

MEDIA RELEASE

Tuesday, January 1, 2019

Adjustment of Maximum Prices of Regulated Petroleum Products to Reflect Taxation Changes

Effective 12:01 a.m. Tuesday, January 1, 2019 the Public Utilities Board set maximum prices for all regulated petroleum products in all areas of the province, including gasoline and diesel automotive fuel in areas where maximum price adjustments have been suspended for the winter months. This maximum price adjustment reflects the changes to taxation announced by the Provincial Government on October 23, 2018 as part of its Carbon Plan. Prices for heating fuels in those areas where maximum price adjustments have been suspended for the winter months will not change. For complete details of the impacts of changes to the provincial fuel taxes and the carbon tax on the Board's established maximum prices please see the attached Backgrounder.

The changes to maximum fuel prices are as follows:

- all types of gasoline motor fuel will increase by up to:
 - 0.5 cpl in Zones 11a and 14; and,
 - 0.4 cpl in all other zones.
- diesel motor fuel will increase by up to 0.4 cpl in Zones 11a and 14;
- diesel motor fuel will decrease by up to 1.8 cpl in all other zones;
- furnace oil heating fuel will decrease by 1.85 cpl;
- stove oil heating fuel will decrease by 2.06 cpl; and,
- propane heating fuel will see no change.

For all areas, except those areas where maximum price adjustments have been suspended for the winter months, these maximum prices also reflect the change in the average benchmark price of the products over the current pricing period. As an example, the average benchmark price for gasoline, as tracked on the New York Mercantile Exchange (NYMEX) and converted to Canadian dollars, decreased over the period 0.1 cpl; however, changes to the provincial tax and the introduction of a carbon tax results in an increase of up to 0.4 cpl in most zones, accounting for taxation and rounding.

The next scheduled price change is Thursday, January 3, 2019.

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Backgrounder

On October 23, 2018 the Department of Municipal Affairs, the Department of Finance and the Department of Natural Resources issued a news release in relation to the Provincial Government's Carbon Plan. The news release detailed changes to the provincial fuel tax applicable to gasoline and diesel automotive fuels and the introduction of a new carbon tax. The changes to taxation effective January 1, 2019 are as follows:

Product	Current Provincial Fuel Tax	January 1, 2019 Provincial Fuel Tax	Carbon Tax	January 1, 2019 Provincial Fuel Tax w/ Carbon Tax
Gasoline	20.5 cpl	16.5 cpl	4.42 cpl	20.92 cpl
Diesel	21.5 cpl	16.5 cpl	5.37 cpl	21.87 cpl

The Board's price adjustment for January 1, 2019 reflects the impact of changes in the provincial fuel tax and the introduction of a carbon tax, including HST. The table below provides specific details regarding the impact on gasoline and diesel automotive fuel prices for the January 1, 2019 price adjustment:

Product	Benchmark Change	Provincial Fuel Tax Change	Carbon Tax	Total Change with HST
Gasoline (Zones 11a and 14)	N/A	-4.0 cpl	+4.42 cpl	+0.4830 cpl
Gasoline (All other Zones)	-0.0981 cpl	-4.0 cpl	+4.42 cpl	+0.3702 cpl
Diesel (Zones 11a and 14)	N/A	-5.0 cpl	+5.37 cpl	+0.4255 cpl
Diesel (Zones 10, 11, 11b, 12, 13, and 13a)	-1.8862 cpl	-5.0 cpl	+5.37 cpl	-1.7437 cpl
Diesel (All other Zones)	-1.9306 cpl	-5.0 cpl	+5.37 cpl	-1.7947 cpl

For those pricing zones where maximum price adjustments have been suspended for the winter months, prices will be adjusted to reflect only the change in the provincial fuel taxes and the carbon tax.

Details of the changes in tax rates and the introduction of the carbon tax can be found in a news release at:

<https://www.releases.gov.nl.ca/releases/2018/mae/1023n01.aspx>

Details in relation to the Provincial Government's Carbon Plan can be found at the link below:

https://www.exec.gov.nl.ca/exec/occ/publications/NL_Carbon_Pricing_Plan.pdf