Gasoline Report

a weekly summary

FOR THE WEEK ENDING FEBRUARY 20, 2018

- **Although domestic wholesale prices fell, the Ontario average retail price of regular unleaded gasoline increased, by 1.4 cents to 120.9 cents a litre, a two-month high.** Prices rose by 8.8 cents in Ottawa (from a four-month low) and less than a cent in London and Toronto East. Prices fell by 7.0 cents in Windsor (to a two-month low), 5.4 cents in North Bay (to a two-month low), 1.8 cents in Timmins (to a two-month low), 1.4 cents in Sudbury, and 0.2 cents in Thunder Bay (to a four-month low). The Ontario average retail diesel price declined by 1.7 cents to 122.8 cents, a two-month low. **The Canadian average retail regular unleaded gasoline price was unchanged at a two-month low of 120.8 cents.** Prices rose by 6.0 cents in Calgary, 3.1 cents in Edmonton, 1.8 cents in Vancouver and 1.1 cents in Toronto. Prices fell by 7.0 cents in Montreal (to a two-month low), 5.8 cents in Saint John (to a two-month low), 5.7 cents in Halifax (to a four-month low), 5.1 cents in Winnipeg (to a four-month low), 2.0 cents in St. John's, and less than a cent in Regina (to a two-month low) and Quebec City. The Canadian average retail diesel price declined by 1.6 cents to 124.2 cents, a two-month low.

- **Rather than investing in new bitumen upgraders or converting existing or building new refineries to process bitumen, the most attractive option for increasing oil sands production continues to be exporting heavy, high-sulphur bitumen blends to the U.S. Gulf Coast, where many refineries are able to process such heavy oil, according to IHS Markit, a research firm.** Of the three other options, the most economical would be converting an existing refinery in Alberta to process 100,000 barrels a day of bitumen at a cost of $2.7-3.9 billion. Next most economical would be building a new 100,000-b/d bitumen upgrader in Alberta at a cost of $5.8-7.0 billion. Finally, building a new refinery in Alberta would cost $6.9-8.6 billion per 100,000 b/d of bitumen capacity. The abundance of light, tight oil in North America weakens the incentives to invest in new bitumen processing capacity, despite the cost savings that have been achieved by the industry and the looming reductions in marine fuel sulphur content. Having said this, there is potential for investing in partial upgrading to reduce the viscosity of the bitumen so that it can be pipelined without adding diluent, a significant cost saving, says IHS (JWN).

- **The number of electric and hybrid vehicles sold worldwide will grow from about 5 million this year to 30 million in 2030, at which time they will account for 5% of the world fleet, according to Sequeira Partners, an Edmonton-based boutique advisory firm.** This would reduce oil consumption by 1.2 million barrels a day, and as much as 2.3 million b/d if such vehicles accounted for 10% of the fleet. Improved internal combustion engines would likely reduce oil consumption by an additional 6 million b/d. Oil consumption is being driven by growing populations and economic activity and it is unlikely that demand will peak before 2030. World oil demand will likely hit 100 million b/d this year and continue to grow. Goldman Sachs, a bank, sees consumption rising to 109 million b/d by 2030, the International Energy Agency sees it rising to 105 million b/d by 2040, and the U.S. Energy Information Administration sees it rising to 122 million b/d by 2050 (*Edmonton Journal*).

- **United Parcel Service (UPS) says it will purchase 10 million gallons equivalent of renewable natural gas (RNG) annually from Big Ox Energy through 2024.** UPS previously signed a 5-year agreement to purchase 1.5 million RNG gallons equivalent annually for Fair Oaks dairy in Indiana. RNG emits up to 90% fewer GHGs on a lifecycle basis than conventional diesel. UPS plans to nearly triple its annual RNG use from 4.6 million gallons in 2016 to 14 million in 2017 and to have 40% of the fuel used in its ground transportation fleet to consist of sources other than conventional gasoline and diesel by 2025. UPS plans to spend more than $90 million on natural gas vehicles and infrastructure, including an additional six compressed natural gas (CNG) fuelling stations, 390 CNG tractor cabs and terminal trucks, and 250 liquefied natural gas vehicles (Green Car Congress).

- **Belgian busmaker Van Hool will supply eight 18-metre articulated fuel cell electric tram buses for France's first hydrogen bus route.** Ballard Power Systems of Burnaby, British Columbia has signed a letter of intent to supply FCveloCity HD 100-kW fuel cell systems for the buses. The buses will debut in September 2019 on a route from the hospital to the railway station in Pau. The 125-passenger buses will have a range of 350 kilometres on a full tank and be able to refuel in 10 minutes. Engie, a French utility, will install the hydrogen fuelling station, which will incorporate an ITM Power PEM electrolyzer powered by renewable electricity (Green Car Congress).

