

Gasoline Report

a weekly summary



FOR THE WEEK ENDING JANUARY 8, 2018

- o **The Ontario average retail price of regular unleaded gasoline declined by 2.0 cents from a two-month high to 120.5 cents a litre.** Prices fell by 5.2 cents in Windsor, 2.1 cents in Toronto, 2.0 cents in London, Sudbury and North Bay (the latter from a four-month high), 1.3 cents in Ottawa, and 0.5 cents in Thunder Bay (to a two-month low). Prices rose by 0.2 cents in Sault Ste. Marie. Windsor had the lowest average price for the 13th straight week. The average price gap between northern and southern Ontario widened from 2.0 cents to 2.9 cents. The Ontario average retail diesel price increased for the fourth straight week, by 1.7 cents to 123.7 cents, the highest since November 2014. **The Canadian average retail regular unleaded gasoline price was unchanged at 121.4 cents.** Prices rose by 7.0 cents in Winnipeg, 4.7 cents in Montreal (to a two-month high), 2.7 cents in St. John's and 1.1 cents in Vancouver. Prices declined by 3.4 cents in Quebec City (from a two-month high), 2.6 cents in Toronto (from a two-month high), 1.0 cents in Calgary, and less than a cent in Halifax, Regina, Edmonton and Saint John. The Canadian average retail diesel price increased for the fourth straight week, by 1.7 cents to 125.3 cents, the highest since March 2015.
- o **Criticisms of the high costs of electric vehicle subsidy programs are misguided, for three reasons, according to Canadian environmental and science issues writer Marjory Loveys.** First, it can take many years for new energy technologies to become broadly used, and costs in the initial kick-starting phase are higher than they will be in later stages. While the cost per tonne of avoided GHG emissions is a key metric for governments when selecting longer-term and larger-scale actions, it should not be the metric at the beginning stages of a long transition to a clean technology. Higher levels of assistance at the early stages of technology development and adoption can be reduced or eliminated once the technologies are well established. Second, the technology cluster of EVs, solar and wind-generated electricity, and improved batteries is currently the only option to significantly reduce GHG emissions from transportation. Grain-based ethanol production is constrained by cropland availability; cellulosic ethanol made from wood and agricultural wastes has not come to fruition; and the economical replacement of the internal combustion engine in passenger vehicles by hydrogen fuel cells is not yet in sight. Third, GHG emissions have to be reduced at a rapid, not a leisurely, pace to avoid harmful climate warming. Jurisdictions with low-carbon electricity systems should make the shift to EVs faster than the long-scale transition to grid-scale wind and solar, using such tools as EV procurement, subsidizing charging stations, and investing in smart grid infrastructure, says Ms. Loveys (*Policy Options*).
- o **Gasoline blends containing more than 10% ethanol (>E10) will likely experience minimal penetration of the U.S. gasoline market in the next 10 years because of limited E85 vehicle availability, limited E85 pump availability, and customer acceptance of E85 price discounts under the Renewable Fuel Standard (RFS), according to Stratas Advisors.** The RFS calls for increasing volumes of renewable fuels to be blended into motor gasoline and diesel, rising to 36 billion gallons annually by 2022. Although the U.S. Environmental Protection Agency has cleared E15 for use in light-duty vehicles built after the 2000 model year, E15 penetration will be hindered by poor economics, the slow adoption of E15-warranted vehicles, and legal complexities at the state and local levels. The RFS foresees a maximum of 15-16 billion gallons of corn ethanol being blended into gasoline annually. Stratas says there is room for an additional 5-7 billion gallons of corn ethanol to be blended into motor fuels if, for example, the RFS were revised to boost the corn ethanol targets and reduce the targets for cellulosic ethanol, assuming that blending limitations can be overcome. Cellulosic ethanol, made from grasses or crop residues, is less carbon-intensive than corn ethanol but its commercialization has been slower than expected. Another option would be to replace corn ethanol with increasing volumes of cellulosic ethanol, while only modestly expanding ethanol blending above 10%, says Stratas.
- o **While vehicle miles travelled in the United States increased by 13% from 2002 to 2015, the total amount of airborne pollutants emitted by highway vehicles declined substantially, according to the U.S. Department of Energy.** Emissions of carbon monoxide and nitrogen oxides fell by 65%, those of volatile organic compounds dropped by 56%, and particulate matter emissions decreased by 29%. Improvements in fuels and vehicle technologies were the main drivers of the emission reductions. The number of vehicles on the road in the U.S. increased by 12% from 2002-2015 (Green Car Congress).

