

MEDIA STATEMENT - FOR RELEASE ON 29 NOVEMBER 2019

**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 DECEMBER 2019 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 and 95 (ULP & LRP)	(22.00)	cents per litre increase in retail price
Diesel 0.05% Sulphur	14.95	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	15.95	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	17.95	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	24.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	(102.00)	cents per kilogram increase in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 01 NOVEMBER 2019 TO 28 NOVEMBER 2019

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

The Rand appreciated 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 01 November 2019 to 28 November 2019 was 14.8037 compared 14.9293 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 6.12 c/l, 6.24 c/l and 6.23 c/l respectively.

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

In line with the application of the Regulatory Accounts System the Minister of Mineral Resources and Energy has approved a net increase of 11.6 c/l in the annual margin adjustments on petrol and a net increase of 6.05 c/l on diesel and illuminating paraffin wholesale prices, with effect from 04 December 2019.

4. ADJUSTMENTS TO THE PRICING ELEMENTS IN THE MAXIMUM RETAIL PRICE STRUCTURE OF LIQUEFIED PETROLEUM GAS (LPGAS)

The Minister of Mineral Resources and Energy has also approved the adjustments to some of the pricing elements of the maximum retail price structure of liquefied petroleum gas (LPGAS) with an adjustment of 69.0 c/kg with effect from 04 December 2019. The new margins are reflected in Paragraph 12 below. However, due to adjustment in the primary transport cost of LP Gas effective 04 December 2019, the LP Gas prices will differ from each zones.

5. 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 December 2019.

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

The Single Maximum National Retail Price for the period 04 December 2019 to 31 December 2019 will be 1 173.0 c/l compared to 1 197.0 c/l for the period 06 November to to 03 December 2019.

7. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 9 128.00 per metric ton (506.60 c/l), excluding VAT, for the period 04 December 2019 to 31 December 2019.

8. 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.

9. 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
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Movements in external factors

Movement in International Product Prices	(16.184)	15.386	16.195	18.550
Movement in Exchange Rate	6.119	6.239	6.284	6.234
BFP Over/(under)-recovery for the period 01/11/2019 to 28/11/2019	(10.065)	21.625	22.479	24.784

10. 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 01/11/2019 to 28/11/2019 (cents / litre) as detailed below

Average product over/(under)-recovery, measured for the 20 days from 01/11/2019 to 28/11/2019 (cents / litre) as detailed below	(10.065)	21.625	22.479	24.784	N/A
Cumulative positive/(negative) slate balances end of October 2019 (R-million)	533.717	(218.383)	(218.383)	(63.298)	

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	(10.000)	21.000	22.000	24.000	
Increase in Retail Margin	(8.000)	0.000	0.000	0.000	
Increase in Wholesale Margin	(0.900)	(3.350)	(3.350)	(3.350)	
Increase in Secondary Storage	(2.100)	(2.100)	(2.100)	(2.100)	
Increase in Secondary Distribution	(0.600)	(0.600)	(0.600)	(0.600)	
Increase in Pump Rounding	(0.400)	0.000	0.000	0.000	
Increase in LPGas, Retail and VAT					(102.000)
Total price (increase) / decrease	(22.000)	14.950	15.950	17.950	(102.000)

11. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

12.

**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 04/12/2019 TO 31/12/2019 WILL BE AS FOLLOWS**

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	912.800	912.800
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)	1 816.724	1 986.891
Retail Margin: (15% of Subtotal (1))	272.509	298.034
Sub-total (2)	2 089.233	2 284.925
Value Added Tax (15% Sub-total (2))	313.385	342.739
Maximum Retail Price (Rounded to full cents)	2 403.000	2 628.000

13. 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 04/12/2019 TO 31/12/2019 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	206.000	206.000	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
Equalisation Fund Levy	0.000	0.000	0.000	0.000	0.000
Pump Rounding	(0.200)	(0.200)			
Sub-total	910.430	900.430	719.630	719.630	190.600
<u>Contribution to the Basic Fuel Price</u>	719.570	687.570	733.630	739.030	732.128
<u>Retail Price</u>	<u>1,630.00</u>	<u>1,588.00</u>			
<u>Wholesale price</u>			<u>1,453.260</u>	<u>1,458.660</u>	<u>922.728</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
06-Jan-16	1 237.00	1 194.00	1005.170	972.470	647.028	594.028	2 074.00	1 892.00
03-Feb-16	1 243.00	1 200.00	943.170	910.470	588.028	535.028	2 075.00	1 893.00
02-Mar-16	1 174.00	1 131.00	958.170	925.470	605.028	552.028	1 955.00	1 773.00
06-Apr-16	1 262.00	1 214.00	1053.870	1015.470	662.628	608.028	2 065.00	1 883.00
04-May-16	1 274.00	1 226.00	1052.870	1014.470	655.628	601.028	2 060.00	1 877.00
01-Jun-16	1 326.00	1 278.00	1128.870	1090.470	717.628	663.028	2 158.00	1 976.00
06-Jul-16	1 334.00	1 286.00	1170.870	1132.470	760.628	706.028	2 170.00	1 988.00
03-Aug-16	1 235.00	1 187.00	1096.870	1058.470	694.628	640.028	2 010.00	1 828.00
07-Sep-16	1 217.00	1 169.00	1048.870	1010.470	647.628	593.028	2 001.00	1 819.00
05-Oct-16	1 260.00	1 212.00	1071.870	1033.470	669.628	615.028	2 059.00	1 877.00
02-Nov-16	1 305.00	1 257.00	1134.870	1096.470	726.628	672.028	2 118.00	1 936.00
07-Dec-16	1 285.00	1 237.00	1102.830	1064.430	698.588	643.988	2 101.00	1 913.00
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