en/reference/publications/cm2007.pdf>) issued by the Government Efficiency Office.

suppliers/ contractors through competitive tender/ quotation exercises at regular intervals. No schools should solicit or accept any donations or advantages in any form from suppliers/ contractors.

Participation in the FiT Scheme

- (iv) All schools should make good use of the RE systems installed to improve students' environmental knowledge through teaching and learning activities⁸ or after-school activities in schools.
- (v) As the participation in the FiT Scheme is a trading operation, aided schools, caput schools, DSS schools and ESF schools should follow the relevant requirements laid down in the EDB Circular No. 10/2016 on "Trading Operations in Schools"⁹. Schools without IMC are required to seek prior permission in writing from the Permanent Secretary for Education. Schools should note that the profit limit for trading operations does not apply to the FiT Scheme. Schools in receipt of recurrent funding from the Government⁴ as well as non-profit-making private schools and kindergartens should use the related income for purposes directly benefiting their students, such as organising educational activities that promote environmental protection and purchasing, hiring, repairing or maintaining RE facilities.
- (vi) All schools' participation in the FiT Scheme should be approved by the School Management Committee (SMC)/ IMC.
- (vii) No schools are allowed to hire out their premises to enable the participation of a third party in the FiT Scheme. Schools in receipt of recurrent funding from the Government⁴ as well as non-profit-making private schools and kindergartens are not allowed to participate in the FiT Scheme through cooperation with others by way of sharing income with a third party.
- (viii) All schools should pay attention to the grid connection arrangements and statutory requirements in relation to the installation of RE systems.
- (ix) When making an application to the power companies for the participation in the FiT Scheme, all schools should submit to the EDB the Notification Form attached to this CM for record purpose. As soon as they are informed of the application results, schools should also fax the approval or rejection letter issued by the power companies to the School Administration 4 Section of the EDB (with a copy to the respective Senior School Development Officer/ Senior Services Officer) for their record.

⁸ If the RE facilities are installed on the rooftops and the schools intend to conduct teaching and learning activities there, they should refer to the requirements for roof playgrounds stipulated in regulations 16 to 20 of the Education Regulations (Cap. 279A).

⁹ Private schools should follow the guidelines set out in EDB Circular No. 17/2003 entitled "Guidelines on Sale of School Items and Provision of Paid Services in Private Schools", while kindergartens should also comply with the relevant requirements stipulated in EDB Circular No. 16/2013 entitled "Collection of Fees, Sale of School Items and Provision of Paid Services in Kindergartens".

Accounting Arrangements

- (x) All schools should keep a separate ledger for the income and expenditure of the FiT Scheme. Schools should keep all income and expenditure records and related receipts/ invoices which shall be made available to the EDB for inspection when necessary.
- (xi) All types of schools should reflect the income and expenditure of the FiT Scheme, as recorded in the separate ledger, in the audited accounts¹⁰ in accordance with the EDB's requirements. Aided schools and caput schools should furnish their income and expenditure in the General Funds Account to reflect the income and expenditure of the FiT Scheme. DSS schools, kindergartens under the Kindergarten Education Scheme¹¹ as well as private schools and schools under the ESF that have signed Service Agreement with the EDB which are required to prepare audited accounts in the prescribed formats of the EDB should disclose the income and expenditure of the FiT Scheme in the relevant Statement/ Note of the audited accounts. Private schools and the remaining schools under the ESF not required to prepare audited accounts in the prescribed formats of the EDB should reflect the relevant income and expenditure in the audited accounts/ financial statements according to the prevailing accounting standards.
- (xii) All types of schools should use the relevant income from the FiT Scheme or funds from appropriate sources as stated in paragraph 3(i) above to pay for the necessary expenses (e.g. the costs of grid connection and repair/ maintenance of RE facilities) or cover any loss.
- (xiii) Aided schools and caput schools should credit the surplus generated from the FiT Scheme, if any, to the General Funds Account. Schools charging tuition fees³ can accumulate the surplus in the non-government fund account/ school funds account to be used for covering future repair/ maintenance expenses of RE facilities and serving purposes directly benefiting their students. All schools are reminded to prepare cash flow forecasts for the participation in the FiT Scheme and retain sufficient surplus to cover any expenses or losses that may be incurred in future. In purchasing or hiring RE facilities, schools should critically assess whether the income/ surplus generated from the FiT Scheme is sufficient to cover the cost of the relevant service contract and carefully determine suitable contractual terms (e.g. total contract sum, contract period and mode of payment). Schools in receipt of recurrent funding from the Government⁴ as well as non-profit-making private schools and kindergartens are not allowed to distribute the income generated from the FiT Scheme to a third party in any forms, including donations or loans, or

