

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Thursday, January 28, 2010

Changes to Pricing Policies

Move to Weekly Price Adjustments; Implementation of a Winter Blend for Diesel Motor Fuel

Pricing Policy Changes

Consistent with the current policy in relation to the maximum pricing of furnace oil, the Board has implemented a winter blend for diesel motor fuel. The maximum price of diesel motor fuel is now based on a 25%-75% blend of ultra low sulphur diesel (ULSD) and ultra low sulphur kerosene (ULS Kero). This blend reflects the specifications of the product which must meet the sulphur content requirements set out in federal regulations and must ensure pourability in cold temperatures. Given the differences in the cost of ULSD and ULS Kero and the documented concerns as to continued supply throughout the province, the Board is satisfied that it is necessary to account for the product specifications in maximum pricing.

Effective with this price adjustment, the Board will also move to weekly adjustments of maximum prices, resulting in a pricing regime which is more predictable and more responsive to the volatility of commodity markets. The Board believes that a weekly schedule will be more transparent and understandable as maximum prices will be established every Thursday, eliminating the need for an interruption formula. This change will also mean more uniform fuel price regulation across Atlantic Canada as both Nova Scotia and New Brunswick adjust maximum prices weekly.
