

## MEDIA RELEASE

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*Thursday, March 8, 2007*

### **Maximum gasoline prices see increases**

Effective 12:01 a.m. Thursday, March 8, 2007, the Public Utilities Board, through its Petroleum Pricing Office, will use the interruption formula to increase the maximum price of all types of gasoline in Newfoundland and Labrador (NL) by 7.7/7.8 cents per litre (cpl) – depending on the HST rounding impact in a pricing zone, except in regions where prices are frozen.

The interruption formula criteria for the other regulated fuel products (automotive diesels, No. 2 blend furnace oil, stove oil and residential propane) were not met, and their maximum prices will not change at this time. Barring any unforeseen circumstances, the next scheduled pricing adjustment will occur Thursday, March 15.

This change marks the third significant increase in the maximum price of gasoline in NL and reflects the continued volatility and pricing pressure on gasoline building in the global commodity markets. NYMEX (New York Mercantile Exchange) data for gasoline has increased approximately 25 per cent over the past three weeks. Maximum pump prices in this province are now at a level close to that of July 2006 (114.0 cpl) and are nearly 14 cpl higher than this time last year.

Several events have contributed to the unstable pricing environment on NYMEX for refined fuels overall. Declining inventories in the face of stronger-than-expected demand remains a mitigating factor in escalating prices for gasoline. Nigeria, one of OPEC's larger producers, experienced another production setback, in addition to those already stemming from ongoing militant attacks, when a major company was forced to shut nearly two-thirds of its average daily production after a pipeline spill. As well, refinery maintenance continues to occur throughout North America as production shifts from heating oils to gasoline in order to rebuild inventories.

Once the traditional peak demand driving season arrives in approximately two months, the future direction of prices remains uncertain because of the numerous factors currently contributing to unsettled conditions in the marketplace, seemingly on a weekly basis. The Board will continue to monitor and adjust prices as necessary in order to balance the interests of all stakeholders, and ensure an adequate supply of all petroleum products throughout the province at an appropriate market price.

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