



NOVA SCOTIA UTILITY AND REVIEW BOARD

NOTICE

IN THE MATTER OF THE *PETROLEUM PRODUCTS PRICING REGULATIONS*

TAKE NOTICE THAT the Board proposes to change the reporting source it uses as the reference for the New York Harbour (NYH) price of gasoline in its weekly setting of gasoline prices. The Board proposes to change its reporting source from Platts (Cargo) to Platts (Barge), effective for the price setting of **Friday, February 15, 2019**. Section 15B(1)(a) of the *Regulations* allows the Board discretion to adopt a different pricing category within Platts. If implemented, this is estimated to translate into an increase to the benchmark price of approximately two cents per litre, based on current prices. This does not account for any impact on the benchmark price that may occur by reason only of normal market changes in the NYH spot price, week over week, as reflected in the Board's weekly gasoline price setting.

The reason for the proposed change in the Board's reporting source from Platts (Cargo) to Platts (Barge) is that, in recent months, the Halifax Wholesale Rack Price has increased in relation to the daily NYH spot price for gasoline, as reported in Platts (Cargo). The increase in the price differential has been sustained or even increased over a number of months. This has eroded the wholesaler portion of the 6.65 cent per litre wholesale margin in the province under the price setting regime set out in the *Regulations*.

If this situation is not addressed, it may have potentially serious supply ramifications. This increases the risk of wholesalers not supplying low volume retailers or rural stations at all. If wholesalers are not recovering most of their costs, they may stop their supply of gasoline altogether, or focus their business only on high volume urban retail outlets. In order to help preserve availability of gasoline in rural areas, which is one of the stated objectives of the *Regulations*, the Board proposes this change in its reporting source from Platts (Cargo) to Platts (Barge).

In conjunction with this change from Platts (Cargo) to Platts (Barge), the Board will continue to monitor the behaviour of the pricing information from these reporting sources and their relationship to Rack. If required, the Board will revisit this issue.

Any person may make written comments on this matter by sending a letter to the Clerk of the Board at P.O. Box 1692, Unit "M", Halifax, NS B3J 3S3, or by email at: board@novascotia.ca, or by fax at (902) 424-3919 by **Monday, February 11, 2019**.

More information on this matter may be viewed at the Offices of the Board, Summit Place, 1601 Lower Water Street, 3rd Floor, Halifax, Nova Scotia, or on the Board's website at <https://nsuarb.novascotia.ca/>, by clicking on "Matters & Evidence", and in the "Go To Files and Documents", enter Matter No. M09067.