



NEWFOUNDLAND AND LABRADOR

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

Email: SarahStoodley@gov.nl.ca

2022-10-06

The Honourable Sarah Stoodley  
Minister, Digital Government and Service NL  
Government of Newfoundland and Labrador  
2nd Floor, Confederation Building, West Block  
P.O. Box 8700  
St. John's, NL A1B 4J6

Dear Minister Stoodley:

**RE: Petroleum Products Pricing Review - Final Work Plan**

This is further to my letter of September 7, 2022 in which I provided a copy of the proposed work plan for the completion of the Board's review of certain matters related to petroleum products pricing. The Board acknowledges receipt of your letter of September 29, 2022 and encloses a copy of the final work plan.

We have confirmed this work plan with our consultants, Kalibrate Canada Inc., and can advise that the Phase I work is underway and is expected to be completed as planned. We should be in a position to issue Notice of the review and start the initial stakeholder engagement process in mid-November as scheduled. Work has also already started on the Phase II work and the website link should be available in a few days. We recognize the importance of timely completion of this review and will closely monitor the progress of ongoing work to ensure that the planned timelines are met as well as explore ways to move up the timetable where possible.

As requested I will keep you and your officials updated on the progress of the review, particularly as critical steps such as report issue and public engagement are commencing.

Sincerely,

A handwritten signature in black ink, appearing to read 'DWhalen', written over a horizontal line.

Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer

Cc: Sean Dutton, Deputy Minister, Digital Government and Service NL, Email: sdutton@gov.nl.ca

**Newfoundland and Labrador Public Utilities Board  
2022 Petroleum Products Pricing Review – Work Plan**

PHASE I – PRELIMINARY/BACKGROUND WORK						
Review Component		Responsibility	Actions and Deliverables	Status	Start Date	Completion Date
I-1	Kalibrate Background Report	Kalibrate Canada Inc.	<ul style="list-style-type: none"> <li>• <b>Kalibrate background report completed and released.</b></li> <li>• Kalibrate will review the petroleum products refining markets and factors influencing prices.</li> <li>• Kalibrate will complete a jurisdictional scan of Canadian markets and pricing.</li> </ul>	In Progress	August 2022	Mid-October 2022
I-2	Board Discussion Document	Board	<ul style="list-style-type: none"> <li>• <b>Board Discussion Document released.</b> This document will set out background information and issues.</li> </ul>	In Progress	September 2022	Mid-November 2022
I-3	Stakeholder Input Process	Board	<ul style="list-style-type: none"> <li>• <b>The Board will issue notice of the review and invite participation in Phase I.</b> Stakeholders will be invited to provide comments on which issues should be addressed in the review.</li> </ul>	Pending	Mid-November 2022	Mid-December 2022
I-4	Issues List	Board	<ul style="list-style-type: none"> <li>• <b>List of Issues released.</b> The Board will identify the issues to be considered in the review.</li> </ul>	Pending	Mid-December 2022	Mid-January 2023

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<b>PHASE II - SUPPLY DYNAMICS, BENCHMARKING AND WHOLESAL MARK-UPS (ALL REGULATED PRODUCTS)</b>						
<b>Review Component</b>		<b>Responsibility</b>	<b>Actions/Deliverables</b>	<b>Status</b>	<b>Start Date</b>	<b>Completion Date</b>
II-1	Kalibrate Report on the Benchmark Pricing Mechanism and Wholesale Mark-ups/Zone Differentials	Kalibrate Canada Inc.	<ul style="list-style-type: none"> <li>• <b>Kalibrate report on the benchmark pricing mechanism and wholesale mark-ups/zone differentials completed and released.</b></li> <li>• Kalibrate will review i) the current supply dynamics and changes since the last full storage and distribution study; ii) the benchmark pricing mechanism, including the data sources, the calculation, blending, adjustment frequency, and extraordinary price adjustments; iii) the geographic pricing zones; iv) the wholesale mark-ups/zone differentials; and v) the method for updating wholesale mark-ups/zone differentials.</li> </ul>	In Progress	August 2022	April 2023
II-2	Stakeholder Input Process	Board	<ul style="list-style-type: none"> <li>• <b>The Board will issue notice and an invitation to participate in Phase II.</b></li> <li>• <b>A process will be established to receive input from stakeholders in writing and in-person.</b></li> </ul>	Pending	May 2023	Mid-July 2023

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<b>PHASE II - SUPPLY DYNAMICS, BENCHMARKING AND WHOLESALING MARK-UPS (ALL REGULATED PRODUCTS)</b>						
<b>Review Component</b>		<b>Responsibility</b>	<b>Actions/Deliverables</b>	<b>Status</b>	<b>Start Date</b>	<b>Completion Date</b>
II-3	Changes to the Benchmark Pricing Mechanism and Wholesale Mark-ups/Zone Differentials	Board	<ul style="list-style-type: none"> <li><b>The Board may implement changes to the benchmark pricing mechanism and the wholesale mark-ups/zone differentials.</b> The Board will consider the information filed and determine whether there are changes within its jurisdiction which should be implemented.</li> </ul>	Pending	Mid-July 2023	October 2023
II-4	Board Report on the Benchmark Pricing Mechanism and Wholesale Mark-ups/Zone Differentials	Board	<ul style="list-style-type: none"> <li><b>The Board's report on the benchmark pricing mechanism and wholesale mark-ups/zone differentials will be completed.</b></li> </ul>	Pending	Mid-July 2023	October 2023

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<b>PHASE III - REVIEW OF RETAIL MARK-UPS (ALL REGULATED PRODUCTS)</b>						
<b>Review Component</b>		<b>Responsibility</b>	<b>Actions/Deliverables</b>	<b>Status</b>	<b>Start Date</b>	<b>Completion Date</b>
III-1	Kalibrate Report on Retail Mark-ups	Kalibrate Canada Inc.	<ul style="list-style-type: none"> <li>• <b>Kalibrate report on the retail mark-ups to be completed and released.</b></li> <li>• Kalibrate will review the retail mark-ups for all zones in the Province, including the timing and process for the changes to the mark-ups.</li> </ul>	In Progress	August 2022	August 2023
III-2	Stakeholder Input Process	Board	<ul style="list-style-type: none"> <li>• <b>The Board will issue notice and an invitation to participate in Phase III.</b></li> <li>• <b>A process will be established to receive input from stakeholders in writing and in-person.</b></li> </ul>	Pending	September 2023	Mid-November 2023
III-3	Changes to the Retail Mark-ups	Board	<ul style="list-style-type: none"> <li>• <b>The Board may implement changes to the retail mark-ups.</b> The Board will consider the information filed and determine whether there are changes within its jurisdiction which should be implemented.</li> </ul>	Pending	Mid-November 2023	February 2024
III-4	Board Report on Retail Mark-ups	Board	<ul style="list-style-type: none"> <li>• <b>The Board’s report on retail mark-ups will be completed.</b></li> </ul>	Pending	Mid-November 2023	February 2024