

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
Petroleum Pricing Office

MEDIA RELEASE

Thursday, July 10, 2008

Maximum distillate fuel prices increase; no change for gasoline or propane

Effective 12:01 a.m. Thursday, July 10, 2008, maximum prices for ultra low sulphur diesel will increase 5.3 or 5.4 cents per litre (cpl) – depending on the HST rounding impact, while furnace and stove oil will rise by 5.21 cpl.

These maximum price changes result from the operation of the Public Utilities Board's interruption formula. The interruption criteria were not met for all types of gasoline and residential propane, and maximum prices last established July 3, 2008 for these products will remain in effect.

Following last Thursday's pricing adjustment, commodity prices continued to rise. Record prices for crude oil and increasing demand is putting upward pressure on the price of distillate fuels. Prices for diesel, in particular, have increased as more global demand is being placed on this product as a fuel source.

Other reasons for the recent climb in market prices overall were: increasing demand for distillates in China, the world's second-largest energy consumer; growing tensions between Israel and Iran over the latter's nuclear program; tightening inventories; an oil workers' strike in Venezuela; the onset of the hurricane season; and, refinery production hasn't been at optimum levels. While market prices for distillate fuels receded during the last two days of this pricing period due to a rising U.S. dollar and easing tensions in the Middle East, it failed to offset what were already significant increases.

For Newfoundland and Labrador, current market conditions have resulted in record prices for diesel and furnace/stove oil at this time.

The next scheduled pricing adjustment will occur Thursday, July 17, 2008. More information regarding fuel-price regulation and the interruption formula can be found on the Board's website at www.pub.nl.ca.

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