

# Gasoline Report

*a weekly summary*



FOR THE WEEK ENDING DECEMBER 29, 2010

- o **World crude oil prices of nearly US\$92 a barrel and higher North American wholesale prices caused the Ontario average retail price of regular unleaded gasoline to increase for the second straight week, by 3.2 cents to 114.5 cents a litre, its highest level since September 2008.** Prices rose by 6.7 cents in Sault Ste. Marie, 4.3 cents in North Bay, 4.0 cents in Sudbury, 3.5 cents in Toronto, 3.3 cents in London, 3.1 cents in Timmins, 2.9 cents in Ottawa, and 2.3 cents in Windsor (all to a 27-month high). Prices fell by 1.0 cents in Thunder Bay (from a 26-month high). Windsor had the lowest average price for the 25<sup>th</sup> straight week. The average price gap between northern and southern Ontario, after widening three straight weeks, narrowed slightly from a four-month high of 6.3 cents to 5.9 cents. The Ontario average retail diesel price increased for the third straight week, by 0.9 cents to 112.6 cents, its highest level since October 2008. In 2010, the Ontario regular gasoline price averaged 101.6 cents, up 10.4 cents from 2009 and the highest since 2008's record 110.9 cents. The Ontario diesel price averaged 99.3 cents, up 11.6 cents and the highest since 2008's record 120.7 cents. **The Canadian average retail gasoline price increased for the second straight week, by 1.2 cents to 112.9 cents, its highest level since October 2008.** Prices rose by 4.9 cents in Winnipeg (to a 26-month high), 4.4 cents in Edmonton (to a 26-month high), 4.3 cents in Calgary (to a 26-month high), 2.2 cents in Halifax, 1.5 cents in Toronto and Vancouver (both to a 27-month high), and less than a cent in Saint John, St. John's, and Quebec City. Prices fell by 1.6 cents in Montreal. The Canadian average retail diesel price increased for the fourth straight week, by 0.5 cents to 113.0 cents, its highest level since November 2008. In 2010, the Canadian regular gasoline price averaged 103.6 cents, up 9.0 cents from 2009 and the highest since 2008's record 114.1 cents. The Canadian diesel price averaged 100.9 cents, up 11.3 cents and the highest since 2008's record 125.1 cents.
- o **A nationwide low carbon fuel standard (LCFS) that would reduce the carbon intensity of U.S. transportation fuels by 10% from 2015 levels by 2025 would lead to the closure of 43-55 refineries and reduce U.S. refinery crude runs by 4.0-5.8-million barrels a day or 27-40%, says the Consumer Energy Alliance.** The primary reason for this is that sufficient supplies of low-carbon fuels will likely not be available over the time period, and this will force large reductions in fuel consumption through substantially higher fuel prices and a switch to much more expensive, very fuel-efficient motor vehicles. Ethanol demand will be limited by the fact that most vehicles in the U.S. cannot run on fuels containing more than 10% ethanol; compressed natural gas will be restricted by the need for a central refuelling infrastructure; advanced biofuels are very costly and Fischer-Tropsch biomass-to-liquids (BTL) technology and third-generation technologies (algae) have not even achieved the production prototype stage; and electric vehicles have significant infrastructure requirements, cannot substitute for all travel purposes, and are very expensive. Furthermore, low-carbon fuels will still be very expensive by 2025. Motor fuel demand will fall by 40-60% from 2015 levels by 2025, with 14-18% of the decline due to the substitution of low-carbon fuels in truck transportation and the rest to use of plug-in hybrid vehicles, more efficient vehicles, and less driving. Gasoline and diesel prices will rise by 7% in 2015, 30-80% by 2020, and 90-170% by 2025. Average household purchasing power will drop by \$1,400-2,400 from 2010 levels, there will be a net loss of 2.3-4.5 million jobs (after accounting for the "green" jobs created by the LCFS), refinery investment will decline by \$2.1-3.2 billion a year, and GDP will fall by 2-3% (Consumer Energy Alliance, Global Refining & Fuels Today).
- o **Americans favour government action to address climate change by a wide margin, but are just as opposed to higher fuel taxes, according to a recent survey by Stanford University's Woods Institute for the Environment.** 76% of Americans support government limits on greenhouse gases emitted by businesses, 84% support federal tax breaks for utilities to generate cleaner power, and 80% support tax breaks for the production of more efficient appliances, homes, and office buildings. However, 72% of respondents are opposed to taxes on gasoline, and 78% are opposed to taxes on electricity (Global Refining & Fuels Today).
- o **The electricity generated by burning 1,000 cubic feet of natural gas would be enough to drive an electric vehicle 457 miles, while the same amount of gas would drive a natural gas vehicle only 224 miles, says the Electrification Coalition** (Global Refining & Fuels Today).