¹⁰ Aided schools, caput schools, DSS schools and kindergartens under the Kindergarten Education Scheme, as well as private schools and schools under the ESF that have signed Service Agreement with the EDB which are required to prepare audited accounts in the prescribed formats of the EDB should reflect the income and expenditure in the separate ledger of the FiT Scheme in the audited accounts for the 2018/19 school year and beyond. Schools are notified separately of the details on the preparation of the audited accounts.

¹¹ Including kindergartens having participated in the Pre-primary Education Voucher Scheme or the Kindergarten Education Scheme and still having students eligible for subsidies from the relevant schemes.

transfer it to other accounts.

- (xiv) Schools charging tuition fees³ are not allowed to increase tuition fees for the reason of participating in the FiT Scheme. Relevant expenditure will not be considered in the assessment of any applications for fees adjustment.

4. Through the EDB Circular No. 4/2017 on “Environmental Policy and Energy Saving Measures in Schools”, the EDB urges all schools to formulate and put in place their school-based environmental policy, which should be endorsed by the SMC/ IMC of schools and are expected to be reported regularly at the SMC/ IMC meetings for ongoing review and sustainable development. Schools participating in the FiT Scheme may support the development of RE in line with their school-based environmental policy. To further promote environmental education, schools are encouraged to actively display to the community and stakeholders the results of implementing their school-based environmental policy by, for example, sharing on their school websites the details and achievements of their participation in the FiT Scheme and their conduct of educational activities on environmental protection.

ENQUIRY

5. For enquiries on participation in the FiT Scheme, please contact the following parties/officers:

Scope	Contact points
Details of the FiT Scheme of the power companies	<p>CLP Tel.: 2678 0322 Email address: csd@clp.com.hk</p> <p>HKE Tel.: 2843 3228 Email address: RE@hkelectric.com</p>
Technical issues related to installations of RE facilities	<p>Electrical and Mechanical Services Department Webpage dedicated to FiT on the Hong Kong Renewable Energy (HKRE) Net: http://re.emsd.gov.hk/eindex.html</p> <p>Enquiry hotline: 6395 2930 Email address: eepublic@emsd.gov.hk</p>
Arrangements for schools’ participation in the FiT Scheme	<p>School Administration 4 Section of the EDB Tel.: 3509 7459</p>
Other enquiries (e.g. works involving structural alterations)	<p>Respective Senior School Development Officers of the Regional Education Offices or Senior Services Officers of the Joint Office for Kindergartens and Child Care Centres of the EDB</p>

Ms Karen LAU
for Secretary for Education

c. c. Heads of government schools and all sections – for information

Participation of Schools in Feed-in Tariff (FiT) Scheme

Notification Form

To: Senior Education Officer (School Administration) 4
School Administration 4 Section
Education Bureau (EDB)
5/F., East Wing, Central Government Offices
2 Tim Mei Avenue, Tamar, Hong Kong
[Fax: 2117 9120]

We have decided to participate in the FiT Scheme implemented by CLP Power Hong Kong Limited/ The Hongkong Electric Company, Limited*, with an application submitted on _____ (DD/MM/YYYY).

Upon being notified of the application result by the power company, we will fax the approval or rejection letter issued by the power company to the School Administration 4 Section of the EDB (with a copy to the respective Senior School Development Officer/ Senior Services Officer) for record purpose. We are also aware that if the installation of renewable energy facilities involves any structural alterations to the school premises, we should submit an application to the EDB according to the prevailing requirements, and that no installation works of the RE facilities may be carried out without prior approval.

Signature of Supervisor/ Principal*: _____

Name of Supervisor/ Principal*: _____

Name of School: _____

Name of Contact Person: _____

Date: _____

(*Please delete as appropriate)

c.c.: _____ District (i.e. respective district) Senior School Development Officer/
Senior Services Officer