

MEDIA STATEMENT - FOR RELEASE ON 28 FEBRUARY 2020

**RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY
ENQUIRIES: MRS LERATO NTSOKO 082 459 2788 / MR J MOKOBANE 082 766 3674**

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 04 MARCH 2020 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 and 95 (ULP & LRP)	19,00	cents per litre decrease in retail price
Both Grades of Diesel 0.05% and 0.005% Sulphur	54,00	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	68,00	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	91,00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	32,00	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 31 JANUARY 2020 TO 27 FEBRUARY 2020

The average international product prices for Petrol, Diesel and Illuminating Paraffin decreased during the period under review.

The Rand depreciated against the US Dollar during the period under review, on average, when compared to the previous period. The average Rand/US Dollar exchange rate for the period 31 January 2020 to 27 February 2020 was 14.9789 compared to 14.3276 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 29.13 c/l, 29.73 c/l and 29.00 c/l respectively.

3. SLATE LEVY

In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate levy on petrol and diesel will remain at 0.00 c/l with effect from 04 March 2020.

4. SINGLE MAXIMUM NATIONAL RETAIL PRICE FOR ILLUMINATING PARAFFIN (SMNRP)

The Single Maximum National Retail Price for the period 04 March 2020 to 31 March 2020 will be 1 085.0 c/l compared to 1 176.0 c/l for the period 05 February 2020 to 03 March 2020.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 700.72 per metric ton (482.89 c/l), excluding VAT, for the period 04 March 2020 to 31 March 2020.

6, PRICE ADJUSTMENT

In terms of the agreed mechanism:

- (a) Price changes are adjusted in such a manner that the over- or under-recovery during the prior month will be corrected in the following month; and
- (b) The unit over- or under-recoveries are rounded up or down to the nearest full cent so that the effect of rounding contributes to the clearing of the cumulative balance of the individual products on the slate.
- (c) In order to manage a negative balance in the Cumulative over/(under) recovery account (the Slate), a Self-Adjusting Slate Levy Mechanism (SLM) was implemented with effect from 7 January 2009 (the SLM is available on the website of the Department of Energy). A Slate levy will only be applicable on all petrol and diesel grades if the Slate balance is negative (cumulative under recovery) by more than R250.0 million.

7, ANALYSIS OF THE ELEMENTS THAT RESULTED IN THE BFP OVER/(UNDER)-RECOVERIES

The over/(under)-recoveries for the period under review were affected by the factors set out below, which can be quantified as follows:

	Petrol 95 ULP c/l	Diesel 0.05% c/l	Diesel 0.005% c/l	Illuminating Paraffin c/l
<u>Movements in external factors</u>				
Movement in International Product Prices	48,018	84,456	84,752	96,570
Movement in Exchange Rate	(29,134)	(29,726)	(29,958)	(29,002)
<u>BFP Over/(under)-recovery for the period 31/01/2020 to 27/02/2020</u>	18,884	54,730	54,794	67,568

8, BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP & LRP	Diesel 0.05 (%) Sulphur	Diesel 0.005 (%) Sulphur	Illuminating Paraffin Wholesale	LPGAS (Gauteng, Zone 9C)
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The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 20 days from 31/01/2020 to 27/02/2020 (cents / litre) as detailed below

Average product over/(under)-recovery, measured for the 20 days from 31/01/2020 to 27/02/2020 (cents / litre) as detailed below	18,884	54,730	54,794	67,568	-
Cumulative positive/(negative) slate balances end of January 2020 (R-million)	707,418	(38,453)	(38,453)	5,968	-

The price adjustments consist of the following elements:

	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	
Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease	19,000	54,000	54,000	68,000	32,000
<u>Total price (increase) / decrease</u>	19,000	54,000	54,000	68,000	32,000

9, REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

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**COMPOSITION OF THE MAXIMUM RETAIL PRICES FOR LPGAS AT THE COAST (ZONE 1A)
AND IN THE INLAND AREA (ZONE 9C) IN CENTS PER KILOGRAM
FOR THE PERIOD 04/03/2020 TO 31/03/2020 WILL BE AS FOLLOWS**

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	870,072	870,072
Primary transport costs	45,495	215,662
Operating expenses	446,452	446,452
Working capital	33,841	33,841
Depreciation	166,011	166,011
Gross margin: Cylinder-filling plant	212,125	212,125
Sub-total (1)	1 773,996	1 944,163
Retail Margin: (15% of Subtotal (1))	266,099	291,624
Sub-total (2)	2 040,095	2 235,787
Value Added Tax (15% Sub-total (2))	306,014	335,368
Maximum Retail Price (Rounded to full cents)	2 346,000	2 571,000

11, The annexure attached contains details of the composition of product prices as well as history of the price changes.

ANNEXURE 1

**COMPOSITION OF THE RETAIL PRICE OF PETROL AND THE
WHOLESALE PRICES FOR DIESEL AND IP IN GAUTENG
FOR THE PERIOD 04/03/2020 TO 31/03/2020 WILL BE AS FOLLOWS:**

	Petrol 95 ULP c/l	Petrol 93 ULP & LRP c/l	Diesel 0.05% S c/l	Diesel 0.005% S c/l	Illumi- nating Paraffin c/l
Wholesale margin	35,700	35,700	74,600	74,600	74,600
Secondary Storage	23,000	23,000	23,000	23,000	23,000
Secondary Distribution	15,200	15,200	15,200	15,200	15,200
Router Differential	0,000	0,000	0,000	0,000	7,400
Retail margin	211,600	211,600	0,000	0,000	0,000
Zone differential in Gauteng	57,400	57,400	57,400	57,400	70,400
IP Tracer levy	0,000	0,000	0,100	0,100	0,000
Fuel levy	361,000	361,000	347,000	347,000	0,000
Customs & excise duty	4,000	4,000	4,000	4,000	0,000
RAF levy	198,000	198,000	198,000	198,000	0,000
Petroleum Products levy	0,330	0,330	0,330	0,330	0,000
Slate levy	0,000	0,000	0,000	0,000	0,000
DSML	10,000	0,000	0,000	0,000	0,000
Pump Rounding	(0,200)	(0,200)			
Sub-total	916,030	906,030	719,630	719,630	190,600
<u>Contribution to the Basic Fuel Price</u>	667,970	645,970	683,630	689,030	666,128
<u>Retail Price</u>	<u>1 584,00</u>	<u>1 552,00</u>			
<u>Wholesale price</u>			<u>1 403,260</u>	<u>1 408,660</u>	<u>856,728</u>

