



Petroleum Pricing in Prince Edward Island
Market Information FAQs
Crude Prices and Prices at the Pumps
February, 2007

THIS IS ONE IN A SERIES OF FAQs ON PETROLEUM PRICING
IN PRINCE EDWARD ISLAND

WHAT IS THE RELATIONSHIP BETWEEN WORLD CRUDE PRICES AND WHAT I PAY AT THE PUMPS?

There is only an indirect relationship. Pump prices are *not* based on changes in crude prices but rather on changes in refined product prices (gasoline, heating oil, diesel, etc.) as traded on the New York Mercantile Exchange (NYMEX). For short periods of time, it is not unusual for crude prices to be heading in one direction while refined product prices head in the other. Keeping a close eye on declining crude prices, for example, does not necessarily mean that pump prices will drop, at least in the short term.

HOW DO PEI PRICES COMPARE TO OTHER CANADIAN MARKETS?

The Commission maintains extensive comparative margin and price data for markets across Canada. Factoring out taxes (taxes vary from province to province and bear no relationship to cost), consumers in PEI paid the following average prices in 2006 for gasoline and furnace oil compared to other areas of the country. It should be remembered that prices in regulated markets are much more stable than in unregulated markets where prices can vary daily and, in some cases, several times throughout the day.

The Commission's pricing process tracks changes in NYMEX refined product prices only and adjusts for margin over- or under-recovery at the wholesale or marketer level for the preceding 15 day price period. In a regulated market where prices are fixed for a future period of time, it is not unusual for wholesalers or marketers to sell, during this period, at either a loss or a gain as wholesalers or marketers purchase product daily based on unregulated world market prices. These losses or gains are factored into each subsequent price adjustment and can sometimes result in price changes that do not appear to reflect prevailing NYMEX market prices. A two cents-per-litre loss in one pricing period can result in a two cents-per-litre price increase in the following pricing period. This can occur when market prices are dropping.

2006 Average Price Comparison (Excluding Taxes)

Gasoline - Regular Unleaded S/S	2006 Avg	Chtn-Avg
WHITEHORSE	86.6	-20.2
VANCOUVER	66.9	-0.5
VICTORIA	72.8	-6.5
PRINCE GEORGE	73.3	-6.9
KAMLOOPS	68.5	-2.2
KELOWNA	72.6	-6.2
FORT ST. JOHN	79.5	-13.1
YELLOWKNIFE	81.4	-15.0
CALGARY	67.5	-1.1
RED DEER	68.8	-2.4
EDMONTON	66.4	0.0
LETHBRIDGE	67.8	-1.4
LLOYDMINSTER	70.7	-4.3
REGINA	69.3	-3.0
SASKATOON	69.4	-3.0
PRINCE ALBERT	69.7	-3.4
WINNIPEG	68.7	-2.3
BRANDON	69.7	-3.3
TORONTO	63.6	2.7
OTTAWA	63.3	3.1
KINGSTON	62.2	4.2
PETERBOROUGH	62.6	3.8
WINDSOR	62.7	3.7
LONDON	63.0	3.4
SUDBURY	64.4	2.0
SAULT STE MARIE	66.9	-0.5
THUNDER BAY	68.0	-1.6
NORTH BAY	65.5	0.9
TIMMINS	72.8	-6.4
HAMILTON	62.7	3.6
ST. CATHARINES	61.0	5.4
MONTRÉAL	62.1	4.3
QUÉBEC	64.5	1.9
SHERBROOKE	64.5	1.9
GASPÉ	69.9	-3.5
CHICOUTIMI	67.8	-1.4
RIMOUSKI	68.0	-1.6
TROIS RIVIERES	64.9	1.5
DRUMMONDVILLE	63.7	2.7
VAL D'OR	68.4	-2.0
SAINTJOHN	66.4	0.0
FREDERICTON	66.0	0.4
MONCTON	66.4	0.0
BATHURST	66.9	-0.5
EDMUNSTON	66.8	-0.4
MIRAMICHI	67.1	-0.7
CAMPBELLTON	67.5	-1.1
SUSSEX	66.9	-0.5
WOODSTOCK	69.1	-2.7
HALIFAX	65.3	1.1
SYDNEY	67.2	-0.8
YARMOUTH	67.1	-0.7
TRURO	65.5	0.9
KENTVILLE	67.5	-1.1
NEW GLASGOW	67.4	-1.0
CHARLOTTETOWN	66.4	0.0
STJOHNS	68.0	-1.6
GANDER	69.5	-3.2
LABRADOR CITY	76.3	-9.9
CORNER BROOK	68.2	-1.8
CANADA (S)	67.6	-1.2
Large Markets Average (S)	65.6	0.8
Large Markets Average (P)	64.6	1.8
Small Markets Average (S)	69.0	-2.6
Small Markets Average (P)	71.6	-5.2

Furnace Oil	2006 Avg	Chtn-Avg
VANCOUVER	84.2	-12.1
VICTORIA	94.0	-21.9
PRINCE GEORGE	86.6	-14.5
KAMLOOPS	83.4	-11.3
TORONTO	77.6	-5.5
OTTAWA	76.6	-4.5
KINGSTON	77.5	-5.5
PETERBOROUGH	77.7	-5.6
WINDSOR	81.8	-9.8
LONDON	79.1	-7.0
SUDBURY	79.2	-7.1
SAULT STE MARIE	85.9	-13.9
THUNDER BAY	82.2	-10.1
NORTH BAY	80.9	-8.8
TIMMINS	81.6	-9.6
MONTRÉAL	69.1	3.0
QUÉBEC	67.4	4.7
SHERBROOKE	68.2	3.9
GASPÉ	69.9	2.2
SAINTJOHN	75.8	-3.7
FREDERICTON	73.6	-1.5
MONCTON	75.7	-3.7
BATHURST	75.7	-3.7
EDMUNDSTON	75.6	-3.5
MIRAMICHI	75.9	-3.8
CAMPBELLTON	75.8	-3.7
SUSSEX	75.4	-3.4
WOODSTOCK	75.1	-3.1
HALIFAX	75.7	-3.6
SYDNEY	76.1	-4.0
YARMOUTH	78.3	-6.2
TRURO	74.9	-2.8
KENTVILLE	75.5	-3.5
NEW GLASGOW	76.5	-4.4
CHARLOTTETOWN	72.1	0.0
STJOHNS	73.4	-1.4
GANDER	76.1	-4.1
CANADA (S)	77.5	-5.4

(S) - Simple Average

(P) - Population Weighted Average

Sources

Base survey data:

MJ Ervin & Associates Inc.

Comparative averages to Charlottetown:

Commission staff