

**NOVA SCOTIA UTILITY AND REVIEW BOARD****IN THE MATTER OF THE PETROLEUM PRODUCTS PRICING REGULATIONS**

- and -

**IN THE MATTER OF AN INVESTIGATION** by the Board under s. 24(1) of the *Petroleum Products Pricing Regulations* about whether the current wholesale margin for gasoline and diesel is just and reasonable

**BEFORE:**

Stephen T. McGrath, K.C., Chair  
Roland A. Deveau, K.C., Vice Chair  
Richard J. Melanson, LL.B., Member

**ORDER**

In an Amended Hearing Order issued April 14, 2023, the Board directed that a public hearing be held on June 5, 2023, to investigate, under s. 24(1) and s. 17(4) of the *Petroleum Products Pricing Regulations*, whether the current wholesale margin for gasoline and diesel is just and reasonable, including:

- the benchmark price for gasoline and diesel;
- a review of the issues about the increased New York Harbour (NYH) spread between regular and premium gasoline;
- the appropriate reporting source under s. 15B(4) of the *Regulations* for all grades and types of petroleum products; and
- the impact, if any, of ethanol on the wholesale margin and benchmark price.

The *Petroleum Products Pricing Regulations* were amended effective June 2, 2023. Among other things, the amendments require that the fixed wholesale price for each type of petroleum product include:

- any fuel charges payable to His Majesty in right of Canada, and
- on and after the date it is set by the Board, a clean fuel adjustor amount to address the financial and administrative burdens associated with the application of the *Clean Fuel Regulations (Canada)* or any other regulatory instrument made under

the *Canadian Environmental Protection Act, 1999 (Canada)* and the *Environmental Violations Administrative Monetary Penalties Act (Canada)*.

The amendments to the *Petroleum Products Pricing Regulations* also allow the Board to prescribe benchmark prices for mid-grade gasoline (Grade 2) and premium gasoline (Grade 3) using criteria determined by the Board; to price gasoline blended with renewable content; and revise the reporting source to be used by the Board in determining reported product prices to Argus Media.

The Government of Canada has determined that, as of July 1, 2023, fuel charges will be payable to His Majesty in right of Canada under the *Greenhouse Gas Pollution Pricing Act (Canada)* in Nova Scotia. The fuel charges under that legislation taking effect on July 1, 2023, are 14.31 cents per litre for gasoline and 17.38 cents per litre for diesel (light fuel oil).

The federal government has also directed that the carbon intensity reduction requirements under the *Clean Fuel Regulations (Canada)* apply in respect of a fuel that is produced in Canada or imported into Canada beginning July 1, 2023.

After the filing of evidence and responses to Information Requests by various parties, the Board held a hearing on June 5, 2023, and written submissions were completed on June 23, 2023. Based upon its review of the evidence, submissions, and the objectives of the *Petroleum Products Pricing Act*, the Board orders the following, with written reasons for its decision to be provided at a later date:

1. The wholesale margin for both gasoline and diesel is increased by 1.19 cents per litre for self-service and full-service, resulting in total wholesale margins of 10.84 cents per litre for gasoline and 11.84 cents per litre for diesel.
2. The increases to the wholesale margins approved in this Order will be incorporated into the Board's weekly setting of regulated petroleum product prices, effective 12:01 a.m. on Friday, July 7, 2023.
3. The pricing of premium gasoline (Grade 3) shall be calculated in the same manner as regular gasoline (Grade 1), such that the benchmark price prescribed by the Board will be the average of the average of the daily high and low reported product prices during the period since the last benchmark price adjustment but will be no lower than 6.0 cents per litre more than the benchmark price of regular gasoline. Any amounts that would have otherwise fallen below the 6.0 cents per litre minimum will be considered by the Board in forward averaging corrections.
4. The revised criteria for the pricing of premium gasoline (Grade 3) approved in this Order will be incorporated into the Board's weekly setting of regulated petroleum product prices, effective 12:01 a.m. on Friday, September 1, 2023.
5. The pricing of mid-grade gasoline (Grade 2) will be the average of regular gasoline (Grade 1) and premium gasoline (Grade 3) benchmark prices, effective 12:01 a.m. on Friday, September 1, 2023.

6. A clean fuel adjustor amount is approved for incorporation into the Board's weekly setting of regulated petroleum product prices. The clean fuel adjustor amount is based on the maximum credit price of \$300 for transfers through the compliance-credit clearing mechanism under the *Clean Fuel Regulations (Canada)*, adjusted for inflation, and set at 3.74 cents per litre on gasoline and at 4.17 cents per litre on diesel until further Order of the Board.
7. The clean fuel adjustor approved in this Order will be incorporated into the Board's weekly setting of regulated petroleum product prices, effective 12:01 a.m. on Friday, July 7, 2023.
8. The clean fuel adjustor amounts will be reviewed by the Board after December 31, 2023, unless otherwise ordered by the Board.
9. The Board reserves the jurisdiction to issue its decision and reasons in this matter, including matters not addressed in this Order.

**DATED** at Halifax, Nova Scotia, this 28<sup>th</sup> day of June, 2023.

  
Chief Clerk of the Board