

NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES  
Petroleum Pricing Office

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## **MEDIA RELEASE**

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*Thursday, January 3, 2008*

### **Varying changes for maximum fuel prices**

Effective 12:01 a.m. Thursday, January 3, 2008, the Public Utilities Board, through its Petroleum Pricing Office, will set maximum fuel prices in Newfoundland and Labrador (NL) as per the scheduled adjustment, except in areas where a price freeze is in effect.

Maximum fuel prices resulting from the Dec. 19, 2007 to Jan. 1, 2008 pricing period will change as follows:

- all types of gasoline will increase by 1.9/2.0 cents per litre (cpl) – depending on the HST rounding impact in a particular pricing zone;
- ultra low sulphur diesel will decrease by 0.6/0.7 cpl;
- No. 2 blend furnace oil will rise by 0.05 cpl, while stove oil will increase by 0.38 cpl; and,
- residential propane used for home heating purposes will experience no change.

Gasoline supplies are slowly rebuilding, though not as much as expected given that refinery output is gradually increasing. Spare capacity on the market is considered extremely tight by many analysts, and demand for gasoline is still considered to be strong even though it's the off-peak demand season and prices remain relatively high. In the coming months, weather and inventory tightness will influence the market prices of refined fuels, most notably distillates (furnace/stove oil and diesel). Distillates have experienced a persistent decline in inventories and are at the bottom end of the average range for a high usage period along the northeastern seaboard (where nearly 80 per cent of heating fuel is consumed).

While recent fuel-pricing activity on the commodity markets has been largely impacted by supply/demand issues, geopolitical events including ongoing hostilities in the Middle East and, more recently, the escalation of civil unrest in Pakistan are other factors contributing to price volatility in the commodity markets. As well, robust economic growth in China and India will continue to play a role in a tightening global fuel market.

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