



MALTA RESOURCES AUTHORITY

STATEMENT BY THE MALTA RECOURCES AUTHORITY

The Malta Resources Authority refers to various articles of the media. The Authority would like to put forward the facts related to the latest publication of the prices for LPG cylinders.

The Malta Resources Authority is responsible to regulate the energy sector such that private or state owned operators who are either a monopoly or have a dominant position in the market are not abusing their position. Such regulation is necessary and required to protect the rights of consumers.

Competition in the market, due to the introduction of a new operator in the gas sector, has led the companies concerned not to adopt the maximum price established by the Malta Resources Authority. Instead Liquigas (Malta) Ltd opted for prices that are cheaper. At the end it is the customer who is going to benefit by purchasing a 10kg cylinder that is €1.10 cheaper than the maximum established price or €3.60 on a 25kg cylinder.

cylinder	Price as established by MRA	Cheaper Liquigas prices	Cheaper Easygas prices	
			Door to door distribution	Selled from fixed points
		<i>selled from fixed points or door to door distribution</i>	<i>Door to door distribution</i>	<i>Selled from fixed points</i>
10kg	€14.60	€13.50	€13.40	13.00
12kg	€17.30	€16.00	n/a	n/a
15kg	€21.20	€19.60	€19.50	€19.00
25kg	€34.40	€31.80	€31.50	€30.80

This month, the LPG market experienced the introduction of a new operator Easygas (Malta) Ltd. As happens in the energy and other markets with the entry of new operators, Liquigas Malta Ltd decided to reduce the prices of LPG cylinders to ensure that it remains competitive. In reality it decided to forego part of the approved mark-up. This decision was taken on commercial considerations which are completely independent of the prices of the previous months as the mechanism does not allow for any recoveries over or under.

This is happening because in June 2010, the Malta Resources Authority published a pricing mechanism which is used to determine the price for LPG sold in cylinders. The mechanism was formulated using financial data supplied by Liquigas (Malta) Ltd and verified by MRA external Consultants engaged specifically for this review.

Lengthy discussions took place between the Authority and Liquigas (Malta) Ltd to ensure that the financial data gave a fair a just representation of the costs.

Given the fact that LPG storage on the island is presently limited to a storage capacity ranging from 3 weeks in peak time during winter and 6 weeks in lean periods during summer the Authority decided to review the price on a monthly basis to ensure that the cost of bottled LPG matched the international price of LPG as purchased by Liquigas (Malta) Ltd.

Although in other European Countries gas is also distributed by pipe networks, the Malta Resources Authority would like point out the Prices of LPG in UK and Italy provided in cylinders are more expensive than in Malta.

In the UK customers who are not supplied by piped gas can choose to purchase either cylinders of butane or of propane. The use of these gases depends on the weather. Calor gas of the UK;

	<b>UK</b>	<b>Malta</b>
7kg cylinder	€25.18	
15kg cylinder	€38.66	€19 - €19.60

There is an extra charge of €5.80 for delivery. Another company in the UK, Flogas, sells the 13kg cylinders at €28.92, delivery included.

The prices in Italy vary from region to region, and between one city and another. Prices are quoted by the Chambers of Commerce of the regions.

	<b>Perugia</b>	<b>Malta</b>
10kg cylinder	€24.67	€13 - €13.50
15kg cylinder	€37	€19 - €19.50

*Delivery price not included*

	<b>Forli</b>	<b>Malta</b>
10kg cylinder	€27.02	€13 - €13.50
15kg cylinder	€40.54	€19 - €19.50

*Delivery price not included*

	<b>Como</b>	<b>Malta</b>
10kg cylinder	€25.20	€13 - €13.50
15kg cylinder	€36.93	€19 - €19.50

*Delivery price not included*

	<b>Rome</b>	<b>Malta</b>
10kg cylinder	€25	€13 - €13.50
15kg cylinder	€37	€19 - €19.50

*customers have to pay €5 for delivery.*

	<b>Sardegna</b>	<b>Malta</b>
10kg cylinder	€23	€13 - €13.50
15kg cylinder	€33	€19 - €19.50

*customers have to pay €5 for delivery.*

	<b>Sicily</b>	<b>Malta</b>
10kg cylinder	€18	€13 - €13.50
15kg cylinder	€23	€19 - €19.50

*Delivery price not included*

6<sup>th</sup> January 2011

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