

MEDIA RELEASE

Thursday, April 10, 2008

Increases for all maximum fuel prices

The Public Utilities Board, through its Petroleum Pricing Office, will set new maximum prices for fuel products under regulation in Newfoundland and Labrador (NL), except in areas where a price freeze is in effect.

Effective 12:01 a.m. Thursday, April 10, 2008, all maximum prices will increase as follows:

- all types of gasoline by 2.0/2.1 cents per litre (cpl);
- ultra low sulphur diesel by 1.5/1.6 cpl;
- No. 2 blend furnace oil by 3.29 cpl and stove oil by 0.43 cpl; and,
- residential propane used for home heating purposes by 1.1 cpl.

Pricing movements on the commodity markets have been extremely erratic during this period (March 26-April 8, 2008). Reaction was rapid to any news seen as potentially affecting future supplies in light of seasonal shifts and global demand growth. As a result, consumers in NL are facing maximum fuel prices that surpass year-ago levels, particularly for home heating fuels. The Board recognizes the concerns arising from this and will ensure that maximum prices continue to accurately reflect the realities of the marketplace.

No. 2 blend furnace oil is the big mover this time around, with the major driving factor being the pricing movement of the jet fuel component. During winter, calculations reflect a 75-25 per cent jet fuel/furnace oil combination that is used to improve the product's use in cold temperatures. While furnace oil prices saw only marginal increases during the past two weeks, jet fuel, on the other hand, increased by more than an average of 4.0 cpl. Distillate inventories (furnace/stove oil and diesel) are declining and are in the lower end of the average range for this time of year. Future pricing will largely be dependent on consumption patterns and weather conditions.

Gasoline prices remain high throughout North America. Stockpiles are somewhat healthy leading into the peak demand driving season, though they have been declining. Concerns exist, therefore, that demand may not be met if consumption is stronger than projected, which may result in upward pricing pressure.

Commodity prices are also being affected by the economic outlook for the U.S., the world's largest fuel and energy user; reduced refinery output, seasonal maintenance shutdowns and unplanned infrastructure glitches; OPEC's insistence that the market is well-supplied and any increase to output is unlikely; and, the fact that crude oil remains above \$100 US per barrel.

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