

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

AN ORDER OF THE BOARD

NO. P.P. 175(2026)

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

IN THE MATTER OF carbon price adjustments included, pursuant to Section 7 of the **Petroleum Products Regulations**, in the maximum price of gasoline and diesel motor fuels.

WHEREAS pursuant to the federal **Clean Fuel Regulations (Canada)** (“CFR”), the Government of Canada directed carbon intensity reduction requirements in respect of motor fuels produced in Canada or imported into Canada on or after July 1, 2023; and

WHEREAS on June 22, 2023 the provincial **Petroleum Products Regulations** were amended to require that the Board include a carbon price adjustment in the maximum price of motor fuels to mitigate the costs incurred by wholesalers and retailers related to compliance with the CFR; and

WHEREAS on February 5, 2026 the Board engaged Signal Energy Consulting to report on supplier compliance costs under the CFR and the report was subsequently filed on May 1, 2026; and

WHEREAS the Board was satisfied that changes to the carbon price adjustments for gasoline and diesel motor fuels were warranted based on the information provided by suppliers to Signal Energy Consulting; and

WHEREAS in Order No. P.P. 50(2026) the Board determined that the carbon price adjustment for gasoline motor fuels and diesel motor fuel should be 10.5 cents per litre and 11.0 cents per litre, respectively, in all zones, except zones 10, 11, 11a, 11c, 12 and 14, effective May 7, 2026 until further order of the Board; and

WHEREAS Signal Energy Consulting noted that compliance costs can vary significantly over time, driven by shifts in related carbon markets and by scheduled annual increases in stringency in the CFR; and

1 **WHEREAS** Signal Energy Consulting advised that without a more dynamic approach to adjusting
2 the carbon price adjustments to reflect changes in incurred compliance costs there would likely
3 be further erosion of wholesaler and retailer margins, threatening security of supply in the
4 province; and

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6 **WHEREAS** Signal Energy Consulting found that Argus Media-reported compliance cost data has
7 proven to be effective proxies for the impact of the CFR compliance costs on rack prices; and

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9 **WHEREAS** on July 31, 2026 industry representatives requested that the Board update its carbon
10 price adjustments for gasoline and diesel motor fuels to reflect the cost of obligation under the
11 CFR in a timely manner to ensure market participants are able to recover their compliance costs;
12 and

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14 **WHEREAS** industry representatives requested that the Board set the carbon price adjustments
15 based on a monthly average of daily Canada CFR compliance costs reported by Argus Media for
16 the following reasons:

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18 1. it will more closely reflect the costs of compliance on a dynamic basis, as referenced in
19 Signal Energy Consulting's report; and
20 2. it will align Newfoundland and Labrador with recent decisions by price regulators in New
21 Brunswick and Nova Scotia regarding the calculation of CFR compliance costs; and

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23 **WHEREAS** based on available information, the Board finds that fixed carbon price adjustments
24 do not appropriately reflect the dynamic nature of compliance costs under the CFR and that the
25 carbon price adjustments should be updated in a timely manner to better reflect changes in
26 compliance costs over time; and

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28 **WHEREAS** the Board finds that a more flexible approach to the calculation of the carbon price
29 adjustments for gasoline and diesel motor fuels is reasonable in the circumstances; and

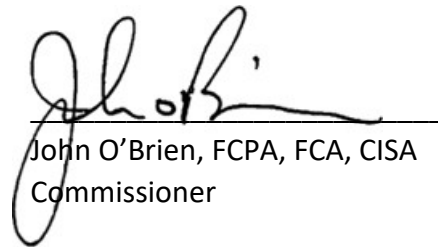
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31 **WHEREAS** based on available information, the Board is satisfied that the daily Canada CFR
32 compliance cost - gasoline and the daily Canada CFR compliance cost - diesel price assessments
33 reported by Argus Media are a reasonable proxy for determining the carbon price adjustments
34 for gasoline and diesel motor fuels at this time; and

35
36 **WHEREAS** maximum price adjustments are currently suspended based on filed cost information
37 for gasoline and diesel motor fuels in Zones 10, 11, 11a, 11c, 12 and 14, the Board finds that no
38 change to the carbon price adjustments in these zones are appropriate at this time.

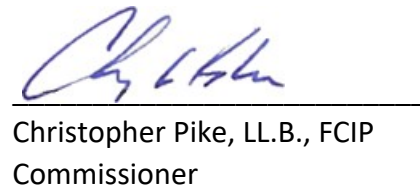
1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. Effective 12:01 a.m. Friday, October 23, 2026 the carbon price adjustments for gasoline and
4 diesel motor fuels will be adjusted in all zones, except zones 10, 11, 11a, 11c, 12 and 14, at a
5 frequency determined by the Board using an average of Argus Media-reported Canada CFR
6 compliance cost data, until further order of the Board.

DATED at St. John's, Newfoundland and Labrador, this 22nd day of October, 2026.



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Mike McNiven
Board Secretary