

## MEDIA RELEASE

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*Thursday, March 1, 2007*

### **Maximum prices increased for gasoline**

The Public Utilities Board, through its Petroleum Pricing Office, has established the new maximum fuel prices in Newfoundland and Labrador (NL), effective 12:01 a.m. Thursday, March 1, 2007 as per its biweekly schedule, with the exception of areas currently under a price freeze.

The following is a breakdown of the changes to be made to maximum fuel prices:

- all types of gasoline will increase by 5.2/5.3 cents per litre (cpl) – depending on the HST rounding impact for a particular pricing zone;
- automotive diesels: ultra low sulphur diesel in Newfoundland will be lowered by 0.3/0.4, while low sulphur diesel in Labrador will decrease by 0.4 cpl;
- heating fuels will also see slight downward movement - No. 2 blend furnace oil by 0.23 cpl and stove oil by 0.41 cpl; and,
- residential propane used for home heating purposes will instead see an increase of 1.1 cpl.

While maximum fuel prices for gasoline have remained stable over the past two weeks despite considerable volatility on the commodity markets, gasoline prices in this province are now reflecting the upward price pressure which has existed in these markets over this period. A price increase of 5.1 cpl on February 15, 2007 has combined with a similar increase at this time to raise gasoline prices to a level which has not been experienced since September 2006.

Demand/supply issues remain prime factors as the heating season crosses over to the peak demand driving season. Gasoline demand has been unseasonably strong for this time of year. Inventories have declined in the short term, and concerns have arisen about the ability to meet peak demand in the coming months. Also international geopolitical factors, including concerns with Iran's controversial nuclear program and a move by Venezuela's government to nationalize private oil and gas developments, are contributing to persistent pricing gains in the fuel markets overall. A global stock market plunge Tuesday also spilled over into commodity trading creating fears of stunted economic growth and an impact on fuel demand.

The impact of these and other factors on the commodity markets and hence future pump prices for gasoline remains uncertain, and it will be necessary to monitor market conditions closely as North America prepares for its peak driving season.

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