

MEDIA STATEMENT - FOR RELEASE ON 28 NOVEMBER 2014

RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY

ENQUIRIES: MR J MOKOBANE 082 766 3674

1. ADJUSTMENT TO THE FUEL PRICES: WEDNESDAY, 03 DECEMBER 2014

Product:

Petrol 95 and 93 (ULP & LRP)	69.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	53.300	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	54.300	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	49.300	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	66.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	125.000	cents per kilogram decrease in the maximum retail price

2. IMPLEMENTATION OF REGULATORY ACCOUNTS SYSTEM MARGINS ON PETROL AND ADJUSTMENTS TO DIESEL AND IP MARGINS

The Minister of Energy has approved the implementation of the Regulatory Accounts System margins on petrol and adjustments to margins applicable in the wholesale list price structures of diesel and IP with effect from 03 December 2014. The new margins are reflected in Annexure 1 below.

3. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 31 OCTOBER 2014 TO 27 NOVEMBER 2014

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

The Rand appreciated against the US Dollar (on average) when compared to the previous period. The average Rand/US Dollar exchange rate for the period 31 October 2014 to 27 November 2014 was 11.0969 compared to 11.1004 during the previous period.

The strengthening of the Rand against the US Dollar increased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 0.21 c/l, 0.22 c/l and 0.22 c/l respectively.

4. SLATE LEVY

In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate levy on petrol and diesel will remain 0.00 c/l with effect from 03 December 2014.

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

The Single Maximum National Retail Price for the period 03 December 2014 to 06 January 2015 will be 1113.0 c/l compared to 1179.0 c/l for the period 05 November 2014 to 02 December 2014, this is a decrease of 66.0 c/l

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 618.89 per metric ton (478.35 c/l), excluding VAT, for the period 03 December 2014 to 06 January 2015.

7. 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

8. BREAKDOWN OF PRICE ADJUSTMENT

	Diesel	Diesel	Illuminating	LPGAS
Petrol 95	0.05(%)	0.005(%)	Paraffin	(Gauteng,
ULP & LRP	Sulphur	Sulphur	Wholesale	Zone 9C)

The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 20 days from 31/10/2014 to 27/11/2014 (cents / litre) as detailed below

	79.815	57.916	58.269	54.785	N/A
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Cumulative positive/(negative) slate balances end of October 2014 (R-million)

	1 090.604	1 177.207	1 177.207	(243.839)
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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	80.000	58.000	59.000	54.000	
Increase in Retail Margin	(7.800)				
Increase in Wholesale Margin	(2.500)	(3.500)	(3.500)	(3.500)	
Increase in Secondary Storage	(0.300)	(0.300)	(0.300)	(0.300)	
Increase in Secondary Distribution	(0.900)	(0.900)	(0.900)	(0.900)	
Pump Rounding	0.500				
LPGas BFP, Retail and VAT					125.000
<u>Total price (increase) / decrease</u>	69.000	53.300	54.300	49.300	125.000

9. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

10. 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	79.606	57.697	58.048	54.562
Movement in Exchange Rate	0.209	0.219	0.221	0.223
<u>BFP Over/(under)-recovery for the period 31/10/2014 to 27/11/2014</u>	79.815	57.916	58.269	54.785

11. 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 03/12/2014 TO 06/01/2015 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	861.889	861.889
Primary transport costs	37.120	175.960
Operating expenses	343.000	343.000
Working capital	26.000	26.000
Depreciation	126.000	126.000
Gross margin: Cylinder-filling plant	161.000	161.000
Sub-total (1)	1 555.009	1 693.849
Retail Margin: (15% of Subtotal (1))	233.251	254.077
Sub-total (2)	1 788.260	1 947.926
Value Added Tax (14% Sub-total (2))	250.356	272.710
Maximum Retail Price (Rounded to full cents)	2 039.000	2 221.000

12. The annexure attached contains details of the composition of product prices as well as history of the price

ANNEXURE 1

**COMPOSITION OF THE RETAIL PRICE OF PETROL AND THE
WHOLESALE PRICES FOR DIESEL AND IP IN GAUTENG
FOR THE PERIOD 03/12/2014 TO 06/01/2015 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	33.500	33.500	64.700	64.700	64.700
Secondary Storage	17.400	17.400	17.400	17.400	17.400
Secondary Distribution	12.600	12.600	12.600	12.600	12.600
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	151.100	151.100	0.000	0.000	0.000
Zone differential in Gauteng	33.100	33.100	33.100	33.100	52.700
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	224.500	224.500	209.500	209.500	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	104.000	104.000	104.000	104.000	0.000
Petroleum Products levy	0.150	0.150	0.150	0.150	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
Equalisation Fund Levy Incremental Inland	0.000	0.000	0.000	0.000	0.000
Transport Recovery levy	0.000	0.000	0.000	0.000	0.000
Pump Rounding	0.400	0.400			
Sub-total	590.750	580.750	445.460	445.460	154.800
Contribution to the Basic Fuel Price	656.250	648.250	686.630	692.030	701.128
Retail Price	1,247.00	1,229.00			
Wholesale price			1,132.090	1,137.490	855.928

