

MEDIA STATEMENT - FOR RELEASE ON 27 DECEMBER 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 02 JANUARY 2019 IN GAUTENG (INCREASE) / DECREASE

Product:

| | | |
|--------------------------------------|--------|---|
| Petrol 93 (ULP & LRP) | 122.00 | cents per litre decrease in retail price |
| Petrol 95 (ULP & LRP) | 123.00 | cents per litre decrease in retail price |
| Diesel 0.05% Sulphur | 153.92 | cents per litre decrease in wholesale price |
| Diesel 0.005% Sulphur | 155.92 | cents per litre decrease in wholesale price |
| Illuminating Paraffin (Wholesale) | 123.00 | cents per litre decrease in wholesale price |
| Illuminating Paraffin (SMNRP) | 164.00 | cents per litre decrease in the Single Maximum National Retail price (SMNRP) |
| Maximum Retail Price for LPGAS | 132.00 | cents per kilogram decrease in the maximum retail price |

**2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD
30 NOVEMBER 2018 TO 26 DECEMBER 2018**

The average international product prices for 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 30 November 2018 to 26 December 2018 was 14.1778 compared to 14.0923 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 3.42 c/l, 3.98 c/l and 4.06 c/l respectively.

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. The BFP differentials between 95 and 93 petrol grades have changed and therefore the different price adjustments between the two grades.

4. SLATE LEVY

The combined cumulative petrol and diesel Slate balances at the end of November 2018 amounted to a positive balance of R690 million. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, the Slate Levy on petrol and diesel will decrease from 21.92 c/l to 0.00 c/l with effect from 2 January 2019.

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

The Single Maximum National Retail Price for the period 02 January 2019 to 05 February 2019 will be 1 067.0 c/l compared to 1 231.0 c/l for the period 05 December 2018 to 01 January 2019.

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 319.53 per metric ton (406.23 c/l), excluding VAT, for the period 02 January 2019 to 05 February 2019.

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 |
|----------------------------------|-----------------------------|----------------------------------|--|
|----------------------------------|-----------------------------|----------------------------------|--|

Movements in external factors

| | | | | |
|--|----------|----------|----------|----------|
| Movement in International Product Prices | 104.320 | 136.597 | 138.657 | 127.5260 |
| Movement in Exchange Rate | (3.419) | (3.972) | (3.994) | (4.0550) |

BFP Over/(under)-recovery for the period 30/11/2018 to 26/12/2018

| | | | |
|---------|---------|---------|----------|
| 100.901 | 132.625 | 134.663 | 123.4710 |
|---------|---------|---------|----------|

9. 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 19 days from 30/11/2018 to 26/12/2018 (cents / litre) as detailed below

| | | | | |
|---------|---------|---------|---------|-----|
| 100.901 | 132.625 | 134.663 | 123.471 | N/A |
|---------|---------|---------|---------|-----|

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

| | | | |
|-----------|------------|------------|-----------|
| 1 193.573 | (503.693) | (503.693) | (85.350) |
|-----------|------------|------------|-----------|

The price adjustments consist of the following elements:

| | <u>c/l</u> | <u>c/l</u> | <u>c/l</u> | <u>c/l</u> | |
|--|----------------|----------------|----------------|----------------|----------------|
| Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease | 101.000 | 132.000 | 134.000 | 123.000 | 132.000 |
| Slate Levy (increase) / decrease | 21.920 | 21.920 | 21.920 | | |
| Pump Rounding (increase) / decrease | 0.080 | | | | |
| Total price (increase) / decrease | 123.000 | 153.920 | 155.920 | 123.000 | 132.000 |

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 02/01/2019 TO 05/02/2019 WILL BE AS FOLLOWS**

| <u>Price element</u> | Coast Zone 1A | Inland Zone 9C |
|---|--------------------------|---------------------------|
| Maximum refinery gate price | 731.953 | 731.953 |
| 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) | 1 592.232 | 1 753.527 |
| Retail Margin: (15% of Subtotal (1)) | 238.835 | 263.029 |
| Sub-total (2) | 1 831.066 | 2 016.556 |
| Value Added Tax (15% Sub-total (2)) | 274.660 | 302.483 |
| Maximum Retail Price (Rounded to full cents) | 2 106.000 | 2 319.000 |

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 02/01/2019 TO 05/02/2019 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 | 0.000 | 0.000 | 0.000 | 0.000 | 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 | 864.530 | 854.530 | 677.790 | 677.790 | 177.550 |
| <u>Contribution to the Basic Fuel Price</u> | 536.470 | 524.470 | 635.630 | 639.030 | 651.128 |
| <u>Retail Price</u> | <u>1 401.00</u> | <u>1 379.00</u> | | | |
| <u>Wholesale price</u> | | | <u>1 313.420</u> | <u>1 316.820</u> | <u>828.678</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 |
| 02-Jan-19 | 1 401.00 | 1 342.00 | 1313.420 | 1264.620 | 828.678 | 768.178 | 2 319.00 | 2 106.00 |