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Section 14 Petroleum Margin Review: Retail Motor Fuel and Heating Fuel

Addendum regarding motor fuel delivery charge

Submitted to:

New Brunswick Energy and Utilities Board

Submitted by:



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2.5 Maximum delivery charge

The current delivery charge of 3.0 cpl is inadequate for about 5-6% of outlets where the charge for gasoline and/or diesel exceeds the maximum. These outlet locations are shown in Column 1 of Table 2.6. The list includes six locations for which cost data were not reported to the Board, but which were included in the list of high delivery cost outlets previously. The current delivery charge may be inadequate for another 5-6% of outlets (Column 2) for which actual delivery charges are not reported but may exceed 3.0 cpl.

Most of these are smaller outlets located in northern and northeast New Brunswick. For smaller sites already facing the challenge of operating with relatively low volumes, non-recoverability of the delivery cost over 3.0 cpl presents an additional burden for either or both the retailer and wholesaler. This adds to the challenge of securing a supplier, thereby increasing the risk of supply discontinuity in rural areas.

My recommendation is to increase the maximum delivery charge to 3.5 cpl. This would appear to cover virtually all gasoline deliveries (there is uncertainty regarding actual costs for locations in Column 2), and most diesel.

Table 2.6: New Brunswick locations with delivery charges at or over 3.0 cpl

	Gasoline	Diesel		Gasoline
1			2	
Bas-Caraquet	3.45	3.77	Allardville	≥3.00
Bathurst	3.06	3.86	Balmoral	≥3.00
Bathurst	not reported		Bathurst	≥3.00
Belledune	3.40	4.31	Blue Bell	≥3.00
Beresford	not reported		Dalhousie	≥3.00
Black Point	not reported		Dunlop	≥3.00
Brantville	3.01	3.45	Edmundston	≥3.00
Campbelton	3.03	3.40	Isidore-Boucher	≥3.00
Charlo	3.78	5.06	Kedgwick	≥3.00
Edmundston	3.05	3.57	Madawaska	≥3.00
Janeville	3.21	5.23	New Denmark	≥3.00
Kedgwick	3.56	3.70	Nigadoo	≥3.00
Haute-Lameque	3.29	3.73	North Tetagouche	≥3.00
Miramichi	2.33	3.01	Perth-Andover	≥3.00
Neguac	not reported		Petit-Rocher	≥3.00
Northampton	3.40		Pont-Landry	≥3.00
Perth Andover	2.35	3.23	Red Rapids	≥3.00
Plaster Rock	3.20		Riley Brook	≥3.00
Pokemouche	not reported		Saint-Arthur	≥3.00
Renous	not reported		Saint-Francois-de-Madawaska	≥3.00
Sainte-Anne-de-Madawaska	3.56	4.01	St. André	≥3.00
Saint-Jacques	3.17	3.63	St-Léonard Parent	≥3.00
Saint-Léonard	2.92	3.47	Tobique First Nation	≥3.00
Saint-Quentin	3.15	3.64	Woodstock First Nation	≥3.00

Source: EUB and motor fuel wholesalers