

MEDIA RELEASE

Thursday, March 13, 2008

Maximum gasoline prices lowered, other fuels move upward

The Public Utilities Board, through its Petroleum Pricing Office (PPO), will set new maximum fuel prices in Newfoundland and Labrador (NL) – except in areas where prices are frozen – as per its scheduled biweekly adjustment effective 12:01 a.m. Thursday, March 13, 2008.

For the February 27 to March 11 pricing period, the overall average of market data has resulted in the following changes:

- all types of gasoline will decrease by 0.9/1.0 cents per litre (cpl) – depending on the HST rounding effect in a particular pricing zone;
- ultra low sulphur diesel will increase by 3.9/4.0 cpl;
- No. 2 blend furnace oil will rise by 2.53 cpl, and stove oil by 2.52 cpl; and,
- residential propane used for home heating purposes will increase by 2.0 cpl.

Escalating market prices for refined petroleum products, such as automotive and heating fuels, have continued to make a dramatic impact on local fuel prices throughout North America. While the price of crude oil is not used by the Board in its calculations for regulated maximums, its recent advancement to all-time highs (\$108 US per barrel) has directly affected the prices of the commodities made from it. With the exception of gasoline, market data during this period have surpassed that of September 2005 when commodity prices skyrocketed after Hurricanes Katrina and Rita devastated oil infrastructure in the Gulf of Mexico.

Automotive diesel prices have moved quickly to new record highs. Diesel and furnace/stove oil are members of the distillate group of fuels, and factors impacting one product will be reflected in the others, though not always to the same magnitude. Persistent demand for heating fuels and dwindling supplies as the peak consumption season nears its end have helped boost prices. As well, the impact of increased use of diesel vehicles in Europe and more demand in growing economies (i.e. India and China) is being observed at the retail level. The Board stresses that future maximum prices in NL will not move upward or downward unless supported by market data.

Commodity prices have also been stimulated by a weakening U.S. dollar and more talks of recession for the world's largest energy/fuel consumer. In addition, mitigating factors remain, such as global geopolitical events in major fuel supply regions (including Latin America), along with tight global supplies, heavy commodity investing and increased refinery costs.

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