

NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES  
Petroleum Pricing Office

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## MEDIA RELEASE

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*Thursday, January 11, 2007*

### **Maximum gasoline prices decrease substantially**

The Public Utilities Board, through its Petroleum Pricing Office, will lower the maximum price for all types of gasoline by 5.3/5.4 cents per litre (cpl) – depending on the HST rounding impact in a particular pricing zone – in Newfoundland and Labrador (NL) as of 12:01 a.m. Thursday, Jan. 11, 2007, except in areas where a price freeze is in effect.

This marks the first time the Board has been required to use its interruption formula (see Backgrounder) since moving to its biweekly schedule Nov. 23, 2006. The criteria were not met for any of the other fuels under regulation, and in the absence of extraordinary conditions, maximum prices for all fuels will remain in effect until Thursday, Jan. 18, 2007.

NYMEX (New York Mercantile Exchange) prices for refined fuels have resulted in an overall downturn in maximum gasoline prices in NL due to a number of factors. Market declines were spurred by skepticism that OPEC (Organization of Petroleum Exporting Countries) would cut global supplies. As well, the U.S. Energy Information Administration (EIA) recently reported inventories had increased and moved to the middle of the average range for this time of year. Consumption remained strong outside of the traditional peak driving season, but refinery activity has increased to assure the market, at least in the short term, that gasoline demand can be met.

#### **BACKGROUNDER**

**Regulation schedule:** The Board currently sets maximum prices for petroleum products every two weeks. Every Thursday following a scheduled adjustment, consumers will experience either no change in price or a change triggered by the criteria being met for the IF. More information can be found on the Board's website at [www.pub.nl.ca](http://www.pub.nl.ca).

**Interruption formula:** The criteria for the Board's IF, which is used to adjust for market volatility between scheduled pricing adjustments, include:

**a.** For gasoline, diesel or furnace/stove oil, price fluctuations on NYMEX (New York Mercantile Exchange) must exceed an average of  $\pm 4.0$  cents per litre (cpl) over a seven-day period from the last regulated benchmark price for each fuel.

**b.** For residential propane, figures are derived from pricing activity at the Sarnia rack that is published in Bloomberg's *Oil Buyer's Guide*. Weekly figures must exceed a  $\pm 5.0$  cpl change from the previously established benchmark under regulation.

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