Annual Retail Prices**Regular Unleaded Gasoline**  
**(Canadian Cents/Litre)**

| <b>Ontario</b>         | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>+/-</u></b> |
|------------------------|--------------------|--------------------|-------------------|
| Ottawa                 | 87.9               | 100.6              | 12.7              |
| Toronto West           | 91.5               | 101.4              | 9.9               |
| Toronto East           | 91.8               | 101.9              | 10.1              |
| Windsor                | 89.3               | 95.3               | 6.0               |
| London                 | 91.6               | 101.6              | 10.0              |
| Sudbury                | 92.5               | 103.2              | 10.7              |
| Sault Ste. Marie       | 95.2               | 105.7              | 10.5              |
| Thunder Bay            | 97.5               | 107.1              | 9.6               |
| North Bay              | 93.0               | 103.1              | 10.1              |
| Timmins                | <u>99.6</u>        | <u>110.1</u>       | <u>10.5</u>       |
| <i>Ontario Average</i> | <i>91.2</i>        | <i>101.6</i>       | <i>10.4</i>       |
| <b>Canada</b>          | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>+/-</u></b> |
| St. John's, Nfld       | 102.4              | 110.8              | 8.4               |
| Charlottetown          | 93.5               | 101.2              | 7.7               |
| Halifax                | 96.3               | 105.8              | 9.5               |
| Saint John, N.B.       | 91.6               | 100.1              | 8.5               |
| Quebec City            | 97.2               | 106.2              | 9.0               |
| Montreal               | 98.4               | 108.3              | 9.9               |
| Toronto                | 91.6               | 102.1              | 10.5              |
| Winnipeg               | 93.7               | 97.3               | 3.6               |
| Regina                 | 96.8               | 102.1              | 5.3               |
| Edmonton               | 86.0               | 90.5               | 4.5               |
| Calgary                | 87.7               | 93.1               | 5.4               |
| Vancouver              | <u>103.6</u>       | <u>114.7</u>       | <u>11.1</u>       |
| <i>Canada Average</i>  | <i>94.6</i>        | <i>103.6</i>       | <i>9.0</i>        |

Source: Ministry of Energy; Kent Marketing Services

Annual Rack Prices**Regular Unleaded Gasoline**  
**(Canadian Cents/Litre, Ex-Tax)**

| <b><u>Year</u></b> | <b><u>At Toronto</u></b> | <b><u>At Buffalo</u></b> | <b><u>Differential</u></b> | <b><u>Exchange (U.S.¢)</u></b> |
|--------------------|--------------------------|--------------------------|----------------------------|--------------------------------|
| 2009               | 56.01                    | 53.20                    | 2.81                       | 88.26                          |
| 2010               | 61.68                    | 60.53                    | 1.15                       | 97.06                          |

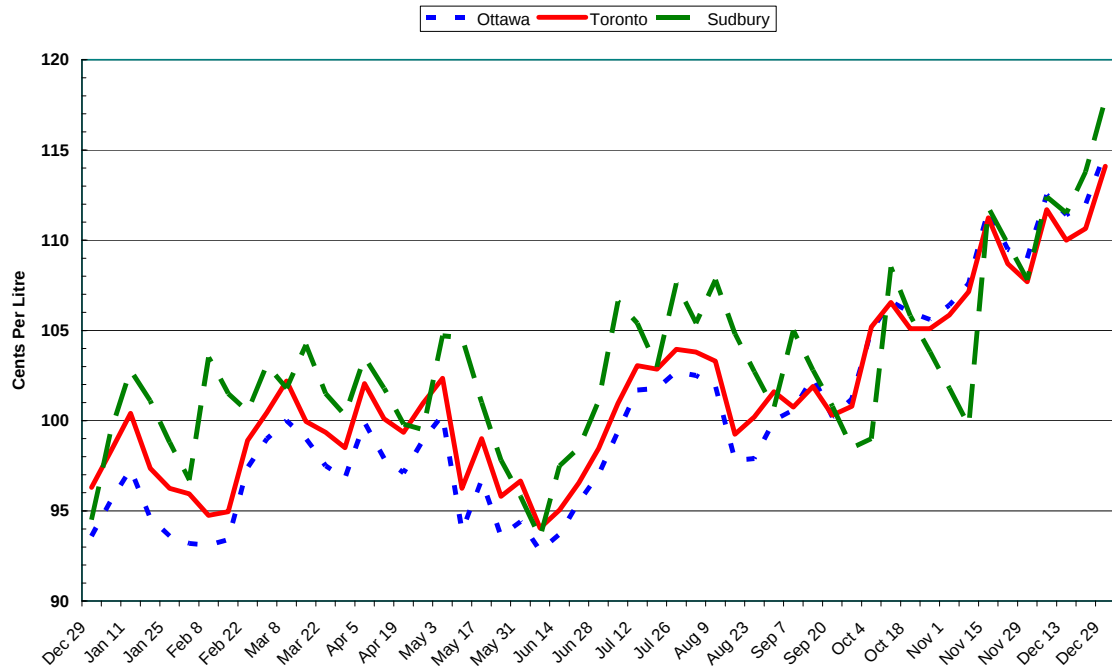
Source: Bloomberg Oil Buyer's Guide, Oil Price Information Service, Bank of Canada

