

MEDIA RELEASE

Thursday, March 15, 2007

Maximum gasoline prices ease, other fuels see increases

Effective 12:01 a.m. Thursday, March 15, 2007, the Public Utilities Board, through its Petroleum Pricing Office, will make its scheduled biweekly adjustment to the maximum prices of all fuels in Newfoundland and Labrador (NL), with the exception of regions under a price freeze.

Changes to each fuel product will occur as follows:

- maximum prices for all types of gasoline will decrease by 0.9/1.0 cents per litre (cpl);
- ultra low sulphur diesel in Newfoundland and low sulphur diesel in Labrador will increase by 4.1/4.2 cpl;
- No. 2 blend furnace oil will rise by 2.73 cpl, and stove oil by 1.85 cpl; and,
- residential propane used for home heating purposes will increase 0.7 cpl.

The average of NYMEX (New York Mercantile Exchange) gasoline prices retreated only slightly from the highs that led the Board to make a substantial increase last week through its interruption formula. According to the U.S. Energy Information Administration (EIA), demand is nearly five per cent above the average for the past five years. Concerns are also being raised that earlier-than-usual extended daylight savings time may shift driving patterns and add to this already strong demand. As well, inventory rebuilding has been hampered as several refineries shut for scheduled maintenance to switch from heating oil production to gasoline or from industrial accidents.

Unlike gasoline, the maximum prices of other fuels have not been adjusted in this province since March 1. Distillates (furnace/stove oil and diesel) have now succumbed to many of the same overall upward pressures as experienced by gasoline over the past two weeks. Increased prices for heating fuels have been similarly driven by declines in inventories, and were compounded by higher consumption during periods of colder-than-average conditions throughout North America.

Concern over future gasoline prices continues to build as off-season consumption remains robust despite the higher prices. This sustained demand will place even greater pressure on available inventories going into the peak-driving season unless supply conditions improve. Given the recent impact of geopolitical and economic events on world fuel prices, stability of supply in the coming months continues to be speculative from most market sources. The Board will continue its job of tracking prices and making whichever adjustments are necessary to balance the interests of all stakeholders, and ensure an adequate supply of petroleum products throughout the province.

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