Retail Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre)

Ontario	**Feb 12**	**Feb 20**	**+/-**
Ottawa	111.7	120.5	8.8
Toronto West	122.1	122.1	0.0
Toronto East	121.0	121.3	0.3
Windsor	116.0	109.0	-7.0
London	121.1	121.7	0.6
Sudbury	121.7	120.3	-1.4
Sault Ste. Marie	123.9	123.9	0.0
Thunder Bay	122.7	122.5	-0.2
North Bay	123.6	118.2	-5.4
Timmins	130.9	129.1	-1.8
Ontario Average	*119.5*	*120.9*	*1.4*

Canada	**Feb 13**	**Feb 20**	**+/-**
St. John's, Nfld	123.6	121.6	-2.0
Charlottetown	112.8	112.8	0.0
Halifax	115.3	109.6	-5.7
Saint John, N.B.	115.7	109.9	-5.8
Quebec City	117.2	116.7	-0.5
Montreal	125.5	118.5	-7.0
Toronto	120.9	122.0	1.1
Winnipeg	102.1	97.0	-5.1
Regina	101.9	101.3	-0.6
Edmonton	100.2	103.3	3.1
Calgary	107.1	113.1	6.0
Vancouver	140.7	142.5	1.8
Canada Average	*120.8*	*120.8*	*0.0*

Source: Ministry of Energy; Kent Group Ltd.

Rack & Spot Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre, Ex-Tax)

Date	**Toronto Rack**	**New York Spot Barge**	**Differ-ential**	**Exchange (U.S.¢)**
Feb 9	73.40	60.61	12.79	79.31
Feb 16	71.50	58.19	13.31	79.74

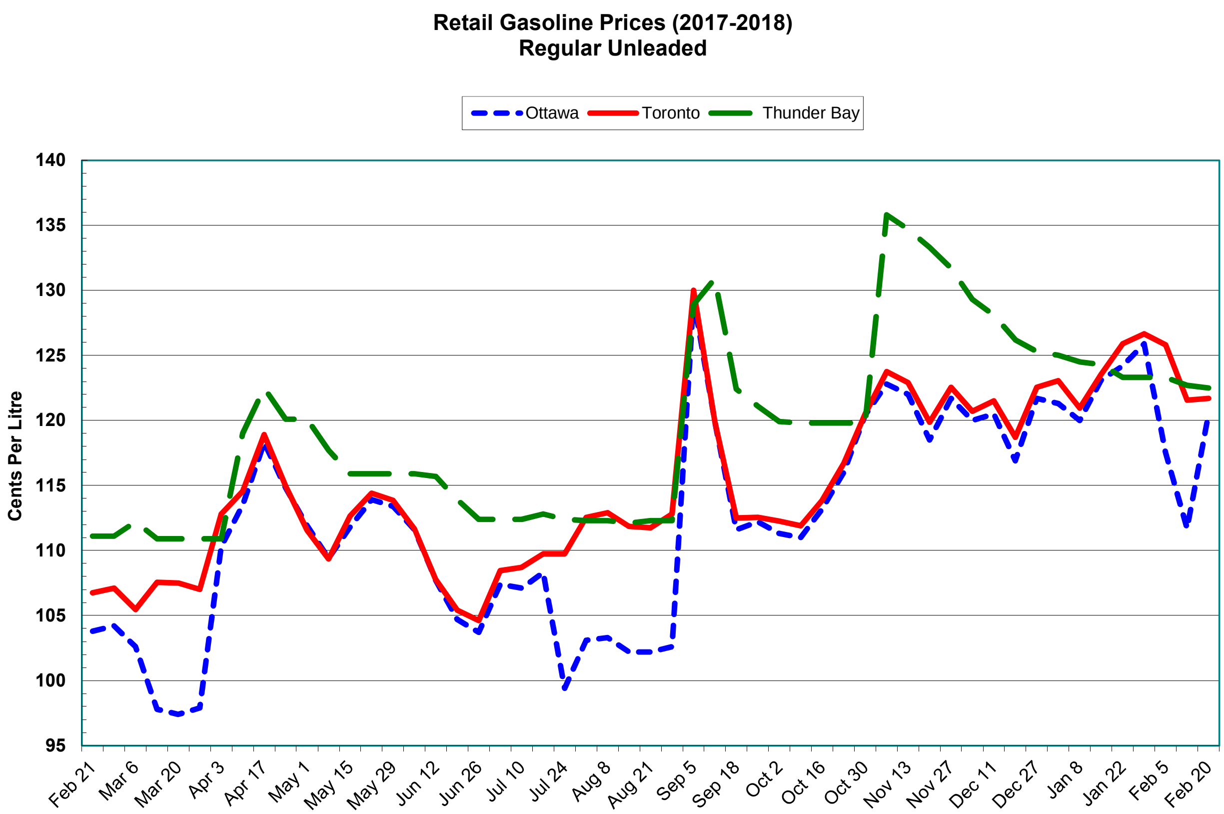
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices

