




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

- and -

**IN THE MATTER OF AN APPLICATION** by **STEVE R. MURPHY'S AUTO SERVICES LTD. and WSK INVESTMENTS LIMITED** requesting that the Board undertake an investigation under s. 24(2)(c) of the *Petroleum Products Pricing Regulations* about the sufficiency of the current wholesale margin for self-service and full-service gasoline and diesel, including an interim order under s. 24A increasing the wholesale margin

**BEFORE:**

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

**INTERIM ORDER**

Steve R. Murphy's Auto Services Ltd. and WSK Investments Limited applied to the Nova Scotia Utility and Review Board on November 20, 2024, requesting the Board investigate whether the current wholesale margin for self-service and full-service gasoline and diesel is just and reasonable, including an interim order under s. 24A of the *Petroleum Products Pricing Regulations* increasing the wholesale margin retroactive to June 28, 2024.

The Applicants submitted that the relief is needed to “address the impact on the wholesale margin of NS rack-based pricing not declining in-step with the reduction in the Clean Fuel Regulations (CFR) Adjustor ... and the impact on the wholesale margin of NS rack-based pricing for both gasoline and diesel of the trend over time of margin deterioration as reflected in Rack to Retail”.

In s. 24A(1) of the *Regulations*, an “emergency situation” means a situation that in the Board’s opinion threatens the security of the petroleum supply, including any of the following:

- (a) a disruption to the supply of a petroleum product resulting from an increase in the rack rate charged to wholesalers and wholesaler-retailers that leads wholesalers and wholesaler-retailers to not sell a petroleum product because they are not receiving a sufficient wholesale margin;

- (b) a shortage of supply of a petroleum product to wholesalers and wholesaler-retailers that affects one or more zones.

Under s. 24A(2) of the *Regulations*, in an emergency situation the Board may make an interim order to temporarily prescribe interim fixed wholesale prices, maximum retail prices or minimum and maximum retail mark-ups until a public hearing or inquiry required by subsection 24(3) can be held.

As part of its regulatory oversight, the Board monitors the petroleum product market in the province, including but not limited to the relationship of the daily New York Harbour spot price (NYH) and regulated prices set by the Board as compared to Halifax wholesale rack prices (Rack).

The Board has observed that there has been an increased differential between the NYH and Rack over several months, which has caused an erosion of the wholesaler portion of the wholesale margin under the price setting regime set out in the *Regulations*.

The Board is satisfied that an emergency situation may exist in the Province, which could threaten the security of the petroleum supply, including a shortage of supply of a petroleum product to wholesalers and wholesaler-retailers that affects one or more zones, including the retailers in such zones, and that an increase in the wholesale margin is warranted on an interim basis pending the completion of a full investigation by the Board. The Board's Order only operates going forward, not retroactively.

**Accordingly, the Board orders that:**

1. The wholesale margin for self-service and full-service gasoline and diesel are increased, on an interim basis, by 3.00 cents per litre (cpl), up to a total of 13.84 cpl for gasoline and 14.84 cpl for diesel, respectively.
2. The increase to the wholesale margins approved in this Interim Order shall be incorporated into the Board's weekly setting of regulated petroleum product prices, effective 12:01 a.m. on January 3, 2025.
3. This Interim Order shall remain in effect until further Order of the Board. The Board reserves the jurisdiction to vary or terminate this Order at any time based on market conditions in the province's petroleum products market, including the observed differential between the NYH and Rack.

**DATED** at Halifax, Nova Scotia, this 23<sup>rd</sup> day of December, 2024.

  
Clerk of the Board