

Public Utilities Board Seeking Public Input on Petroleum Process Pricing Review

FOR IMMEDIATE RELEASE

June 6, 2024, 10:30 am, St. John's, NL - In addition to its other regulatory and supervisory roles, the Public Utilities Board of Newfoundland and Labrador (the Board) was mandated in 2004 to assume responsibility for the regulation of maximum prices of petroleum products in accordance with the **Petroleum Products Act** (the Act).

Subsequent to amendments to the Act, in June 2022 the Board was directed by The Hon. Sarah Stoodley, Minister of Digital Government and Service NL to review the suitability of the pricing mechanism for benchmark prices and the maximum markup between the wholesale price to the retailer and the retail price to the consumer for all regulated fuels. The Board was further directed to provide an opportunity for input from residents throughout Newfoundland and Labrador, through in-person and written and electronic correspondence.

Following a workplan submitted to the Minister, the Board engaged Kalibrate Canada Inc. and R Cube Economic Consulting Inc. to conduct background research, data acquisition and assist with work on the review.

The Board is now inviting broader public input and has released its Petroleum Products Pricing Consultation Document as part of its ongoing efforts to seek input into petroleum products pricing and regulation in the province. The consultation document includes information gathered to date and potential changes the Board may recommend after further public consultation.

“After a thorough review of many aspects of our petroleum product pricing, we are at a place where we can share some preliminary findings with the government and the public,” says Jo-Anne Galarneau, Executive Director and Board Secretary. “We are now seeking input and commentary from consumers and the industry about the review and any potential changes.”

Based on the information filed to date, the following potential changes or recommendations are being considered by the Board:

Benchmark Pricing

- changing the market reporting agency to Argus Media from Platts US Market Scan.
- recommending to government to change the benchmarking for higher grades of gasoline.
- changing the seasonal blending for furnace oil.
- changing the benchmark price averaging calculation.

Mark-Ups and Zone Differentials

- decreasing the current (interim) wholesale mark-ups for gasoline, diesel and furnace oil.
- increasing the current zone differentials for gasoline, diesel, furnace oil and propane.
- increasing the current retail mark-ups for gasoline, diesel and furnace oil.
- changing the current (interim) total allowed mark-ups for propane varying by pricing zone.

Zone Boundaries

- changing Zone 3a - St. Brendan's (Island) to include Zone 3b - Fogo Island and Zone 3c - Change Islands.
- changing Zone 5a - Long Island to include Zone 5b - Little Bay Islands
- changing Zone 7a - Ramea to include Zone 7b - Grey River/François/Grand Bruit/La Poile
- merging heating fuel Zone 7W - Stephenville/Port au Port/Codroy Valley/Channel-Port aux Basques and Zone 7SE - Burgeo and renaming as Zone 7.

The Price Setting Process and Other Matters

- changing the effective day for weekly price adjustments to Friday.
- recommending Government grant the Board greater discretion in determining price adjustments.
- the frequency and process of future reviews.
- eliminating stove oil maximum prices on the Island.

The Petroleum Products Pricing Consultation Document is available on the PUB website.

The Board invites and encourages further information and commentary from industry and consumers with respect to all of these matters. The Board will consider all information and comments received before making determinations and issuing any Board Orders and a report to Government. Members of the public or industry may provide input by making a presentation to the Board or submitting written comments.

Requests for presentations to the Board must be submitted to the Executive Director and Board Secretary, Jo-Anne Galarneau, by email at board@pub.nl.ca by **Monday, July 15, 2024**.

Letters of comment should be filed by **Friday, August 16, 2024** to board@pub.nl.ca.

Requests to make a presentation and letters of comment must include full name, address, phone number and/or email.

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