Annual Futures Prices**Petroleum Futures Prices**

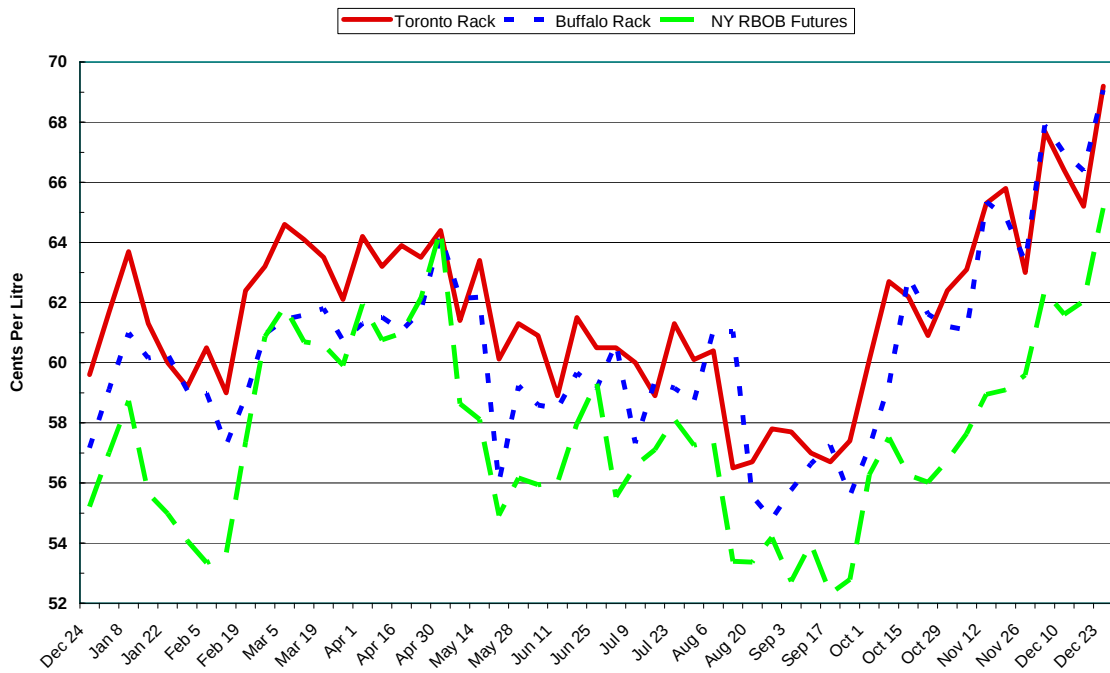
| <b><u>Year</u></b> | <b><u>WTI Crude (NY) (US\$/bbl)</u></b> | <b><u>Reg.Unleaded RBOB (NY) (USc/USgal)</u></b> | <b><u>Crack Spread (US\$/bbl)</u></b> |
|--------------------|-----------------------------------------|--------------------------------------------------|---------------------------------------|
| 2009               | 62.24                                   | 169.46                                           | 8.93                                  |
| 2010               | 79.24                                   | 212.03                                           | 9.81                                  |

Source: CME Group (NYMEX)

Retail Gasoline Prices (2009-2010)  
Regular Unleaded



**Toronto/Buffalo Rack and NY Futures Prices (2009-2010)**  
Regular Unleaded



**Petroleum Futures Prices (2009-2010)**  
RUL Gasoline (RBOB), WTI Crude Oil

