



## Petroleum Pricing Terms

**Carbon levy:** a price (levy) on carbon for purchasers and consumers of fuel in an effort to reduce greenhouse gas emissions in the province. Currently, the levy is applied to gasoline and diesel products but not furnace oil or propane. The carbon levy is charged by the federal government and administered provincially under the [Climate Leadership Act](#). Carbon pricing began in PEI on April 1, 2019.

**Consumer Petroleum Prices Schedule:** shows approved maximum prices for gasoline, diesel and furnace oil/heating fuels that are consumed by commercial users and not purchased at retail outlets. Maximum prices are shown before HST is applied but federal and provincial taxes are detailed.

**Federal excise tax:** pump prices for gas and diesel include excise taxes which are charged and collected by the federal government. An excise tax is charged either on the producer of the product or the retailer of the product and passed on to the consumer in the price of the product.

**Forward averaging adjustment:** the amount added or subtracted to the price to offset gains or losses from market fluctuations to maintain wholesale margins.

**Harmonized sales tax (HST):** is a combination of the provincial sales tax and the federal goods and services tax. The HST is administered by the Canada Revenue Agency and PEI's tax rate is 15%.

**New York Mercantile Exchange (NYMEX):** a commodities trading exchange located in Manhattan, New York City. The exchange lists futures and options on various commodities, including energy commodities such as gasoline, crude oil, heating oil, natural gas, propane, electricity and coal, and is the most relevant market for tracking energy trading in north eastern North America.

**Period average rack:** the average calculation of the daily wholesale rack prices for gasoline, furnace oil and diesel between price settings.

**Provincial tax:** a tax set by the province of Prince Edward Island charged on all purchases of gasoline and diesel used for vehicles.

**Rack price:** the price of refined product delivered to Charlottetown Harbour that is set by oil companies.

**Retail Dealer Pump Prices Schedule:** shows approved minimum and maximum pump prices for gasoline and diesel for all retail outlets in PEI. The schedule also shows wholesale and retail margins and tax information.

**Retail margin:** a fixed amount set by the Commission that is included in the price of gasoline, furnace oil and diesel and allows the retailer to cover their costs and earn a reasonable rate of return. The [Petroleum Products Act](#) requires both a minimum and a maximum retail margin to allow retailers some flexibility in setting their price. The retail margin may differ slightly at full-service versus self-service pumps.

**Weighted average price:** a price that is adjusted by a product's volumes and is one of the components considered when calculating pricing adjustments.

**Wholesale margin:** a fixed amount set by the Commission that is included in the price of gasoline, furnace oil and diesel and allows the wholesaler to cover their costs and earn a reasonable rate of return. There is one fixed wholesale margin for each petroleum product.

**Unscheduled pricing adjustments (interruptions):** happen between regular weekly pricing adjustments when market fluctuations cause significant changes in the petroleum prices that are tracked daily, and trigger a review by the Commission to determine if an unscheduled price interruption is warranted.