

Gasoline Report

a weekly summary



FOR THE WEEK ENDING FEBRUARY 12, 2018

- o **The Ontario average retail price of regular unleaded gasoline declined by 4.2 cents to 119.5 cents a litre, a two-month low, as crude oil and North American wholesale prices dropped.** Prices fell by 5.8 cents in Ottawa (to a four-month low), 4.6 cents in London, 4.3 cents in Toronto, 2.3 cents in North Bay (from a five-month high), 1.8 cents in Sudbury (from a two-month high), 1.7 cents in Windsor, 1.0 cents in Timmins, and 0.6 cents in Thunder Bay (to a three-month low). The average price gap between northern and southern Ontario widened from 1.0 cents to 4.3 cents, a two-month high. The Ontario average retail diesel price declined by 0.2 cents from a 40-month high to 124.5 cents. **The Canadian average retail regular unleaded gasoline price declined by 5.6 cents to 120.8 cents, a two-month low.** Prices fell by 10.0 cents in Montreal, 6.8 cents in Vancouver, 6.3 cents in Charlottetown (to a two-month low), 5.1 cents in Toronto, 4.8 cents in Edmonton (to a two-month low), 3.3 cents in Calgary (to a two-month low), 3.2 cents in Winnipeg, 2.9 cents in Quebec City, 2.8 cents in Halifax, 2.2 cents in Saint John (from a five-month high), and 1.8 cents in Regina (to a two-month low). The Canadian average retail diesel price declined by 0.6 cents to 125.8 cents, a five-week low.
- o **Hydrogen demand could increase 10 times to nearly 80 exajoules and account for 18% of world energy demand by 2050, according to the Hydrogen Council.** This would avoid the consumption of 20 million barrels a day of oil, reduce annual CO₂ emissions by about 6 billion tons, and provide about 20% of the CO₂ abatement necessary to limit global warming to 2°C. Hydrogen has the potential to power 10-15 million cars and 500,000 trucks by 2030. To achieve this level of hydrogen use would require annual investment of \$20-25 billion or about \$280 billion by 2030, with \$110 billion going to hydrogen production, \$80 billion to storage, transport and distribution, \$70 billion to product and series development and scale-up of manufacturing capacity, and \$20 billion to new business models like fuel cell-powered taxi fleets and car sharing. Further investment would increase hydrogen use by 2050 to 400 million cars, 15-20 million trucks and about 5 million buses, in each case accounting for about 20% of its transportation segment. The hydrogen would be produced by electrolyzing water using carbon-free wind and solar power; currently, most commercial hydrogen is made from natural gas. The council noted that hydrogen could generate \$2.5 trillion worth of business and create 30 million jobs by 2050 (http://hydrogencouncil.com/wp-content/uploads/2017/11/Hydrogen-Scaling-up_Hydrogen-Council_2017.compressed.pdf, Green Car Congress, Bloomberg New Energy Finance).
- o **The Canadian government's proposed Clean Fuel Standard (CFS) will likely cause gasoline prices to be 1.5 cents a litre higher in 2025 and 5 cents higher in 2030 than if there were no CFS, according to Vancouver environmental think tank Clean Energy Canada (CEC).** The intent of the CFS is to reduce carbon emissions by 30 million tonnes annually by 2030 by lowering the carbon intensity of fuels consumed in transportation, homes and industry. To meet this target, CEC recommends carbon intensity in the transportation sector be reduced by 10% from 2015 levels and in buildings and industry by 3.5%, or a 5% renewable natural gas mandate be implemented. Although fuel prices would rise, energy efficiency regulations would likely allow Canadians to pay 13% less for gasoline and households \$17 less per month for their energy in 2030 compared to 2015. The CFS could generate \$5.6 billion of economic activity and likely increase net employment (after taking into account job losses in petroleum refining, mechanics, and vehicle manufacturing) by 11,000-17,000 jobs by 2030. It could double the number of biofuel plants and biofuel production (mostly ethanol and biodiesel) in Canada and put 1.2 million electric vehicles on the road by 2030. CEC says the CFS is an important part of the federal government's effort to meet its 2030 Paris commitments, as a carbon tax alone would be unlikely to significantly reduce carbon emissions in the transportation sector (<http://www.cleanenergycanada.org/wp-content/uploads/2017/11/CleanFuelStandardReport-FINAL.pdf>, National Post).
- o **India has only 350 electric vehicle charging points while China has 215,000, says Bloomberg New Energy Finance.** It will take about 15 years for the total cost of ownership of EVs in India to equal that of conventional vehicles. China registered 336,000 new EVs in 2016 compared to 160,000 in the United States and 450 in India. The Indian government plans to replace all of the gasoline and diesel vehicles in its fleet in four years, and a government-backed company is buying 10,000 battery electric vehicles.

