

June 26, 2023

Re: Petroleum Products Act Regulations - Clean Fuel Regulations – Grant Thornton Report

Submission to: Newfoundland and Labrador Board of Commissioners of Public Utilities

Comments: Carol Montreuil, Vice-President, Eastern Canada, Canadian Fuels Association

On June 21, 2023, the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) circulated a copy of Grant Thornton's June 2023 report on the potential costs for suppliers in Newfoundland and Labrador associated with the federal Clean Fuel Regulation (CFR) which becomes effective for motor fuels on July 1, 2023. The Grant Thornton report recommends the adoption of an Interim Cost of Carbon Adjustor formula until the carbon credit market is established and there is liquidity within the market.

This report is similar to those filed by Grant Thornton with regulators in New Brunswick and Nova Scotia. On June 13, 2023, the New Brunswick Energy and Utilities Board (EUB) issued its decision in Matter 549, establishing the Grant Thornton formula and its inputs as the initial mechanism for setting the cost of carbon adjustor component of maximum motor fuel prices in New Brunswick. Paragraph 40 of the decision also states that the EUB will conduct a review of the ongoing appropriateness of various aspects of the formula no later than early 2024.

In Nova Scotia, the Nova Scotia Utility and Review Board (UARB) held a public hearing on June 5, 2023, and final submissions have now been received. The UARB also retained Grant Thornton as its expert and a decision with respect to the recommended formula is expected shortly.

The Canadian Fuels Association (CFA) supports the implementation of the Grant Thornton formula in Newfoundland and Labrador as an interim measure to allow for recovery of additional supply costs associated with the CFR, for the reasons set out in Grant Thornton's report. Now that changes have been introduced to the Petroleum Products Act Regulations, CFA encourages the PUB to adopt the Grant Thornton formula on an interim basis starting July 6, 2023, with further reviews of the circumstances to follow over the coming months.

Thank you for the opportunity to submit our comments. Should you have any questions, please contact me directly.