

MEDIA RELEASE

Thursday, April 24, 2008

Maximum gasoline, propane prices rise; distillates decrease

The Public Utilities Board, through its Petroleum Pricing Office, will establish new maximum fuel prices in Newfoundland and Labrador, as per its scheduled biweekly adjustment.

Effective 12:01 a.m. Thursday, April 24, 2008, maximum prices will change as follows, except in areas under a price freeze:

- all types of gasoline will increase 5.1 or 5.2 cents per litre (cpl), depending on HST rounding impacts;
- ultra low sulphur diesel will decrease 2.2 or 2.3 cpl, also due to HST rounding;
- No. 2 blend furnace oil will be lowered 2.27 cpl, as will stove oil by 0.12 cpl; and,
- residential propane used for home heating purposes will rise by 2.0 cpl.

For all fuels except propane, these maximum prices are based on seven days of market data instead of 14 days since the maximum prices were changed last week on Thursday, April 17, 2008 with the operation of the interruption formula. The largest maximum price increase is in relation to gasoline as pricing pressures are felt with the coming peak summer demand driving season. As well, expenses for refineries have increased with the shift to the production of summer grades of fuel and changing regulatory requirements in some regions in relation to ethanol content. Distillate prices fell slightly this week, particularly for diesel and jet fuel (blended with No. 2 furnace oil at a 75-25 ratio during the winter months) as the heating oil peak demand season draws to a close.

During the past week, the prices for refined fuel products continued to be impacted by a succession of record crude oil prices. Market pressures, such as the weakened U.S. dollar, global demand growth and supply disruptions in several major oil-producing nations, have been ongoing for some time. However, more recent events have caused additional fluctuations and demonstrated the markets' sensitivity, including:

- a strike at a refinery in Scotland leading to closures;
- cuts to exports from Mexico, the oil-rich Niger Delta and Russia; and,
- projections of an active hurricane season.

It is anticipated that fuel-pricing adjustments in Newfoundland and Labrador will continue to be significantly influenced by global commodity market activity with appropriate adjustments for local factors to ensure an adequate supply to the provincial fuel network.

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