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

Ontario	<u>Feb 5</u>	<u>Feb 12</u>	<u>+/-</u>
Ottawa	117.5	111.7	-5.8
Toronto West	126.1	122.1	-4.0
Toronto East	125.5	121.0	-4.5
Windsor	117.7	116.0	-1.7
London	125.7	121.1	-4.6
Sudbury	123.5	121.7	-1.8
Sault Ste. Marie	123.9	123.9	0.0
Thunder Bay	123.3	122.7	-0.6
North Bay	125.9	123.6	-2.3
Timmins	<u>131.9</u>	<u>130.9</u>	<u>-1.0</u>
<i>Ontario Average</i>	<i>123.7</i>	<i>119.5</i>	<i>-4.2</i>
Canada	<u>Feb 6</u>	<u>Feb 13</u>	<u>+/-</u>
St. John's, Nfld	123.6	123.6	0.0
Charlottetown	119.1	112.8	-6.3
Halifax	118.1	115.3	-2.8
Saint John, N.B.	117.9	115.7	-2.2
Quebec City	120.1	117.2	-2.9
Montreal	135.5	125.5	-10.0
Toronto	126.0	120.9	-5.1
Winnipeg	105.3	102.1	-3.2
Regina	103.7	101.9	-1.8
Edmonton	105.0	100.2	-4.8
Calgary	110.4	107.1	-3.3
Vancouver	<u>147.5</u>	<u>140.7</u>	<u>-6.8</u>
<i>Canada Average</i>	<i>126.4</i>	<i>120.8</i>	<i>-5.6</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>
Feb 2	76.10	63.97	12.13	80.78
Feb 9	73.40	60.61	12.79	79.31

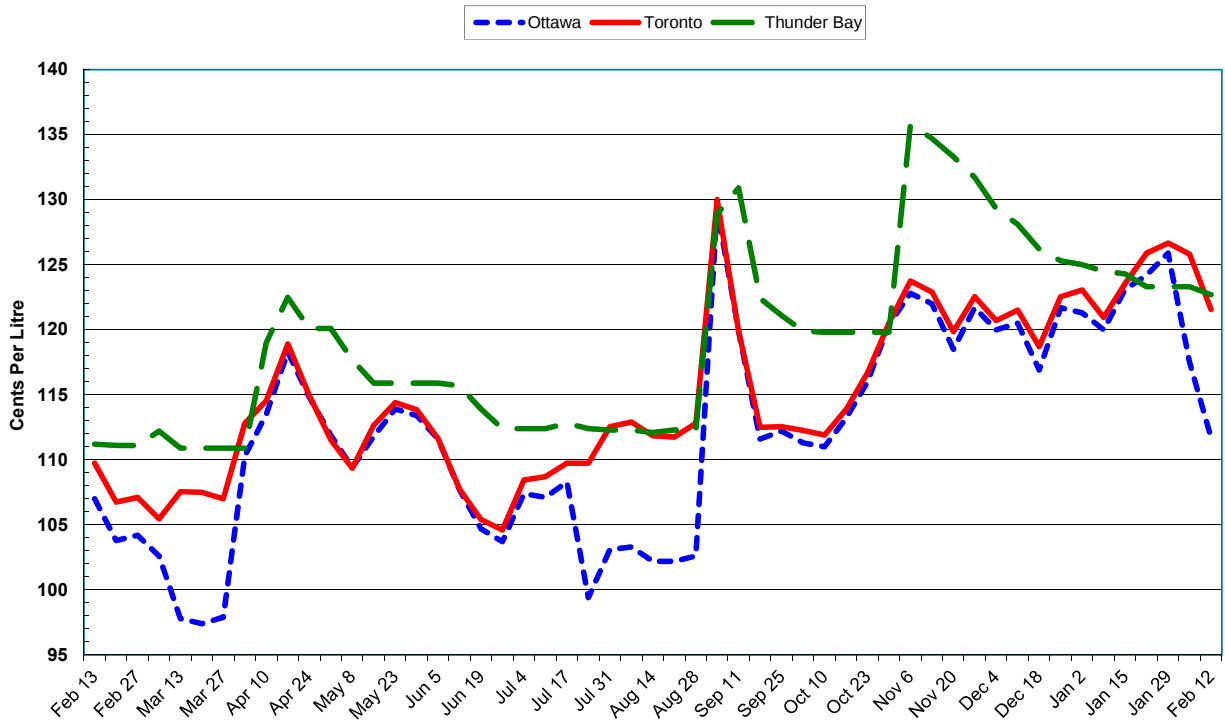
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices**Petroleum Futures Prices**

