

NOTICE 107 OF 2012**DEPARTMENT OF ENERGY****RETAIL MARGIN ON ILLUMINATING PARAFFIN (IP)**

The Minister of Energy invites public comments on the implementation of a Fixed Retail Monetary Retail Margin on IP. **See page two for more details.**

Comments should be submitted not later than 16h30 on 16 April 2012 to:

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COMPARISON BETWEEN A PERCENTAGE RETAIL MARK-UP AND A FIXED MONETARY RETAIL MARK-UP ON IP RETAIL PRICES

1. The current retail mark-up in the Single Maximum National Retail Price (SMNRP) for IP is **thirty-three and a third percent (33,3%)**. The retail margin applicable in the SMNRP for IP with effect from 05 October 2011 amounted to 237.766 cents per litre. The details of the calculation are reflected in paragraph three below.
2. It is the intention of the Department of Energy to set (fix) the retail margin on IP on the same percentage mark-up of that of the retail margin on the wholesale list selling price of 95 Unleaded Petrol (ULP) in each of the Magisterial District Zones (MDZ) applicable to setting the retail prices of petrol. For example, based on the retail prices of 95 ULP in the coastal (1A) and inland (9C) petrol pricing MDZs, the IP retail mark-up will be determined as follows:

	95 ULP (Coast)	95 ULP (Inland)
Retail price	1024.0 c/l	1064.0 c/l
Retail margin	85.2 c/l	85.2 c/l
Wholesale list selling price	938.8 c/l (1024.0 less 85.2 c/l)	978.8 c/l (1064.0 less 85.2 c/l)
Percentage mark-up	9.1 % (85.2/938.8*100)	8.7% (85.2/978.8*100)

3. A comparison between the SMNRP and the IP Retail prices based on actual transport costs and a fixed retail margin are tabulated hereunder in cents per litre:

	SMNRP for IP	IP retail price (coast)	IP Retail price (Inland area)
Basic Fuels Price	618.128	618.128	618.128
Wholesale margin	54.085	54.085	54.085
Service differential	11.400	11.400	11.400
Router differential	7.400	7.400	7.400
Transport costs	23.000 (average)	3.150 (actual)	39.350 (actual)
Sub-total (wholesale list selling price)	714.013	694.163	730.363
Retail margin	237.766 (33.3% of 714.013)	63.169 (9.1% of 694.163)	63.542 (8.7% of 730.363)
	951.779	757.332	793.905
Rounded to full cents per litre	952.000	757.000	794.000