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[2010

Prices Regulation Act (Chapter 320)

NOTICE TO EXTEND THE REVIEW PERIOD FOR THE CURRENT PRICING ARRANGEMENTS FOR PETROLEUM PRODUCTS

FOLLOWING its Notice in May, 2009, the Independent Consumer and Competition Commission ("the Commission") has been conducting a major pricing review of petroleum products pursuant to Section 25A(6) of the *Prices Regulation Act* ("the *PR Act*).

Background

Currently, the Commission monitors the prices of petroleum products and domestic freight costs. The wholesale, retail and drum filling margins are set by the Commission. These regulatory arrangements commenced in 2004 when the Commission undertook the initial pricing review into the petroleum industry and decided that prices of petroleum products (petrol, diesel, kerosene and aviation gasoline) should continue to be regulated under Sections 10, 21 and 32 of the *PR Act*. Based on this decision, the Commission established a 5 year price path commencing on 1st January, 2005 and expiring on 31st December, 2009.

Purpose of the Review

The purpose of this Review is to review the 2004 Final Determinations which formed the basis of the current pricing arrangements. In undertaking this Review, the Commission will decide whether to continue, amend or terminate the current regulatory arrangements. Some of the broader issues that will be considered as part of the Review will include but not limited to the following:

- (a) Review the transportation costs under the current arrangement administered by the industry in supplying fuel within the country in terms of shipping and road freight rates and to form a view if any efficiencies and inefficiencies under the existing arrangements;
- (b) Review the current regulatory arrangement administered by the Commission in relation to the domestic freight rates and decide on an appropriate form of regulation for the next regulatory period, should the Commission decide that regulation is still needed for the domestic freights charges;
- (c) Review the current price path for wholesale, retail and drum filling margins and decide an appropriate form of regulation for the forthcoming regulatory period commencing 1st January, 2010;

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- (d) Review of the current price monitoring arrangement for petroleum products from Napa Napa refinery and determine its appropriateness for purposes of regulation; and
- (e) Review the current monitoring arrangement for aviation gasoline and decide an appropriate form of regulation for the forthcoming regulatory period.

Notice of Review Extension

The Commission is close to finalising the Review, but will not be able to conclude its considerations by 3rd October, 2010 and thus delaying further the formal release of the Final Report on the 1st October, 2010. As a result, Notice is hereby given pursuant to its statutory powers, and/or Section 25C(2) of the *PR Act*, that the Commission hereby extends the Review period by a further 30 days from 3rd October, 2010 to 3rd November, 2010.

Therefore, on or before 3rd November, 2010, the Commission will form a new decision on the price path for petroleum products, taking into account all of the submissions and discussions which have occurred since May, 2009.

Continuation of Operation in the Interim

Pursuant to Section 25C(2) of the *PR Act*, the Commission establishes that until it forms a new decision on the price path for the petroleum products, the current price control and price monitoring arrangements specified in the 2004 Final Report Determinations shall continue to apply in their present form until otherwise advised.

Dated this 1st day of October, 2010.

Assoc. Prof. B. MANOKA, (PhD),
Commissioner & CEO.