

MEDIA STATEMENT - FOR RELEASE ON 31 DECEMBER 2021

**RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY
ENQUIRIES: MRS LERATO NTSOKO 082 459 2788 / MR J MOKOBANE 082 766 3674**

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 05 JANUARY 2022 IN GAUTENG (INCREASE) / DECREASE

Product:

Petrol 93 (ULP & LRP)	71.00	cents per litre decrease in retail price
Petrol 95 (ULP & LRP)	68.00	cents per litre decrease in retail price
Diesel 0.05% Sulphur	67.80	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	69.80	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	71.00	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	95.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	70.00	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 26 NOVEMBER 2021 TO 30 DECEMBER 2021

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 26 November 2021 to 30 December 2021 was 15.9196 compared to 15.3891 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 29.95 c/l, 29.33 c/l and 29.01 c/l respectively.

3. ADJUSTMENT TO THE OCTANE DIFFERENTIAL BETWEEN 95 AND 93 BFP OCTANE

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. ADJUSTMENTS TO THE PRICING ELEMENTS IN THE MAXIMUM RETAIL PRICE STRUCTURE OF LIQUEFIED PETROLEUM GAS (LPGAS)

The Minister of Mineral Resources and Energy has also approved the adjustments to some of the pricing elements of the maximum retail price structure of liquified petroleum gas (LPGAS) with an adjustment of 43.0 c/kg with effect from 05 January 2022. The new margins are reflected in Paragraph 12 below. However, due to adjustment in the primary transport cost of LP Gas effective 05 January 2022, the LP Gas prices will differ from each zones.

5. SLATE LEVY

The combined cumulative petrol and diesel Slate balances at the end of November 2021 amounted to a negative balance of R4.842 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, a Slate Levy of 43.86 c/l (increase of 2.2 c/l) will have to be implemented into the price structures of petrol and diesel with effect from 05 January 2022.

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

The Single Maximum National Retail Price for the period 05 January 2022 to 01 February 2022 will be 1 394.0 c/l compared to 1 489.0 c/l for the period 01 December 2021 to 04 January 2022.

7. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R14 928.21 per metric ton (828.516 c/l), excluding VAT, for the period 05 January 2022 to 01 February 2022.

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
Movements in external factors				
Movement in International Product Prices	100.466	100.197	102.004	100.407
Movement in Exchange Rate	(29.950)	(29.332)	(29.447)	(29.013)
BFP Over/(under)-recovery for the period 26/11/2021 to 30/12/2021	70.516	70.865	72.557	71.394

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 25 days from 26/11/2021 to 30/12/2021 (cents / litre) as detailed below

Average product over/(under)-recovery, measured for the 25 days from 26/11/2021 to 30/12/2021 (cents / litre) as detailed below	70.516	70.865	72.557	71.394	-
Cumulative positive/(negative) slate balances end of November 2021 (R-million)	(1 827.143)	(3 014.608)	(3 014.608)	(302.680)	-

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	70.000	70.000	72.000	71.000	70.000
Increase in Slate levy	(2.200)	(2.200)	(2.200)	-	-
Pump rounding	0.200	-	-	-	-
Total price (increase) / decrease	68.000	67.800	69.800	71.000	70.000

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 05/01/2022 TO 01/02/2022 WILL BE AS FOLLOWS:**

Price element	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	1 492.821	1 492.821
Primary transport costs	48.825	231.447
Operating expenses	480.094	480.094
Working capital	36.391	36.391
Depreciation	178.163	178.163
Gross margin: Cylinder-filling plant	227.652	227.652
Sub-total (1)	2 463.946	2 646.568
Retail Margin: (15% of Subtotal (1))	369.592	396.985
Sub-total (2)	2 833.538	3 043.553
Value Added Tax (15% Sub-total (2))	425.031	456.533
Maximum Retail Price (Rounded to full cents)	3 259.000	3 500.000