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

Ontario	<u>Jan 2</u>	<u>Jan 8</u>	<u>+/-</u>
Ottawa	121.3	120.0	-1.3
Toronto West	123.3	121.3	-2.0
Toronto East	122.8	120.6	-2.2
Windsor	116.4	111.2	-5.2
London	122.8	120.8	-2.0
Sudbury	122.7	120.7	-2.0
Sault Ste. Marie	123.9	124.1	0.2
Thunder Bay	125.0	124.5	-0.5
North Bay	123.5	121.5	-2.0
Timmins	<u>129.8</u>	<u>129.8</u>	<u>0.0</u>
<i>Ontario Average</i>	<i>122.5</i>	<i>120.5</i>	<i>-2.0</i>
Canada	<u>Jan 2</u>	<u>Jan 9</u>	<u>+/-</u>
St. John's, Nfld	115.9	118.6	2.7
Charlottetown	114.5	114.5	0.0
Halifax	114.4	113.7	-0.7
Saint John, N.B.	112.9	112.8	-0.1
Quebec City	120.1	116.7	-3.4
Montreal	122.0	126.7	4.7
Toronto	123.5	120.9	-2.6
Winnipeg	104.3	111.3	7.0
Regina	105.3	104.6	-0.7
Edmonton	105.5	105.3	-0.2
Calgary	110.3	109.3	-1.0
Vancouver	<u>138.5</u>	<u>139.6</u>	<u>1.1</u>
<i>Canada Average</i>	<i>121.4</i>	<i>121.4</i>	<i>0.0</i>

Source: Ministry of Energy; Kent Group Ltd.

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

<u>Date</u>	<u>Toronto Rack</u>	<u>New York Spot Barge</u>	<u>Differential</u>	<u>Exchange (U.S.¢)</u>
Dec 29	72.90	n/a	n/a	79.71
Jan 5	72.80	59.74	13.06	80.63

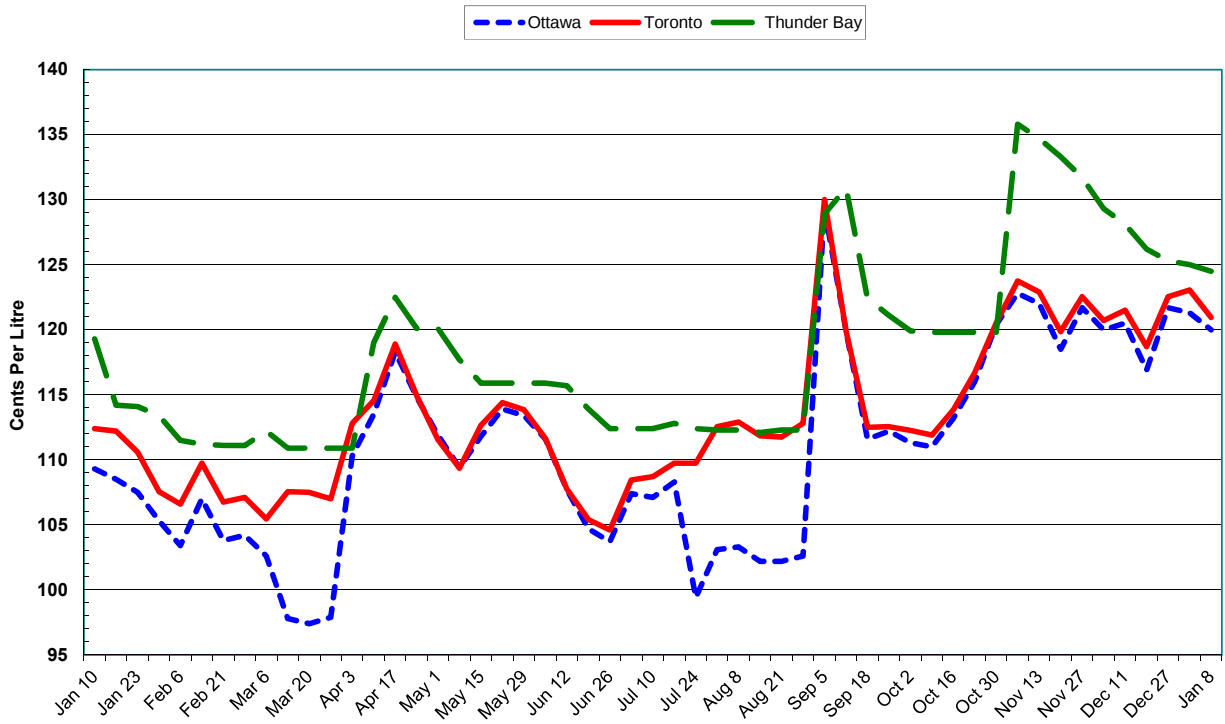
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices**Petroleum Futures Prices**