STATISTICS OF PRICE CHANGES

Effective from:	Petrol 95 ULP		Diesel		Illuminating Paraffin		LPGAS	
	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/Kg	Coast SA c/Kg
04 Jan 17	1 333,00	1 285,00	1141,830	1103,430	741,588	686,988	2 207,00	2 019,00
01 Feb 17	1 362,00	1 314,00	1162,830	1124,430	758,588	703,988	2 228,00	2 040,00
01 Mar 17	1 354,00	1 306,00	1160,830	1122,430	750,588	695,988	2 226,00	2 038,00
05 Apr 17	1 330,00	1 281,00	1150,330	1111,630	702,088	644,188	2 125,00	1 937,00
03 May 17	1 379,00	1 330,00	1180,330	1141,630	736,088	678,188	2 221,00	2 032,00
07 Jun 17	1 354,00	1 305,00	1157,330	1118,630	714,088	656,188	2 144,00	1 955,00
05 Jul 17	1 286,00	1 237,00	1097,330	1058,630	657,088	599,188	2 053,00	1 864,00
02 Aug 17	1 305,00	1 256,00	1126,330	1087,630	683,088	625,188	2 092,00	1 904,00
06 Sep 17	1 372,00	1 323,00	1170,330	1131,630	732,088	674,188	2 178,00	1 990,00
04 Oct 17	1 401,00	1 352,00	1212,330	1173,630	771,088	713,188	2 217,00	2 028,00
01 Nov 17	1 405,00	1 356,00	1235,330	1196,630	792,088	734,188	2 234,00	2 045,00
06 Dec 17	1 476,00	1 427,00	1295,630	1256,930	865,388	807,488	2 438,00	2 236,00
03 Jan 18	1 442,00	1 393,00	1273,630	1234,930	837,388	779,488	2 367,00	2 165,00
07 Feb 18	1 412,00	1 363,00	1256,630	1217,930	818,388	760,488	2 344,00	2 142,00
07 Mar 18	1 376,00	1 327,00	1209,630	1170,930	795,388	737,488	2 275,00	2 073,00
04 Apr 18	1 448,00	1 389,00	1274,830	1226,030	793,088	732,588	2 314,00	2 111,00
02 May 18	1 497,00	1 438,00	1333,830	1285,030	845,088	784,588	2 384,00	2 180,00
06 Jun 18	1 579,00	1 520,00	1418,830	1370,030	927,088	866,588	2 522,00	2 318,00
04 Jul 18	1 602,00	1 543,00	1444,830	1396,030	949,088	888,588	2 559,00	2 356,00
01 Aug 18	1 603,00	1 544,00	1440,830	1392,030	953,088	892,588	2 576,00	2 372,00
05 Sep 18	1 608,00	1 549,00	1440,830	1392,030	953,088	892,588	2 576,00	2 372,00
03 Oct 18	1 708,00	1 649,00	1564,830	1516,030	1057,088	996,588	2 755,00	2 551,00
07 Nov 18	1 708,00	1 649,00	1612,750	1563,950	1085,088	1024,588	2 694,00	2 490,00
05 Dec 18	1 524,00	1 465,00	1467,340	1418,540	951,678	891,178	2 451,00	2 238,00
02 Jan 19	1 401,00	1 342,00	1313,420	1264,620	828,678	768,178	2 319,00	2 106,00
06 Feb 19	1 408,00	1 349,00	1314,420	1265,620	823,678	763,178	2 308,00	2 095,00
06 Mar 19	1 482,00	1 423,00	1405,420	1356,620	899,678	839,178	2 409,00	2 196,00
03 Apr 19	1 613,00	1 549,00	1487,120	1432,920	962,678	895,478	2 580,00	2 367,00
01 May 19	1 667,00	1 603,00	1488,120	1433,920	965,678	898,478	2 664,00	2 451,00
05 Jun 19	1 676,00	1 612,00	1521,280	1467,080	973,678	906,478	2 657,00	2 443,00
03 Jul 19	1 581,00	1 517,00	1446,500	1392,300	916,678	849,478	2 524,00	2 310,00
07 Aug 19	1 592,00	1 528,00	1433,210	1379,010	914,678	847,478	2 555,00	2 342,00
04 Sep 19	1 603,00	1 539,00	1459,210	1405,010	938,678	871,478	2 539,00	2 326,00
02 Oct 19	1 621,00	1 557,00	1484,210	1430,010	963,678	896,478	2 556,00	2 343,00
06 Nov 19	1 608,00	1 544,00	1468,210	1414,010	940,678	873,478	2 526,00	2 313,00
04 Dec 19	1 630,00	1 566,00	1453,260	1399,060	922,728	855,528	2 628,00	2 403,00
01 Jan 20	1 616,00	1 552,00	1462,260	1408,060	927,728	860,528	2 604,00	2 379,00
05 Feb 20	1 603,00	1 539,00	1457,260	1403,060	924,728	857,528	2 603,00	2 378,00
03 Mar 20	1 584,00	1 520,00	1403,260	1349,060	856,728	789,528	2 571,00	2 346,00