



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad

Ph: 9206500, 9207200, Fax: 9210215

E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/TRF-89/LPTL-2007/5466-5468

July 18, 2011

Subject: **Decision of the Authority in the matter of Review filed by Liberty Power Tech Ltd. (LPTL) regarding Fuel Price Adjustments for the months of October & November 2010 (Case No. NEPRA/TRF-89/LPTL-2007)**

Dear Sir,

Enclosed please find herewith the Decision of the Authority (02 pages) in the matter of Review filed by Liberty Power Tech Ltd. against the Authority's Decisions dated 11.11.2010 and 07.12.2010 regarding fuel price adjustments for the months of October and November, 2010 respectively in Case No. NEPRA/TRF-89/LPTL-2007, for information.

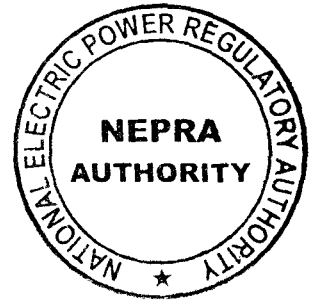
Encl: As above

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block Pak Secretariat, Islamabad.

(Syed Safer Hussain)



DECISION OF THE AUTHORITY IN THE MATTER OF REVIEW FILED BY LIBERTY
POWER TECH LIMITED (LPTL) REGARDING FUEL PRICE
ADJUSTMENTS FOR THE MONTH OF OCTOBER & NOVEMBER 2010
(CASE NO. NEPRA/TRF-89/LPTL-2007)


1. Liberty Power Tech Ltd. (hereinafter "LPTL") vide its letter No. LPTL/NEPRA-M/567/10 dated December 13, 2010 submitted its request to review the decisions of the Authority regarding fuel price adjustments for the months of October and November 2010. LPTL review was based on the following ground:
 - Due to fuel constraints from the fuel supplier i.e. Shell Pakistan, LPTL had to arrange limited quantity fuel from Pak Arab Refinery Company (hereinafter "PARCO") on emergency basis in order to ensure a speedy and timely achievement of Required Commercial Operations Date (RCOD). Since fuel arranged by PARCO was on emergency basis therefore for timely delivery of the fuel cartage contractor charged higher freight
2. LPTL submitted that this situation prevailed for a limited period for future deliveries freight rates were revised downward.
3. The Authority while considering the review request, directed to ascertain the feasibility of separate arrangement of transportation by LPTL itself so that the benefit of cheaper overall cost could be passed on to the consumers. LPTL vide its letter No. LPTL/NEPRA-M/051/11 dated 17th February 2011 explained that they did try to arrange transportation separately; however, the transporter quoted the same freight as was offered by PARCO. LPTL further stated that they lack required set of skills to manage this diversification. The risk of loss during transportation was also to be born by LPTL. Due to the diversified nature of the transportation business, it was not in the interest of company to step into this part of supply chain.
4. The Authority sought comments from Central Power Purchasing Agency (hereinafter "CPPA"). In response thereof CPPA gave the following comments:


"with reference to your letter No. NEPRA/TRF-89/LPTL-2007/1163 dated 17-02-2011, we understand that the NEPRA decisions regarding disallowance of freight difference of Rs. 1,473/ton on PARCO supplies to LPTL, truly depicts the regulator role to ensure the fair and healthy competitive pricing mechanism and to watch the consumer interest."
5. The Authority having considered the LPTL's review request and CPPA's comments is of the view that in terms of Fuel Supply Agreement (FSA), fuel supply is the prime

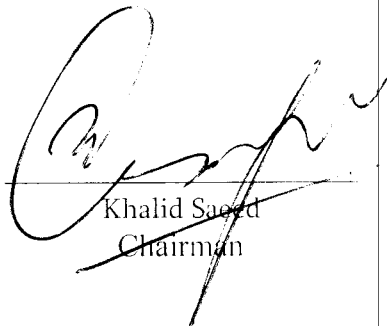


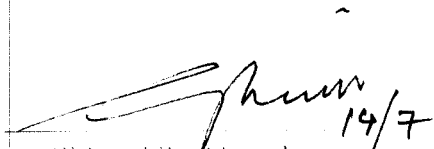
responsibility of the Shell. In case Shell fails to supply the required fuel Shell should compensate for extra cost incurred by LPTL for arranging the fuel. In view thereof the Authority has decided to maintain its earlier decision with respect to disallowing the cost of Rs. 1,473/M.Ton to LPTL on account of the freight difference between Shell and Parco supplies of furnace oil for the similar location from Glenwood Kay to Faisalabad.

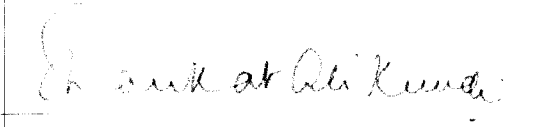
AUTHORITY


Zafar Ali Khan
Member
13/7/11


Maqbool Ahmad Khawaja
Member


Khalid Saeed
Chairman


Ghiasuddin Ahmed
Member
14/7


Shamir Ali Hundi
Member Vice Chairman
18.07.2011