Petroleum Futures Prices

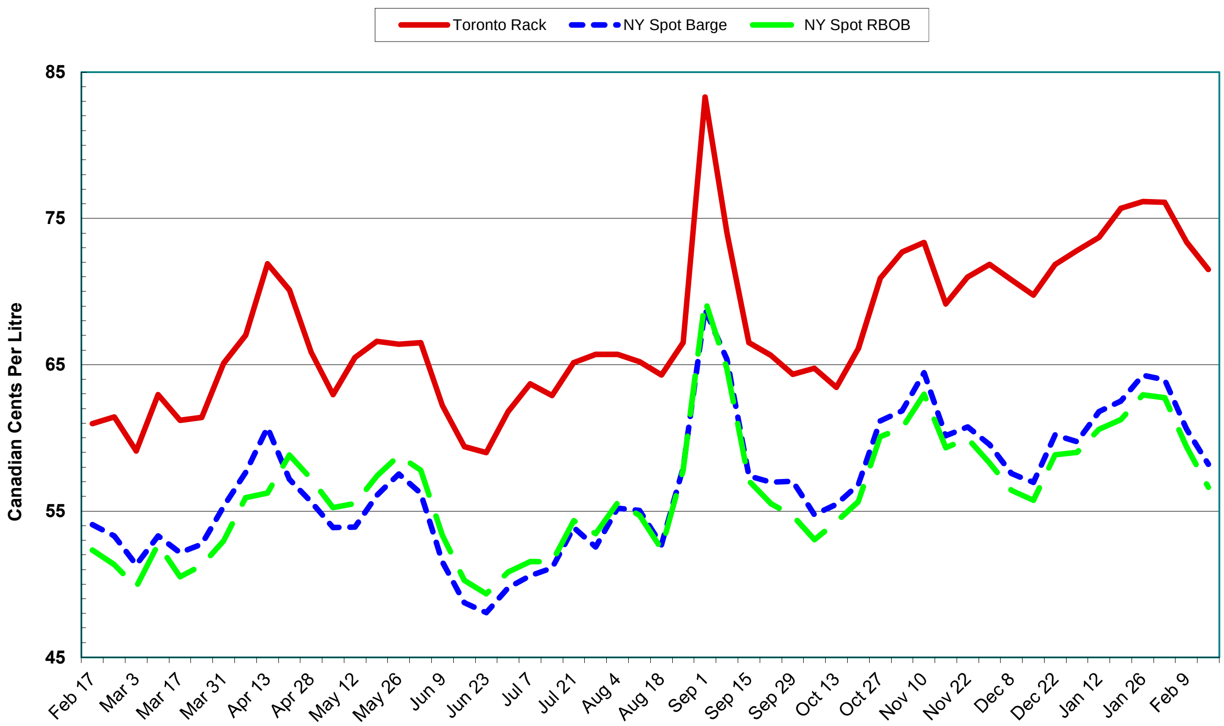
Date	**WTI Crude (NY) (US$/bbl)**	**Reg.Unleaded RBOB (NY) (US¢/USgal)**	**Crack Spread (US$/bbl)**
Feb 9	59.20	170.02	12.21
Feb 16	61.68	175.09	11.86

Source: CME Group (NYMEX)



Retail Gasoline Prices (2017-2018)
Regular Unleaded
Ottawa
Toronto
Thunder Bay
Cents Per Litre
140
135
130
125
120
115
110
105
100
95
Feb 21
Mar 6
Mar 20
Apr 3
Apr 17
May 1
May 15
May 29
Jun 12
Jun 26
Jul 10
Jul 24
Aug 8
Aug 21
Sep 5
Sep 18
Oct 2
Oct 16
Oct 30
Nov 13
Nov 27
Dec 11
Dec 27
Jan 8
Jan 22
Feb 5
Feb 20

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



Petroleum Futures Prices (2017-2018)