

MEDIA STATEMENT - FOR RELEASE ON 02 MARCH 2018

**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 07 MARCH 2018 IN GAUTENG (INCREASE) / DECREASE

Product:

| | | |
|---|-------|--|
| Both Grades of Petrol 93 and 95 (ULP & LRP) | 36.00 | cents per litre decrease in retail price |
| Diesel 0.05% Sulphur | 47.00 | cents per litre decrease in wholesale price |
| Diesel 0.005% Sulphur | 44.00 | cents per litre decrease in wholesale price |
| Illuminating Paraffin (Wholesale) | 23.00 | cents per litre decrease in wholesale price |
| Illuminating Paraffin (SMNRP) | 30.00 | cents per litre decrease in the Single Maximum National Retail price (SMNRP) |
| Maximum Retail Price for LPGAS | 69.00 | cents per kilogram decrease in the maximum retail price |

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 FEBRUARY 2018 TO 01 MARCH 2018

The average international product prices of Petrol, 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 02 February 2018 to 01 March 2018 was 11.8167 compared to 12.2029 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 19.33 c/l, 19.68 c/l and 20.53 c/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 07 March 2018.

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

The Single Maximum National Retail Price for the period 07 March 2018 to 03 April 2018 will be 1 026.0 c/l compared to 1 056.0 c/l for the period 07 February 2018 to 06 March 2018.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 626.83 per metric ton (423.29 c/l), excluding VAT, for the period 07 March 2018 to 03 April 2018.

6. 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.

7. 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 | 15.815 | 26.362 | 24.087 | 2.450 |
| Movement in Exchange Rate | 19.332 | 19.679 | 19.827 | 20.525 |
| <u>BFP Over/(under)-recovery for the period 02/02/2017 to 01/03/2018</u> | 35.147 | 46.041 | 43.914 | 22.975 |

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 20 days from 02/02/2017 to 01/03/2018 (cents / litre) as detailed below

35.147 46.041 43.914 22.975 N/A

Cumulative positive/(negative) slate balances end of January 2018 (R-million)

1 567.006 901.164 901.164 5.926

The price adjustments consist of the following elements:

c/l **c/l** **c/l** **c/l**

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

36.000 47.000 44.000 23.000 69.000

Total price (increase) / decrease

36.000 47.000 44.000 23.000 69.000

9. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

10. **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 07/03/2018 TO 03/04/2018 WILL BE AS FOLLOWS**

| Price element | Coast Zone 1A | Inland Zone 9C |
|---|------------------|-------------------|
| Maximum refinery gate price | 762.683 | 762.683 |
| Primary transport costs | 41.148 | 195.056 |
| Operating expenses | 404.949 | 404.949 |
| Working capital | 30.695 | 30.695 |
| Depreciation | 150.149 | 150.149 |
| Gross margin: Cylinder-filling plant | 191.857 | 191.857 |
| Sub-total (1) | 1 581.481 | 1 735.389 |
| Retail Margin: (15% of Subtotal (1)) | 237.222 | 260.308 |
| Sub-total (2) | 1 818.704 | 1 995.697 |
| Value Added Tax (14% Sub-total (2)) | 254.618 | 279.398 |
| Maximum Retail Price (Rounded to full cents) | 2 073.000 | 2 275.000 |

11. 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 07/03/2018 TO 03/04/2018 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 | 34.000 | 34.000 | 67.660 | 67.660 | 67.660 |
| Secondary Storage | 18.600 | 18.600 | 18.600 | 18.600 | 18.600 |
| Secondary Distribution | 15.900 | 15.900 | 15.900 | 15.900 | 15.900 |
| Router Differential | 0.000 | 0.000 | 0.000 | 0.000 | 7.400 |
| Retail margin | 187.200 | 187.200 | 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 | 789.830 | 779.830 | 611.000 | 611.000 | 170.260 |
| <u>Contribution to the Basic Fuel Price</u> | 586.170 | 574.170 | 598.630 | 604.030 | 625.128 |
| <u>Retail Price</u> | <u>1 376.00</u> | <u>1 354.00</u> | | | |
| <u>Wholesale price</u> | | | <u>1 209.630</u> | <u>1 215.030</u> | <u>795.388</u> |

STATISTICS OF PRICE CHANGES

| Effective from: | Petrol 95 ULP | | Diesel | | Illuminating Paraffin | | LPGAS | |
|-----------------|---------------|----------|-----------------|-----------------|-----------------------|---------|----------|----------|
| | Gauteng | Coast | Gauteng | Coast | Gauteng | Coast | Gauteng | Coast |
| | SA c/l | SA c/l | SA c/l | SA c/l | SA c/l | SA c/l | SA c/Kg | SA c/Kg |
| 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 |
| 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 |