



MALTA RESOURCES AUTHORITY

Decision Notice 01/2014/ED

Decision of the 29th May 2014 issued in virtue of the Malta Resources Authority Act (Cap.423 of the Laws of Malta) to Liquigas Malta Ltd (C44954) and Gasco Energy Ltd (C44953) with regards to the proposal for inclusion of costs and forecast sales volume in the LPG Price Mechanism.

Whereas the Authority had established an LPG Price Mechanism which in January 2013, was revised with respect to the methodology and cost factors that could be included therein with a proviso that the operator must submit "... an annual total cost and total volume forecast for the following year for the Authority's evaluation, review and approval".

Whereas these forecasts were submitted by Liquigas Malta Ltd (LQG) in their own name and on behalf of Gasco Ltd by means of their letter dated 12th November 2013 as per attached copy in Annex One.

The Authority has reviewed these forecasted costs and is of the opinion that the forecasted costs for 2014 are reasonable and may be included in the LPG Price Mechanism for 2014.

The Authority also reviewed the forecasted sales volumes for 2014 and is of the opinion that the methodology used by Liquigas Malta Ltd is not sufficiently transparent and proposed that the sales forecast should be equivalent to the actual sales volume of the previous calendar year. Liquigas Malta Ltd in their reply said that in accordance with the

practice adopted in Price Mechanism 2013, both the forecast costs and forecast volumes should be used and reiterated that their forecasted sales volume was realistic.

In view of the Authority's function to:

- regulate, monitor and keep under review all practices, operations and activities relating to energy;
- to regulate the price structure for any activity regulated by the Malta Resources Authority Act and where appropriate to establish the mechanisms whereby the price to be charged for the acquisition, production, manufacture, sale, storage and distribution thereof is determined;

the Authority is hereby issuing this Decision:

1. The costs that are to be included in the LPG Price Mechanism for 2014 are as submitted by Liquigas Malta Ltd by their letter dated 12th November 2013 as per attached Annex One.
2. Furthermore the said costs are to be apportioned between cylinder sales and bulk sales on the basis of the latest available actual sales volume of the previous twelve month period. This exercise should be carried out each time that a price is determined by means of the LPG Price Mechanism.
3. All other conditions of the decisions 02/2013/ED and 03/2013/ED are to remain applicable as stated therein.



Ing. James Camenzuli

Chairman

Malta Resources Authority

Attached: Annex One