

MEDIA STATEMENT - FOR RELEASE ON 02 JANUARY 2015

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, 07 JANUARY 2015

Product:

Petrol 93 ULP & LRP	127.000	cents per litre decrease in retail price
Petrol 95 ULP & LRP	123.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	104.000	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	105.000	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	108.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	144.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	210.000	cents per kilogram decrease in the maximum retail price

**2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD
28 NOVEMBER 2014 TO 01 JANUARY 2015**

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

The average Rand/US Dollar exchange rate weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 28 November 2014 to 01 January 2015 was 11.4749 compared to 11.0969 during the previous period.

The weakening of the Rand against the US Dollar increased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 17.92 c/l, 19.43 c/l and 19.75 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 07 January 2015.

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

The Single Maximum National Retail Price for the period 07 January 2015 to 03 February 2015 will be 969.0 c/l compared to 1113.0 c/l for the period 03 December 2014 to 06 January 2015, this is a decrease of 144.0 c/l

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 021.93 per metric ton (389.72 c/l), excluding VAT, for the period 07 January 2015 to 03 February 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

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

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

Average product over/(under)-recovery, measured for the 25 days from 28/11/2014 to 01/01/2015 (cents / litre) as detailed below	122.074	103.685	104.425	108.133	N/A
Cumulative positive/(negative) slate balances end of November 2014 (R-million)	1 812.048	1 817.967	1 817.967	(222.782)	

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	123.000	104.000	105.000	108.000	
LPGas BFP, Retail and VAT					210.000
<u>Total price (increase) / decrease</u>	<u>123.000</u>	<u>104.000</u>	<u>105.000</u>	<u>108.000</u>	<u>210.000</u>

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	139.989	123.117	124.015	127.881
Movement in Exchange Rate	(17.915)	(19.432)	(19.590)	(19.748)
<u>BFP Over/(under)-recovery for the period 28/11/2014 to 01/01/2015</u>	122.074	103.685	104.425	108.133

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 07/01/2015 TO 03/02/2015 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	702.193	702.193
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)	1 395.313	1 534.153
Retail Margin: (15% of Subtotal (1))	209.297	230.123
Sub-total (2)	1 604.610	1 764.276
Value Added Tax (14% Sub-total (2))	224.645	246.999
Maximum Retail Price (Rounded to full cents)	1 829.000	2 011.000

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 07/01/2015 TO 03/02/2015 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	533.250	521.250	582.630	587.030	593.128
Retail Price	1,124.00	1,102.00			
Wholesale price			1,028.090	1,032.490	747.928

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
07-Jan-15	1 124.00	1 083.00	1028.090	997.490	747.928	697.728	2 011.00	1 829.00