

MEDIA STATEMENT - FOR RELEASE ON 29 SEPTEMBER 2017

**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 OCTOBER 2017 IN GAUTENG (INCREASE) / DECREASE

Product:

Petrol 93 ULP & LRP	(25.00)	cents per litre increase in retail price
Petrol 95 ULP & LRP	(29.00)	cents per litre increase in retail price
Both Grades of Diesel 0.05% & 0.005%		
Sulphur	(42.00)	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	(39.00)	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	(52.00)	cents per litre increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	(39.00)	cents per kilogram increase in the maximum retail price

**2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD
01 SEPTEMBER 2017 TO 28 SEPTEMBER 2017**

The average international product prices of Petrol, Diesel and Illuminating Paraffin increased 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 September 2017 to 28 September 2017 was 13.1317 compared to 13.2152 during the previous period. This led to a lower contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 3.86c/l, 3.78c/l and 3.76c/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 October 2017.

4. ADJUSTMENT TO THE OCTANE DIFFERENTIAL BETWEEN 95 AND 93 OCTANES

In line with the Working Rules to administer the Basic Fuels Price, the 95 octane (unleaded) grade is the price-marker grade and the BFP-differentials between 95 and 93 octanes will be adjusted on the first Wednesday of each quarter. The price changes to 93 octane includes the adjustment to the differential and therefore the prices of 95 and 93 octanes will differ in each Fuel Price Zone, but also differ between zones due to the adjustment in the zone differentials.

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

The Single Maximum National Retail Price for the period 04 October 2017 to 31 October 2017 will be 993.0 c/l compared to 941.0 c/l for the period 06 September 2017 to 03 October 2017.

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 796.84 per metric ton (432.72 c/l), excluding VAT, for the period 04 October 2017 to 31 October 2017.

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. 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	(33.727)	(46.069)	(45.998)	(41.980)
Movement in Exchange Rate	3.857	3.779	3.813	3.764
<u>BFP Over/(under)-recovery for the period 01/09/2017 to 28/09/2017</u>	(29.870)	(42.290)	(42.185)	(38.216)

9. 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 01/09/2017 to 28/09/2017 (cents / litre) as detailed below

(29.870)	(42.290)	(42.185)	(38.216)	N/A
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Cumulative positive/(negative) slate balances end of August 2017 (R-million)

2 067.926	2 035.796	2 035.796	(4.526)
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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

	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	
(29.000)	(42.000)	(42.000)	(39.000)	(39.000)	

Total price (increase) / decrease

(29.000)	(42.000)	(42.000)	(39.000)	(39.000)
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10. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

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 04/10/2017 TO 31/10/2017 WILL BE AS FOLLOWS**

<u>Price element</u>	<u>Coast Zone 1A</u>	<u>Inland Zone 9C</u>
Maximum refinery gate price	779.684	779.684
Primary transport costs	38.456	182.295
Operating expenses	380.591	380.591
Working capital	28.849	28.849
Depreciation	140.326	140.326
Gross margin: Cylinder-filling plant	179.306	179.306
Sub-total (1)	1 547.212	1 691.051
Retail Margin: (15% of Subtotal (1))	232.082	253.658
Sub-total (2)	1 779.294	1 944.709
Value Added Tax (14% Sub-total (2))	249.101	272.259
Maximum Retail Price (Rounded to full cents)	2 028.000	2 217.000

12. 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 04/10/2017 TO 31/10/2017 WILL BE AS FOLLOWS:**

	<u>Petrol 95 ULP c/l</u>	<u>Petrol 93 ULP & LRP c/l</u>	<u>Diesel 0.05% S c/l</u>	<u>Diesel 0.005% S c/l</u>	<u>Illumi- nating Paraffin c/l</u>
Wholesale margin	35.600	35.600	67.660	67.660	67.660
Secondary Storage	17.900	17.900	17.900	17.900	17.900
Secondary Distribution	17.300	17.300	17.300	17.300	17.300
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	181.000	181.000	0.000	0.000	0.000
Zone differential in Gauteng	41.500	41.500	41.500	41.500	60.700
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	315.000	315.000	300.000	300.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	163.000	163.000	163.000	163.000	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	785.930	775.930	611.700	611.700	170.960
<u>Contribution to the Basic Fuel Price</u>	615.070	598.070	600.630	606.030	600.128
<u>Retail Price</u>	<u>1,401.00</u>	<u>1,374.00</u>			
<u>Wholesale price</u>			<u>1,212.330</u>	<u>1,217.730</u>	<u>771.088</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
	From 4 January 2006 0,05% Sulphur							
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
04-Feb-15	1 031.00	990.00	926.090	895.490	645.928	595.728	1 861.00	1 679.00
04-Mar-15	1 127.00	1 086.00	1000.090	969.490	718.928	668.728	2 015.00	1 833.00
01-Apr-15	1 289.00	1 246.00	1122.790	1090.090	743.828	690.828	2 100.00	1 918.00
06-May-15	1 289.00	1 246.00	1117.790	1085.090	738.828	685.828	2 117.00	1 935.00
03-Jun-15	1 336.00	1 293.00	1166.790	1134.090	780.828	727.828	2 217.00	2 035.00
01-Jul-15	1 377.00	1 334.00	1170.790	1138.090	786.828	733.828	2 273.00	2 091.00
05-Aug-15	1 326.00	1 283.00	1094.970	1062.270	716.828	663.828	2 184.00	2 002.00
02-Sep-15	1 257.00	1 214.00	1040.970	1008.270	661.828	608.828	2 069.00	1 887.00
07-Oct-15	1 261.00	1 218.00	1093.970	1061.270	711.828	658.828	2 080.00	1 898.00
04-Nov-15	1 239.00	1 196.00	1084.970	1052.270	709.828	656.828	2 033.00	1 851.00
02-Dec-15	1 240.00	1 197.00	1081.170	1048.470	710.028	657.028	2 029.00	1 847.00
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