

MEDIA STATEMENT - FOR RELEASE ON 27 MARCH 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 01 APRIL 2020 IN GAUTENG AND AT THE COAST (INCREASE) / DECREASE

	Gauteng	Coast	
95 ULP & LRP	188.00	194.00	cents per litre decrease in retail price
93 ULP & LRP	176.00	182.00	cents per litre decrease in retail price
Diesel 0.05% Sulphur	133.70	139.80	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	134.70	140.80	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	183.90	197.80	cents per litre decrease in wholesale price

Illuminating Paraffin (SMNRP)	245.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP) (Country Wide)
Maximum Retail Price for LPGAS	378.00	cents per kilogram decrease in the maximum retail price (Country Wide)

PRICE CHANGES WILL DIFFER IN MAGISTERIAL DISTRICT ZONES DUE TO THE DIFFERENT TRANSPORT INCREASES IMPLEMENTED INTO THE FUEL PRICE STRUCTURES AND THE REVISED PETROL 95/93 BFP OCTANE DIFFERENTIAL - REFER TO PARAGRAPHS 2 & 3 BELOW

2. ADJUSTMENTS TO THE TRANSPORT TARIFFS (ZONE DIFFERENTIAL)

The increases in primary transport cost are attributed to an average annual increase of **7.6 percent** in road transport tariffs and an annual increase of **11.6 percent** in pipeline transport costs announced by the National Energy Regulator of South Africa (NERSA) on the 26 February 2020. Increases in primary transport cost will differ in the 54 Fuel Pricing Zones due to the different transport cost increases applied in the 54 pricing zones. For example, the transport costs for petrol and diesel will increase by 6.3 cpl in Gauteng and 0.2 cpl in coastal areas.

In addition to the above, the adjustment to the 95/93 petrol octanes BFP differential will result in different retail petrol price increases applicable to 95 and 93 petrol octane grades in each of the fuel pricing zones.

3. ADJUSTMENT TO THE OCTANE DIFFERENTIAL BETWEEN 95 AND 93 BFP OCTANE DIFFERENTIALS

In terms of the Working Rules to administer the BFP, the differentials between 95 and 93 petrol grades are adjusted at the beginning of each quarter. Due to the BFP differential adjustment between the two grades, the price increases to be effected on 95 and 93 will therefore also be different in each of the zones.

4. FUEL AND ROAD ACCIDENT FUND LEVIES INCREASE

The Minister of Finance, in his Budget Speech on 26 February 2020, announced that the Fuel and the Road Accident Fund levies on both petrol and diesel will increase by 16.0 c/l and 9.0 c/l respectively on 01 April 2020. With effect from 01 April 2020, the Fuel Levy in the price structure of petrol and diesel will therefore amount to 377.0 c/l and 363.0 c/l respectively. The Road Accident Fund Levy in the price structure of both petrol and diesel will amount to 207.0 c/l with effect from 01 April 2020.

5. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 28 FEBRUARY 2020 TO 26 MARCH 2020

The average international product prices of 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 28 February 2020 to 26 March 2020 was 16.4305 compared to 14.9789 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 40.00 c/l, 46.62 c/l and 42.26 c/l respectively.

6. 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 01 April 2020.

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

The Single Maximum National Retail Price for the period 01 April 2020 to 05 May 2020 will be 840.0 c/l compared to 1 085.0 c/l for the period 04 March 2020 to 31 March 2020.

8. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 5 839.08 per metric ton (324.07 c/l), excluding VAT, for the period 01 April 2020 to 05 May 2020.

9. 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.

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	258.088	210.715	212.569	240.259
Movement in Exchange Rate	(39.998)	(46.615)	(46.959)	(42.259)
<u>BFP Over/(under)-recovery for the period 28/02/2020 to 26/03/2020</u>	218.090	164.100	165.610	198.000

11. 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 28/02/2020 to 26/03/2020 (cents / litre) as detailed below

218.090	164.100	165.610	198.000	N/A
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Cumulative positive/(negative) slate balances end of February 2020 (R-million)

872.158	561.676	561.676	54.268
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The price adjustments consist of the following elements:

Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease

219.000	165.000	166.000	198.000	378.000
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Fuel Levy Increase

(16.000)	(16.000)	(16.000)	-	-
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Road Accident Fund Levy

(9.000)	(9.000)	(9.000)	-	-
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Transport Tariff Increases

(6.300)	(6.300)	(6.300)	(14.100)	-
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Price Rounding

0.300	-	-	-	-
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Total price (increase) / decrease

188.000	133.700	134.700	183.900	378.000
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12. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

13. **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 01/04/2020 TO 05/05/2020 WILL BE AS FOLLOWS:**

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	583.908	583.908
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)	1 487.832	1 657.999
Retail Margin: (15% of Subtotal (1))	223.175	248.700
Sub-total (2)	1 711.007	1 906.699
Value Added Tax (15% Sub-total (2))	256.651	286.005
Maximum Retail Price (Rounded to full cents)	1 968.000	2 193.000

14. 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 01/04/2020 TO 05/05/2020 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	63.700	63.700	63.700	63.700	84.500
IP Tracer levy	0.000	0.000	0.100	0.100	0.000
Fuel levy	377.000	377.000	363.000	363.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	207.000	207.000	207.000	207.000	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	(0.300)	(0.300)			
Sub-total	947.230	937.230	750.930	750.930	204.700
<u>Contribution to the Basic Fuel Price</u>	448.770	438.770	518.630	523.030	468.128
<u>Retail Price</u>	<u>1,396.00</u>	<u>1,376.00</u>			
<u>Wholesale price</u>			<u>1,269.560</u>	<u>1,273.960</u>	<u>672.828</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
01-Apr-20	1 396.00	1 326.00	1269.560	1209.260	672.828	591.728	2 193.00	1 968.00