

MEDIA RELEASE

Thursday, July 29, 2021

Weekly Adjustment of Maximum Prices of Regulated Petroleum Products

Further Changes to Labrador Pricing Model Zone 13 – Western Labrador and Zone 13a – Churchill Falls

Effective 12:01 a.m. Thursday, July 29, 2021, the Public Utilities Board set maximum prices for all regulated petroleum products in all areas of the province, except where maximum price adjustments have been suspended.

For the Island changes to maximum fuel prices are as follows:

- all types of gasoline motor fuel will increase by up to 1.2 cents per litre (cpl);
- diesel motor fuel will increase by up to 1.5 cpl;
- furnace oil heating fuel will increase by 1.28 cpl;
- stove oil heating fuel will increase by up to 1.28 cpl; and,
- propane heating fuel will decrease by 0.3 cpl.

These maximum prices 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, increased over the period by 0.99 cpl, resulting in an increase of up to 1.2 cpl, accounting for taxation and rounding.

Maximum Price Adjustments for Labrador – Zones 13 and 13a

Maximum price adjustments for Zone 13 – Western Labrador and Zone 13a – Churchill Falls incorporate both the changes in the average benchmark prices over the current pricing period and interim changes to the zone differentials for gasoline and diesel motor fuels as a result of Order No. P.P. 33(2021). This order implements increases in the zone differentials for Zones 13 and 13a on an interim basis as a part of the Board's ongoing review of the pricing model for regulated petroleum products in Labrador. The zone differentials in the other zones in Labrador were increased on an interim basis in November 2020, pursuant to Order No. P.P. 58(2020), and in June 2021, pursuant to Order No. P.P. 25(2021).

The impact on maximum prices in Zones 13 and 13a are outlined in the following table:

Zone	Product	Weekly Benchmark Change (cpl)	Interim Changes Order No. P.P.33(2021) (cpl)	Change in Maximum Price (with HST) (cpl)
Zone 13 (Western Labrador)	Gasoline	0.9855	+6.0	8.0
	Diesel	1.2692	+5.0	7.2
Zone 13a (Churchill Falls)	Gasoline	0.9855	+6.0	8.0
	Diesel	1.2692	+5.0	7.2

The next scheduled price change is Thursday, August 5, 2021.

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NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

BACKGROUNDER

Thursday, July 29, 2021

**Further Changes to the Pricing Model for Labrador Petroleum Products
Zone 13 – Western Labrador and Zone 13a – Churchill Falls**

The Board's review of the pricing model for regulated petroleum products in Labrador was initiated in May 2020 and is ongoing. On November 25, 2020 the Board issued Order No. P.P. 58(2020) setting out a number of changes to the pricing model for Labrador in certain pricing zones, including:

- changes to the zone differentials on an interim basis for Zones 10, 11, 11b and 12;
- a change to the benchmark used in the calculation of maximum prices for stove oil heating fuel in Zones 10, 11, 11b, 12, 13 and 13a; and
- the suspension of maximum price adjustments in Zones 10, 11, 11b and 12 for all fuels, with the exception of propane heating fuel.

On June 9, 2021 the Board issued Order No. P.P. 25(2021) which set out additional changes to the Board's pricing model for Labrador in certain pricing zones, including:

- changes to the zone differentials on an interim basis for Zones 10, 11, 11a, 11b, 12 and 14;
- a change to the benchmark used in the calculation of maximum prices for stove oil heating fuel in Zones 11a and 14; and
- the suspension of maximum price adjustments in Zones 10, 11, 11a, 11b, 12 and 14 for all fuels, with the exception of propane heating fuel.

The zone differentials for Zone 13 – Western Labrador or Zone 13a – Churchill Falls were not addressed in these orders and have not changed since the commencement of the 2020 Labrador Petroleum Products Pricing Review. The Board has now received cost of supply information for these zones which demonstrates that the costs have increased since the last review. Based on this information the current maximum prices for regulated gasoline and diesel motor fuels in Zone 13 – Western Labrador and Zone 13a – Churchill Falls are inadequate to recover the costs of supplying this region. As a result the Board issued Order No. P.P. 33(2021) increasing the zone differentials in Zone 13 and Zone 13a for gasoline and diesel motor fuels on an interim basis until further order of the Board. Since the review of the pricing model for regulated petroleum products in Labrador has not yet concluded these changes are interim and additional changes may be implemented by the Board as the review progresses.