

## PETROLEUM PRODUCTS PRICING REVIEW HIGHLIGHTS FOR LABRADOR CONSUMERS AND INDUSTRY

### **BOARD REQUESTS ADDITIONAL INFORMATION AND COMMENTARY**

The Board is seeking additional information and commentary from consumers and industry in Labrador as part of its ongoing review of petroleum products pricing regulation in the province. A significant amount of information has been gathered and analyzed by the Board and its consultants throughout this review and a number of potential changes have been identified. The Board is now inviting consumers and industry in Labrador to provide their views and further information on these potential changes before the Board makes its determinations.

### **POTENTIAL CHANGES BEING CONSIDERED FOR LABRADOR**

The potential changes being considered by the Board would, if implemented, impact maximum prices in Labrador as well as the processes used by the Board for establishing these prices.

#### **- Potential Increases in Maximum Prices in Labrador-**

Based on the information gathered to date retail supply costs have increased in recent years. If it is determined that these cost changes should be reflected in the retail mark-ups, maximum prices for regulated petroleum products in Labrador may increase. It is estimated that maximum prices could increase by 2.58 cents per litre for regular gasoline, 2.72 cents per litre for diesel motor fuel and 2.46 cents per litre for stove oil heating fuel in most Labrador zones.

Wholesaler supply costs in Labrador were assessed by the Board as part of the Interim Labrador Review and changes were made to the zone differentials to reflect wholesaler cost increases. While wholesalers have suggested costs have increased since the Interim Labrador Review, the information provided thus far does not support additional changes to the wholesale mark-ups or zone differentials at this time. The Board is considering changes to make the mark-ups consistent throughout the Province.

The estimated impacts of potential mark-up and zone differential changes for all areas of Labrador are set out in the attached table.

### **- Potential Changes to Zoning in Marine Tanker Supplied Areas -**

Based on recent information indicating changes to storage and supply dynamics in the marine tanker supplied areas, the Board:

- may combine Black Tickle (Zone 11a), William's Harbour and Norman's Bay (Zone 11b); and
- will determine whether a new pricing zone should be created for the Town of Cartwright.

### **- Other Potential Changes for Labrador -**

Other matters the Board is considering for Labrador include:

- Changes to the blending methodology for diesel motor fuel in Western Labrador.
- Changes to the calculation of benchmark prices to reflect a new data reporting agency and an average of five days of data for Western Labrador, similar to that proposed for the Island.
- A shift in weekly price adjustments from Thursday to Friday for Western Labrador, similar to that proposed for the Island.
- More regular reviews of wholesale and retail mark-ups and zone differentials.
- A recommendation that Government:
  - consider changes to the Regulations for better cost recovery for higher grades of gasoline motor fuel in Western Labrador, similar to that proposed for the Island.
  - consider changes to the Regulations to provide more discretion for the Board to better reflect product costs in maximum prices in Western Labrador, similar to the rest of Labrador.

## **CONSULTATION DOCUMENTS AND OTHER INFORMATION**

For more details about the potential changes which may be considered for petroleum products pricing regulation in Labrador please see the Board's Labrador Consultation Document. Other information and commentary gathered thus far in this review can be viewed on the Board's website, including the Island Consultation Document recently released by the Board.

## **HOW TO PROVIDE INPUT**

Consumers and industry are invited to provide additional information and feedback as to the potential changes being considered for petroleum products pricing regulation in Labrador. This feedback will be considered by the Board before it makes any changes to maximum prices, the price setting process, and before it makes any recommendations to Government.



Interested persons or industry organizations can participate in the consultation process by making a presentation or filing a letter of comment:

- Requests to make a presentation must be submitted to the Executive Director and Board Secretary, Jo-Anne Galarneau, by email at [board@pub.nl.ca](mailto:board@pub.nl.ca) by **Friday, October 11, 2024**.
- Letters of comment should be filed by **Friday, October 25, 2024**.

Comments and presentation requests must include full name, address, phone number and/or email. For additional information please contact the Board as follows:

**Office:** Suite E210, Prince Charles Building, 120 Torbay Road, St. John's

**Mail:** P.O. Box 21040, St. John's, NL, A1A 5B2

**Telephone:** (709) 726-8600 or 1-866-782-0006 (toll free)

**E-mail:** [board@pub.nl.ca](mailto:board@pub.nl.ca)

Potential Mark-Up and Zone Differential Changes Labrador cents per litre				
Type of Product	Pricing Zone	Mark-Ups and Zone Differentials		Potential Change
		Current	Potential	
<b>Gasoline</b>	10 - Labrador: The Straits to Red Bay	39.13	41.71	+2.58
	11 - Labrador South: Lodge Bay / Cartwright	42.48	45.06	+2.58
	11a - Coastal Labrador South <sup>1</sup>	51.13	51.32	+0.19
	12 - Central Labrador	28.16	30.74	+2.58
	13 - Western Labrador	31.66	34.24	+2.58
	13a - Churchill Falls	33.84	36.42	+2.58
	14 - Coastal Labrador North	51.13	51.32	+0.19
<b>Diesel</b>	10 - Labrador: The Straits to Red Bay	39.69	42.41	+2.72
	11 - Labrador South: Lodge Bay / Cartwright	44.43	47.15	+2.72
	11a - Coastal Labrador South <sup>1</sup>	51.41	54.13	+2.72
	12 - Central Labrador	31.08	33.80	+2.72
	13 - Western Labrador	33.83	36.55	+2.72
	13a - Churchill Falls	36.01	38.73	+2.72
	14 - Coastal Labrador North	51.41	54.13	+2.72
<b>Stove Oil</b>	10 - Labrador: The Straits to Red Bay	46.89	49.35	+2.46
	11 - Labrador South: Lodge Bay / Cartwright	47.59	50.05	+2.46
	11a - Coastal Labrador South <sup>1</sup>	53.79	56.25	+2.46
	12 - Central Labrador	32.59	35.05	+2.46
	13 - Western Labrador	33.59	36.05	+2.46
	13a - Churchill Falls	35.69	38.15	+2.46
	14 - Coastal Labrador North	53.79	56.25	+2.46

<sup>1</sup> Zone 11b - Coastal Labrador South (Drum Delivery) to potentially be combined with Zone 11a.