

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

**AN ORDER OF THE BOARD**

**NO. P.P. 52(2020)**

1 **IN THE MATTER OF** the *Petroleum Products*  
2 *Act*, SNL 2001, Chapter P-10.1 and regulations  
3 thereunder; and  
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5 **IN THE MATTER OF** a request from NARL  
6 Marketing Limited Partnership that the Board  
7 implement increases in allowed wholesale  
8 mark-ups for gasoline, diesel, furnace oil and  
9 stove oil.  
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12 **WHEREAS** on October 5, 2020 NARL Marketing Limited Partnership (“North Atlantic”) wrote  
13 the Board requesting amendments to the existing pricing structure to expeditiously increase the  
14 wholesale mark-up for gasoline, diesel and furnace oil as an interim step and, after completion of  
15 the Board’s review, further adjust the wholesale prices to reflect the incremental costs of  
16 importing all fuels to the island portion of the Province (the “Application”); and  
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18 **WHEREAS** the Application advocated that the price increases be implemented for all fuel  
19 suppliers to provide a level playing field, ensuring the viability of terminals and a long term  
20 reliable supply for the Province and that this uniform pricing structure would ensure that multiple  
21 suppliers can operate economically on the island; and  
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23 **WHEREAS** the Application stated that the North Atlantic Refinery was transitioned into  
24 standby mode on March 30, 2020 and that North Atlantic has been importing refined products  
25 from New York Harbour and Europe for the past six months; and  
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27 **WHEREAS** the Application stated that the current wholesale mark-ups established by the Board  
28 are based on an operating refinery on the island and that it urgently requests the review of the  
29 wholesale mark-ups for gasoline, diesel and furnace oil to reflect the current circumstances with  
30 no operating refinery and a 100% import market; and  
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32 **WHEREAS** the Application provided information related to the five main factors which North  
33 Atlantic believes need to be taken into consideration to determine the cost of importing fuel: i)  
34 shipping costs from New York Harbour, ii) inventory financing and hedging costs, iii) the use of  
35 3<sup>rd</sup> party terminals or the Come By Chance terminal, iv) the loss of butane blending, and v)  
36 subsidized pricing in the Newfoundland market due to local production; and

1 **WHEREAS** North Atlantic subsequently clarified that the requested wholesale mark-up increase  
2 was to also apply to stove oil and that the proposed increases are requested to be implemented  
3 for the island only; and  
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5 **WHEREAS** in response to requests from the Board, North Atlantic provided additional  
6 information to support the Application; and  
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8 **WHEREAS** on October 19, 2020 and October 22, 2020, in response to requests from the Board,  
9 information was received from Imperial Oil Limited and Irving Oil, also suppliers of petroleum  
10 products on the island, in relation to the impacts of the Application and the standby operation of  
11 the North Atlantic Refinery; and  
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13 **WHEREAS** based on its review of the information provided the Board is satisfied that there are  
14 incremental costs associated with changes in the method of supply on the island made necessary  
15 by the transition of the North Atlantic Refinery into standby mode and that these costs are not  
16 reflected in the current wholesale mark-ups for gasoline, diesel, furnace oil and stove oil; and  
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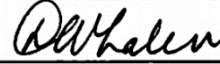
18 **WHEREAS** the Board is satisfied that interim adjustments to the allowed wholesale mark-ups  
19 for gasoline, diesel, furnace oil and stove oil in all zones on the island are required to ensure the  
20 viability of terminals and long term supply and to ensure that multiple suppliers can operate  
21 economically on the island and that the uniform treatment of suppliers is appropriate and  
22 reasonable in the circumstances; and  
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24 **WHEREAS** the Board is satisfied, based on the cost and supply information provided, that there  
25 should be an interim increase in the wholesale mark-ups for all wholesalers in all zones on the  
26 island of 5.0 cents per litre for gasoline and 4.0 cents per litre for diesel, furnace oil and stove oil,  
27 with corresponding increases in the total allowed mark-ups for these products in these zones.  
28  
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30 **IT IS THEREFORE ORDERED THAT:**  
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- 32 1. The wholesale mark-ups in all zones on the island shall increase, on an interim basis, by 5.0  
33 cents per litre for gasoline and by 4.0 cents per litre for diesel, furnace oil, and stove oil, with  
34 corresponding increases in the total allowed mark-ups included in maximum prices, effective  
35 12:01 a.m. October 29, 2020, until further order of the Board.

**DATED** at St. John's, Newfoundland and Labrador, this 27<sup>th</sup> day of October, 2020.



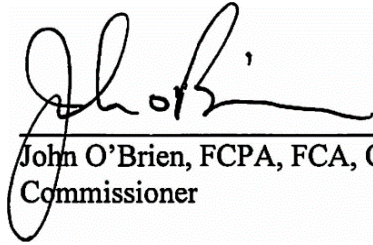
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Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



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Dwanda Newman, LL.B.  
Vice-Chair



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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Christopher Pike, LL.B., FCIP  
Commissioner



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Cheryl Blundon  
Board Secretary