

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.P. 25(2021)

1 **IN THE MATTER OF** the *Petroleum Products*
2 *Act*, SNL 2001, Chapter P-10.1 and regulations
3 thereunder; and
4

5 **IN THE MATTER OF** the Board's 2020
6 Labrador Petroleum Products Pricing Review;
7 and
8

9 **IN THE MATTER OF** the setting of
10 maximum wholesale prices to be charged for
11 gasoline and diesel motor fuels, and stove oil
12 and propane heating fuels in Zones 10, 11, 11a,
13 11b, 12 and 14; and
14

15 **IN THE MATTER OF** the lifting of the
16 current suspension of maximum price
17 adjustments for diesel motor fuel and stove oil
18 heating fuel in Zone 12 and for all fuels in
19 Zones 11a and 14; and
20

21 **IN THE MATTER OF** a change in the stove
22 oil benchmark for Zones 11a and 14; interim
23 changes in the zone differentials in Zones 10,
24 11, 11a, 11b, 12 and 14; and the implementation
25 of a suspension of maximum price adjustments
26 in Zones 10, 11, 11a, 11b, 12 and 14.
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28
29 **WHEREAS** in 2020 the Board began a review of the petroleum products pricing in Labrador
30 and, on November 25, 2020, issued Order No. P.P. 58(2020) approving:

- 31 i) the implementation of a suspension of maximum price adjustments in Zones 10, 11,
32 11b and 12 for all fuels, with the exception of propane heating fuel;
33 ii) a change to the benchmark used in maximum prices for stove oil heating fuel in all
34 zones in Labrador, except Zones 11a and 14 where price adjustments were suspended;
35 and

1 iii) interim increases in the zone differentials as set out below:

Interim Zone Differential Increases (cents per litre) Effective November 26, 2020			
Zone	Gasoline	Diesel	Stove Oil
Zone 10	8.0	8.0	8.0
Zone 11	4.0	5.0	0.0
Zone 11b	4.0	5.0	0.0
Zone 12	3.0	3.0	0.0

2 **WHEREAS** no changes were made to the zone differentials in Zones 11a, 13, 13a and 14 in
3 Order No. P.P. 58(2020) as further information related to Zones 13 and 13a was pending at the
4 time and the maximum price adjustments in Zones 11a and 14 were suspended for the winter;
5 and

6
7 **WHEREAS** in Order No. P.P. 19(2021), following the transition of the North Atlantic Refinery
8 into standby mode, the Board approved interim adjustments, effective as of May 6, 2021, to the
9 total allowed mark-ups for propane heating fuel in all zones in the province, except Zones 11a
10 and 14, where maximum price adjustments were suspended, and Zones 12, 13 and 13a which
11 were not affected by the changes at the refinery; and

12
13 **WHEREAS** in Order No. P.P. 22(2021) the Board approved the lifting of the suspension of
14 maximum price adjustments, effective as of May 6, 2021, for gasoline and diesel motor fuels and
15 stove oil heating fuel in Zones 10, 11 and 11b and for gasoline motor fuel in Zone 12; and

16
17 **WHEREAS** delivery information provided by suppliers to the region shows that the spring
18 resupply of diesel motor fuel and stove oil heating fuel to Zone 12 and of all fuels to Zones 11a
19 and 14 has commenced and will be completed in the coming days and, therefore, the Board is
20 satisfied that it is reasonable to lift the suspension of maximum price adjustments for these fuels
21 in these zones, effective June 10, 2021; and

22
23 **WHEREAS** the Board is also satisfied that, with the lifting of the suspension in Zones 11a and
24 14, the maximum prices in these zones should reflect the change to the stove oil benchmark
25 which was accepted in Order No. P.P. 58(2020), as well as changes to the total allowed mark-ups
26 for propane heating fuel consistent with the decisions made in Order No. P.P. 19(2021); and

27
28 **WHEREAS** based on the cost information provided during the 2020 Labrador Petroleum
29 Products Pricing Review, including the information provided by suppliers in the region in the
30 spring of 2021, the Board is satisfied that the zone differentials reflected in the current wholesale
31 mark-ups are inadequate to recover the cost of supply for certain fuels in Zones 10, 11, 11a, 11b,
32 12 and 14 and that the zone differentials should be adjusted on an interim basis; and

33
34 **WHEREAS** the review of information with respect to the zone differentials in Zones 13 and 13a
35 is ongoing and there will be no changes at this time with respect to these zones; and

1 **WHEREAS** based on the commentary provided during the 2020 Labrador Petroleum Products
 2 Pricing Review, including the information received from suppliers in the region in the spring of
 3 2021, the Board is satisfied that a suspension of maximum price adjustments should be
 4 implemented with the June 10, 2021 maximum price adjustments in Zones 10, 11, 11a, 11b, 12
 5 and 14 for all fuels except propane heating fuel until further order of the Board.

6
 7
 8 **IT IS THEREFORE ORDERED THAT:**
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- 10 1. The suspension of maximum price adjustments for diesel motor fuel and stove oil heating
 11 fuel in Zone 12 (Central Labrador) and for all fuels in Zone 11a (Labrador South – Tanker
 12 Supplied) and Zone 14 (Coastal Labrador North) is lifted, effective 12:01 a.m. June 10, 2021.
 13
 14 2. The benchmark used in maximum prices for stove oil heating fuel in Zone 11a (Coastal
 15 Labrador South – Tanker Supplied) and Zone 14 (Coastal Labrador North) shall be 100%
 16 Platts New York Barge ULSKero, effective 12:01 a.m. June 10, 2021.
 17
 18 3. The maximum wholesale prices will be adjusted on an interim basis effective 12:01 a.m. June
 19 10, 2021, with corresponding changes in maximum retail prices, to reflect the following
 20 interim increases in zone differentials and mark-ups, until further order of the Board:

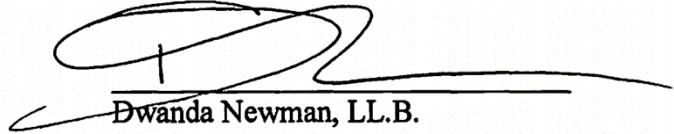
Interim Increases (cents per litre)				
Zone	Gasoline Differential	Diesel Differential	Stove Oil Differential	Propane Mark-up
Zone 10	3.0	2.0	2.0	n/a
Zone 11	3.0	2.0	2.0	n/a
Zone 11a	8.0	9.0	n/a	12.0
Zone 11b	3.0	2.0	2.0	n/a
Zone 12	1.0	1.0	1.0	n/a
Zone 14	8.0	9.0	n/a	12.0

- 21 4. Maximum price adjustments in Zone 10 (Labrador – The Straits to Red Bay), Zone 11
 22 (Labrador – Lodge Bay / Cartwright), Zone 11a (Coastal Labrador South – Tanker Supplied),
 23 Zone 11b (Coastal Labrador South – Drum Delivery), Zone 12 (Central Labrador) and Zone
 24 14 (Coastal Labrador North) shall be suspended as of June 10, 2021 for all fuels, except
 25 propane, until further order of the Board.

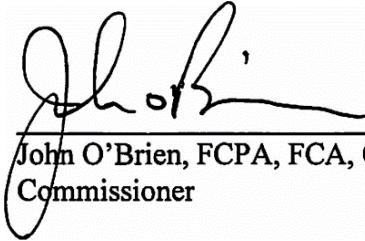
DATED at St. John's, Newfoundland and Labrador, this 9th day of June, 2021.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary