

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

MEDIA RELEASE

Thursday, January 18, 2007

Further declines seen for maximum fuel prices

The Public Utilities Board, through its Petroleum Pricing Office, will lower the maximum prices for all regulated fuels in Newfoundland and Labrador (NL) as per its scheduled adjustment effective 12:01 a.m. Thursday, Jan. 18, 2007, except in regions under a price freeze.

Maximum gasoline prices in this province will decrease by 3.0/3.1 cents per litre (cpl) – depending on the HST rounding impact. This is the third decrease in as many weeks, and brings maximum prices in NL to a 22-month low as the average pricing behaviour on NYMEX (New York Mercantile Exchange) for gasoline from Jan. 10-16, 2007 continued its downward trend. Other fuel products haven't changed in price since the last scheduled announcement Jan. 4, 2007, and they too will see further declines at this time, including:

- ultra low-sulphur diesel in Newfoundland by 3.7/3.8 cpl and low-sulphur diesel in Labrador by 3.5/3.6 cpl;
- No. 2 blend furnace oil by 3.59 cpl;
- stove oil by 3.32 cpl; and,
- residential propane used for home heating purposes by 1.0 cpl.

The commodity markets have seen some rebounds recently; however, they have thus far been short-lived. Helping to lower refined fuels prices, such as that for gasoline and distillates (diesel and furnace/stove oil), has been the steady rebuilding of these products' inventories. Demand is expected to remain solid, even though recent warmer-than-average temperatures continued throughout the northeastern seaboard (the region where consumption for heating fuels is traditionally highest).

Aside from the resolution of a dispute between Russia and Belarus, which led to a cut in fuel supplies to central Europe, geopolitical events have not received as much attention as in the past, which helped ease concerns about fuel supply availability. However, factors (such as Iran's nuclear activity, tension in the Middle East, and violence in the oil-rich Niger Delta) still exist and have the potential to resurge and impact prices at any time. As well, OPEC (Organization of Petroleum Exporting Countries) has stated, though not all members agreed, that the current levels of production are sufficient and do not need additional cuts.

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 interruption formula. More information can be found on the Board's website at www.pub.nl.ca.

-30-

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