STATISTICS OF PRICE CHANGES

<u>Effective from:</u>	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
	From 4 January 2006 0,05% Sulphur							
04-Jan-12	1 061.00	1 031.00	1027.690	1007.290	788.428	752.528	2 121.00	1 939.00
01-Feb-12	1 095.00	1 065.00	1026.690	1006.290	785.428	749.528	2 171.00	1 989.00
07-Mar-12	1 123.00	1 093.00	1037.070	1016.670	789.428	753.528	2 207.00	2 025.00
04-Apr-12	1 194.00	1 159.00	1088.970	1064.270	816.028	774.128	2 275.00	2 093.00
02-May-12	1 222.00	1 187.00	1098.370	1073.670	825.028	783.128	2 306.00	2 124.00
06-Jun-12	1 167.00	1 132.00	1073.550	1048.850	804.028	762.128	2 207.00	2 025.00
04-Jul-12	1 082.00	1 047.00	1010.970	986.270	746.028	704.128	2 094.00	1 912.00
01-Aug-12	1 104.00	1 069.00	1025.590	1000.890	761.028	719.128	2 146.00	1 964.00
05-Sep-12	1 197.00	1 162.00	1094.590	1069.890	834.028	792.128	2 275.00	2 093.00
03-Oct-12	1 220.00	1 185.00	1133.750	1109.050	867.028	825.128	2 272.00	2 090.00
07-Nov-12	1 210.00	1 175.00	1143.950	1119.250	870.028	828.128	2 273.00	2 091.00
05-Dec-12	1 201.00	1 166.00	1138.950	1114.250	866.028	824.128	2 238.00	2 056.00
02-Jan-13	1 186.00	1 151.00	1111.370	1086.670	849.028	807.128	2 229.00	2 047.00
06-Feb-13	1 227.00	1 192.00	1129.170	1104.470	875.028	833.128	2 302.00	2 120.00
06-Mar-13	1 308.00	1 273.00	1187.550	1162.850	932.028	890.128	2 420.00	2 238.00
03-Apr-13	1 320.00	1 283.00	1196.610	1170.010	906.228	860.328	2 365.00	2 183.00
01-May-13	1 247.00	1 210.00	1141.050	1114.450	848.228	802.328	2 284.00	2 102.00
05-Jun-13	1 239.00	1 202.00	1137.070	1110.470	849.228	803.328	2 289.00	2 107.00
03-Jul-13	1 323.00	1 286.00	1215.270	1188.670	924.228	878.328	2 418.00	2 236.00
07-Aug-13	1 355.00	1 318.00	1248.230	1221.630	949.228	903.328	2 440.00	2 258.00
04-Sep-13	1 350.00	1 313.00	1262.050	1235.450	974.228	928.328	2 449.00	2 267.00
02-Oct-13	1 330.00	1 293.00	1260.050	1233.450	970.228	924.328	2 409.00	2 227.00
06-Nov-13	1 302.00	1 265.00	1244.850	1218.250	954.228	908.328	2 368.00	2 186.00
04-Dec-13	1 319.00	1 282.00	1254.970	1228.370	970.728	924.828	2 386.00	2 204.00
01-Jan-14	1 357.00	1 320.00	1287.150	1260.550	1009.728	963.828	2 442.00	2 260.00
05-Feb-14	1 396.00	1 359.00	1311.350	1284.750	1021.728	975.828	2 496.00	2 314.00
05-Mar-14	1 432.00	1 395.00	1338.550	1311.950	1037.728	991.828	2 554.00	2 372.00
02-Apr-14	1 439.00	1 398.00	1329.750	1299.150	1003.228	953.028	2 532.00	2 350.00
07-May-14	1 424.00	1 383.00	1299.970	1269.370	984.228	934.028	2 528.00	2 346.00
04-Jun-14	1 402.00	1 361.00	1276.390	1245.790	974.228	924.028	2 501.00	2 319.00
02-Jul-14	1 433.00	1 392.00	1290.390	1259.790	997.228	947.028	2 559.00	2 377.00
06-Aug-14	1 433.00	1 392.00	1284.770	1254.170	990.228	940.028	2 547.00	2 365.00
03-Sep-14	1 366.00	1 325.00	1259.390	1228.790	971.228	921.028	2 439.00	2 257.00
01-Oct-14	1 361.00	1 320.00	1246.390	1215.790	957.228	907.028	2 451.00	2 269.00
05-Nov-14	1 316.00	1 275.00	1185.390	1154.790	905.228	855.028	2 346.00	2 164.00
03-Dec-14	1 247.00	1 206.00	1132.090	1101.490	855.928	805.728	2 221.00	2 039.00