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 05/01/2022 TO 01/02/2022 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	45.500	45.500	80.220	80.220	80.220
Secondary Storage	30.700	30.700	30.700	30.700	30.700
Secondary Distribution	17.940	17.940	17.940	17.940	17.940
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	228.800	228.800	0.000	0.000	0.000
Zone differential in Gauteng	64.900	64.900	64.900	64.900	85.300
IP Tracer levy	0.000	0.000	0.100	0.100	0.000
Fuel levy	393.000	393.000	379.000	379.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	218.000	218.000	218.000	218.000	0.000
Petroleum Products levy	0.330	0.330	0.330	0.330	0.000
Slate levy	43.860	43.860	43.860	43.860	0.000
DSML	10.000	0.000	0.000	0.000	0.000
Pump Rounding	0.500	0.500	0.000	0.000	0.000
Sub-total	1 057.530	1 047.530	839.050	839.050	221.560
<u>Contribution to the Basic Fuel</u>					
<u>Price</u>	903.470	888.470	885.630	889.030	875.128
<u>Retail Price</u>	<u>1,961.00</u>	<u>1,936.00</u>			
<u>Wholesale price</u>			<u>1,724.680</u>	<u>1,728.080</u>	<u>1,096.688</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
02-Jan-19	1,401.00	1,342.00	1,313.420	1,264.620	828.678	768.178	2,319.00	2,106.00
06-Feb-19	1,408.00	1,349.00	1,314.420	1,265.620	823.678	763.178	2,308.00	2,095.00
06-Mar-19	1,482.00	1,423.00	1,405.420	1,356.620	899.678	839.178	2,409.00	2,196.00
03-Apr-19	1,613.00	1,549.00	1,487.120	1,432.920	962.678	895.478	2,580.00	2,367.00
01-May-19	1,667.00	1,603.00	1,488.120	1,433.920	965.678	898.478	2,664.00	2,451.00
05-Jun-19	1,676.00	1,612.00	1,521.280	1,467.080	973.678	906.478	2,657.00	2,443.00
03-Jul-19	1,581.00	1,517.00	1,446.500	1,392.300	916.678	849.478	2,524.00	2,310.00
07-Aug-19	1,592.00	1,528.00	1,433.210	1,379.010	914.678	847.478	2,555.00	2,342.00
04-Sep-19	1,603.00	1,539.00	1,459.210	1,405.010	938.678	871.478	2,539.00	2,326.00
02-Oct-19	1,621.00	1,557.00	1,484.210	1,430.010	963.678	896.478	2,556.00	2,343.00
06-Nov-19	1,608.00	1,544.00	1,468.210	1,414.010	940.678	873.478	2,526.00	2,313.00
04-Dec-19	1,630.00	1,566.00	1,453.260	1,399.060	922.728	855.528	2,628.00	2,403.00
01-Jan-20	1,616.00	1,552.00	1,462.260	1,408.060	927.728	860.528	2,604.00	2,379.00
05-Feb-20	1,603.00	1,539.00	1,457.260	1,403.060	924.728	857.528	2,603.00	2,378.00
03-Mar-20	1,584.00	1,520.00	1,403.260	1,349.060	856.728	789.528	2,571.00	2,346.00
01-Apr-20	1,396.00	1,326.00	1,269.560	1,209.260	672.828	591.728	2,193.00	1,968.00
06-May-20	1,222.00	1,152.00	1,108.560	1,048.260	449.828	368.728	1,931.00	1,706.00
03-Jun-20	1,340.00	1,270.00	1,130.560	1,070.260	489.828	408.728	2,129.00	1,904.00
01-Jul-20	1,512.00	1,442.00	1,303.560	1,243.260	703.828	622.728	2,577.00	2,352.00
05-Aug-20	1,517.00	1,447.00	1,348.560	1,288.260	742.828	661.728	2,573.00	2,348.00
02-Sep-20	1,518.00	1,448.00	1,327.560	1,267.260	716.828	635.728	2,609.00	2,384.00
07-Oct-20	1,486.00	1,416.00	1,237.560	1,177.260	640.828	559.728	2,589.00	2,364.00
04-Nov-20	1,459.00	1,389.00	1,225.560	1,165.260	655.828	574.728	2,615.00	2,389.00
02-Dec-20	1,446.00	1,376.00	1,245.420	1,185.120	684.688	603.588	2,752.00	2,516.00
06-Jan-21	1,486.00	1,416.00	1,300.420	1,240.120	739.688	658.588	2,708.00	2,472.00
03-Feb-21	1,567.00	1,497.00	1,358.420	1,298.120	798.688	717.588	2,901.00	2,666.00
03-Mar-21	1,632.00	1,562.00	1,412.420	1,352.120	845.688	764.588	2,988.00	2,752.00
07-Apr-21	1,732.00	1,661.00	1,477.620	1,416.120	880.488	798.588	3,036.00	2,801.00
05-May-21	1,723.00	1,651.00	1,446.620	1,385.120	857.488	775.588	2,864.00	2,628.00
02-Jun-21	1,713.00	1,641.00	1,466.620	1,405.120	877.488	795.588	2,721.00	2,486.00
07-Jul-21	1,739.00	1,667.00	1,508.620	1,447.120	913.488	831.588	2,784.00	2,549.00
04-Aug-21	1,830.00	1,758.00	1,564.200	1,502.700	963.488	881.588	3,010.00	2,775.00
01-Sep-21	1,834.00	1,762.00	1,548.980	1,487.480	948.488	866.588	3,104.00	2,869.00
06-Oct-21	1,833.00	1,761.00	1,571.780	1,510.280	980.488	898.588	3,097.00	2,861.00
03-Nov-21	1,954.00	1,882.00	1,719.980	1,658.480	1,125.488	1,043.588	3,387.00	3,151.00
01-Dec-21	2,029.00	1,957.00	1,792.480	1,730.980	1,167.688	1,085.788	3,570.00	3,335.00
05-Jan-22	1,961.00	1,889.00	1,724.680	1,663.180	1,096.688	1,014.788	3,500.00	3,259.00