

MEDIA STATEMENT - FOR RELEASE ON 30 NOVEMBER 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 05 DECEMBER 2018 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 & 95 (ULP & LRP)	184.00	cents per litre decrease in retail price
Diesel 0.05% Sulphur	145.41	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	147.41	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	133.41	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	178.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	243.00	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 NOVEMBER 2018 TO 29 NOVEMBER 2018

The average international product prices for 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 November 2018 to 29 November 2018 was 14.0923 compared to 14.4892 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 18.02 c/l, 21.48 c/l and 21.68 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 Energy has approved a net increase of 7.7 c/l in the annual margin adjustments on petrol and a net increase of 4.59 c/l on diesel and illuminating paraffin wholesale prices, with effect from 05 December 2018.

4. ADJUSTMENTS TO THE PRICING ELEMENTS IN THE MAXIMUM RETAIL PRICE STRUCTURE OF LIQUEFIED PETROLEUM

The Minister of 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 65.0 c/kg with effect from 05 December 2018. The new margins are reflected in Paragraph 12 below. However, due to adjustment in the primary transport cost of LP Gas effective 05 December 2018, the LP Gas prices will differ from each zones.

5. SLATE LEVY

The combined cumulative petrol and diesel Slate balances at the end of October 2018 amounted to a negative balance of R2.4 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, the Slate Levy on petrol and diesel will remain at 21.92 c/l with effect from 5 December 2018.

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

The Single Maximum National Retail Price for the period 05 December 2018 to 01 January 2019 will be 1 231.0 c/l compared to 1 409.0 c/l for the period 07 November 2018 to 04 December 2018.

7. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 317.73 per metric ton (461.63 c/l), excluding VAT, for the period 05 December 2018 to 01 January 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
<u>Movements in external factors</u>				
Movement in International Product Prices	174.886	129.505	130.651	116.345
Movement in Exchange Rate	18.015	21.482	21.641	21.684
<u>BFP Over/(under)-recovery for the period 02/11/2018 to 29/11/2018</u>	192.901	150.987	152.292	138.029

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 02/11/2018 to 29/11/2018 (cents / litre) as detailed below

192.901	150.987	152.292	138.029	N/A
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Cumulative positive/(negative) slate balances end of October 2018 (R-million)

(409.268)	(1 998.728)	(1 998.728)	(138.513)	
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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

192.000	150.000	152.000	138.000	
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Increase in Retail Margin

(5.900)	0.000	0.000	0.000	
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Increase in Wholesale Margin

(0.800)	(3.590)	(3.590)	(3.590)	
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Increase in Secondary Storage

(2.300)	(2.300)	(2.300)	(2.300)	
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Decrease in Secondary Distribution

1.300	1.300	1.300	1.300	
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Slate levy

0.000	0.000	0.000	0.000	
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Increase in Pump Rounding

(0.300)				
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Increase in LP Gas BFP, Retail and VAT

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Total price (increase) / decrease

184.000	145.410	147.410	133.410	243.000
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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 05/12/2018 TO 01/01/2019 WILL BE AS FOLLOWS**

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	831.770	831.770
Primary transport costs	43.123	204.419
Operating expenses	426.411	426.411
Working capital	32.322	32.322
Depreciation	157.356	157.356
Gross margin: Cylinder-filling plant	201.066	201.066
Sub-total (1)	1 692.049	1 853.344
Retail Margin: (15% of Subtotal (1))	253.807	278.002
Sub-total (2)	1 945.856	2 131.346
Value Added Tax (15% Sub-total (2))	291.878	319.702
Maximum Retail Price (Rounded to full cents)	2 238.000	2 451.000

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 05/12/2018 TO 01/01/2019 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	34.800	34.800	71.250	71.250	71.250
Secondary Storage	20.900	20.900	20.900	20.900	20.900
Secondary Distribution	14.600	14.600	14.600	14.600	14.600
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	198.000	198.000	0.000	0.000	0.000
Zone differential in Gauteng	51.700	51.700	51.700	51.700	63.400
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	337.000	337.000	322.000	322.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	193.000	193.000	193.000	193.000	0.000
Petroleum Products levy	0.330	0.330	0.330	0.330	0.000
Slate levy	21.920	21.920	21.920	21.920	0.000
DSML	10.000	0.000	0.000	0.000	0.000
Pump Rounding	0.200	0.200	0.000	0.000	0.000
Sub-total	886.450	876.450	699.710	699.710	177.550
<u>Contribution to the Basic Fuel Price</u>	637.550	624.550	767.630	773.030	774.128
<u>Retail Price</u>	<u>1,524.00</u>	<u>1,501.00</u>			
<u>Wholesale price</u>			<u>1,467.340</u>	<u>1,472.740</u>	<u>951.678</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
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
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