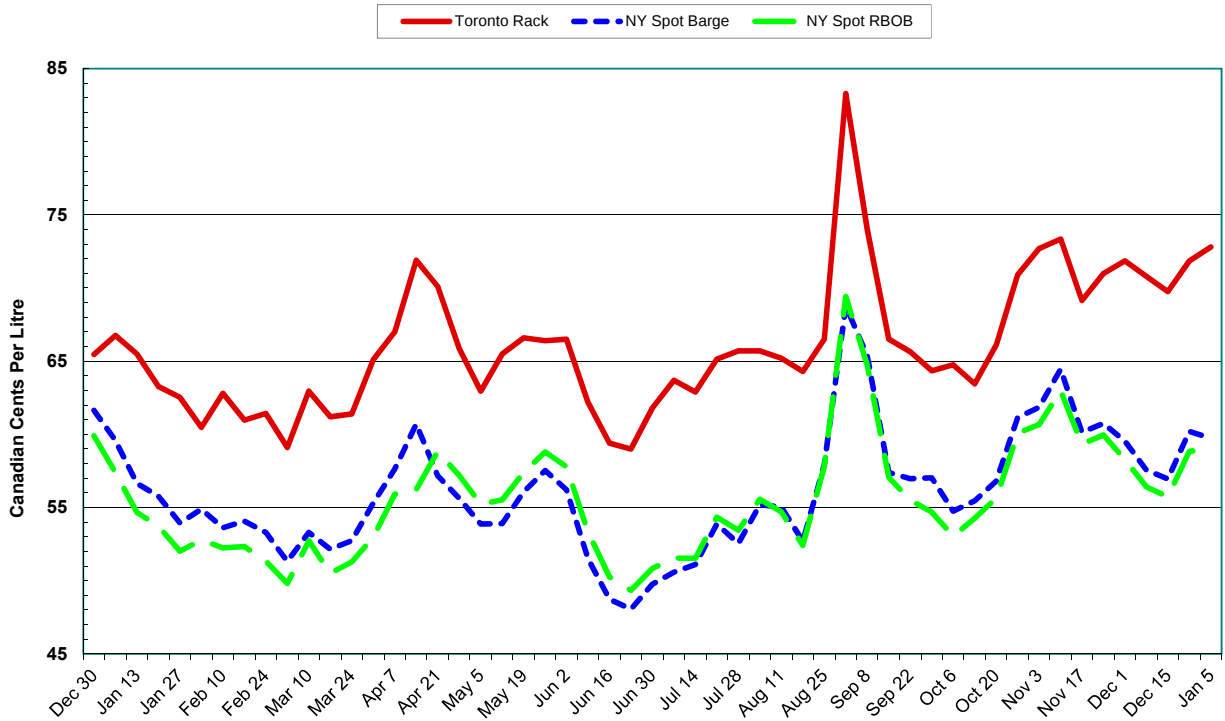
<u>Date</u>	<u>WTI Crude (NY) (US\$/bbl)</u>	<u>Reg.Unleaded RBOB (NY) (US¢/USgal)</u>	<u>Crack Spread (US\$/bbl)</u>
Dec 29	60.42	179.92	15.15
Jan 5	61.44	178.58	13.56

Source: CME Group (NYMEX)

Retail Gasoline Prices (2017-2018)
Regular Unleaded



Toronto Rack/NY Spot Barge/NY Spot RBOB (2016-2018)
Regular Unleaded



Petroleum Futures Prices (2017-2018)

