

## **MEDIA RELEASE**

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*Thursday, May 21, 2020*

### **Weekly Adjustment of Maximum Prices of Regulated Petroleum Products**

#### **Weekly Adjustments for Maximum Prices Resume for Certain Labrador Zones**

Effective 12:01 a.m. Thursday, May 21, 2020, the Public Utilities Board set maximum prices for all regulated petroleum products in all areas of the province, except where maximum price adjustments continue to be suspended for the winter months.

The changes to maximum fuel prices, with the exception of gasoline motor fuel, diesel motor fuel and stove oil heating fuel in Zone 10 (Labrador – The Straits to Red Bay), Zone 11 (Labrador South – Lodge Bay/Cartwright), Zone 11b (Coastal Labrador South – Drum Delivery), and Zone 12 (Central Labrador), are as follows:

- all types of gasoline motor fuel will increase by up to 2.5 cents per litre (cpl);
- diesel motor fuel on the Island will increase by up to 3.1 cpl;
- diesel motor fuel in Labrador (Zones 13 and 13a) will increase by up to 7.6 cpl;
- furnace oil heating fuel will increase by 2.63 cpl;
- stove oil heating fuel will increase by 2.63 cpl; and,
- propane heating fuel will increase by 1.9 cpl.

These maximum prices reflect the change in the average benchmark price of the products over the current pricing period. As an example, the average benchmark price for gasoline, as tracked on the New York Mercantile Exchange (NYMEX) and converted to Canadian dollars, increased over the period by 2.13 cpl, resulting in an increase of up to 2.5 cpl, accounting for taxation and rounding.

The changes to maximum prices for gasoline motor fuel, diesel motor fuel and stove oil heating fuel in Zones 10, 11, 11b and 12 are as follows:

- all types of gasoline motor fuel will decrease by up to 15.9 cpl;
- diesel motor fuel will decrease by up to 27.9 cpl; and,
- stove oil heating fuel will decrease by 26.22 cpl.

## **Resumption of Weekly Adjustment to Maximum Prices in Zones 10, 11, 11b and 12 in Labrador**

In Order No. P.P. 17(2020) the Board approved new maximum prices that can be charged by wholesalers in Zone 10 (Labrador – The Straits to Red Bay), Zone 11 (Labrador South – Lodge Bay/Cartwright), Zone 11b (Coastal Labrador South – Drum Delivery), and Zone 12 (Central Labrador) for gasoline, diesel and stove oil effective April 16, 2020. These adjustments were made pursuant to section 8 of the *Petroleum Products Act* following requests from Woodward’s Oil Limited for an increase in maximum wholesale prices in Zones 11 and 12 for these fuels and a request by William Normore Limited for a similar increase in Zones 10 and 11.

Petroleum products for these areas are delivered in the fall prior to winter freeze-up with resupply occurring in late spring when shipping resumes in the area. The increases in wholesale prices were requested to offset the impact of dramatic decreases in the prices of regulated petroleum products since early March, which resulted in wholesalers having to sell product inventories at substantial losses. The Board approved increases in the maximum wholesale prices for gasoline, diesel and stove oil to provide wholesalers a reasonable opportunity to recover costs and to help ensure security of supply until the area could be resupplied in the spring. The maximum prices set on April 16, 2020 in these zones have been in effect since then with weekly maximum price adjustments suspended.

Late last week wholesalers notified the Board that resupply of Zones 10, 11 and 12 was underway and should be completed within the next week or so. As a result the Board has determined that the maximum prices and the suspension of weekly maximum price adjustments approved by the Board on April 16, 2020 are no longer necessary. The Board has today issued Order No. P.P. 24(2020) ordering that, effective with this week’s adjustment, maximum prices for gasoline, diesel fuel and stove oil in Zones 10, 11 and 12 will reflect weekly benchmark prices in accordance with the Board’s pricing methodology.

During the summer of 2020 the Board plans to review petroleum products price regulation in Labrador. This review will examine the supply dynamics, zone differentials and zone boundaries, as well as the pricing model and the price adjustment mechanisms. The Board is currently in the planning stage for this review and has, as a first step, invited feedback from stakeholders on the issues to be included in the review. Further information on the review, including the issues, schedule, review process and how to participate, is expected to be available by mid-June.

Order No. P.P. 17(2020) can be found on the Board’s website and Order No. P.P. 24(2020) will be available on the Board’s website at the following link: <http://www.pub.nl.ca/orders/pp2020full.htm>

The next scheduled price change is Thursday, May 28, 2020.

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