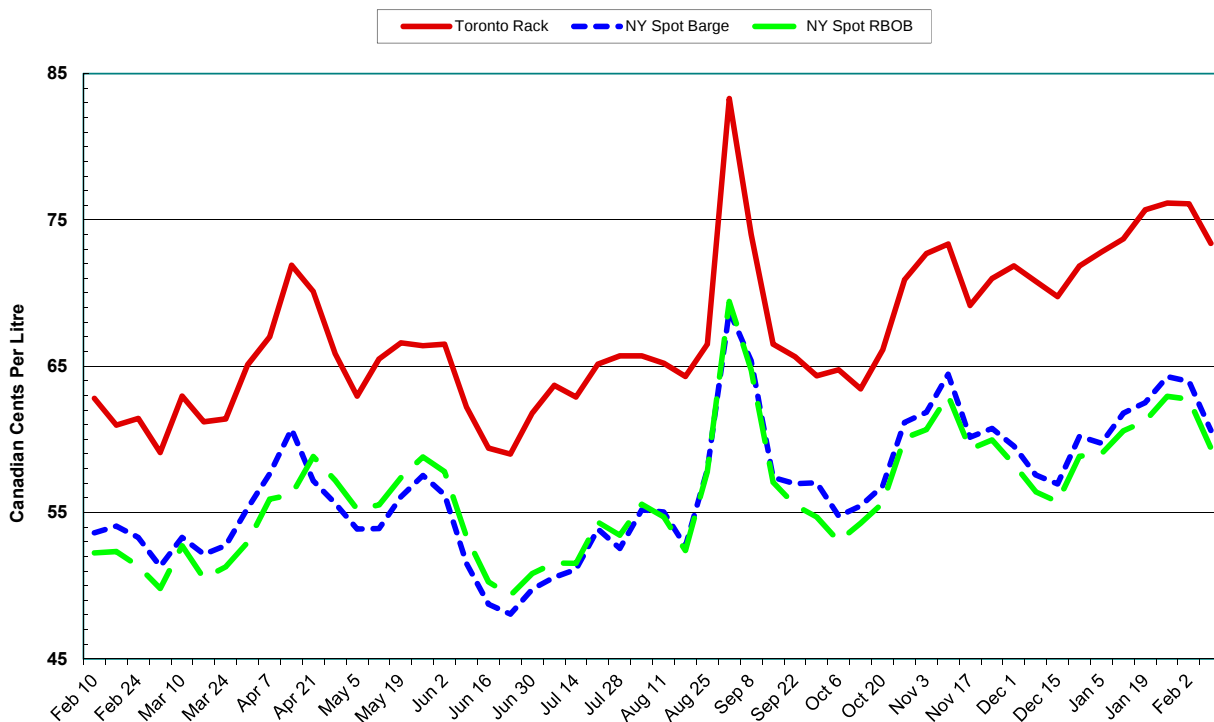
<u>Date</u>	<u>WTI Crude (NY) (US\$/bbl)</u>	<u>Reg. Unleaded RBOB (NY) (US¢/USgal)</u>	<u>Crack Spread (US\$/bbl)</u>
Feb 2	65.45	187.20	13.17
Feb 9	59.20	170.02	12.21

Source: CME Group (NYMEX)

Retail Gasoline Prices (2017-2018)
Regular Unleaded



Toronto Rack/NY Spot Barge/NY Spot RBOB (2017-2018)
Regular Unleaded



Petroleum Futures Prices (2017-2018)

