



Service Nova Scotia
and Municipal
Relations
Program Management &
Corporate Services
Corporate Development

8 South, Maritime Centre
1505 Barrington Street
PO Box 1003
Halifax, Nova Scotia
B3J 2X1

July 19, 2006

Dear Retailer,

Nova Scotia has been a regulated market for gas and diesel sold to the general motoring public for a little more than two weeks. During this time we hope you have taken the opportunity to review the information provided by Service Nova Scotia and Municipal Relations.

The identical information along with the bulletins that accompany this package are available on our website at www.nspetroprices.ca or www.gov.ns.ca/snsmr/petroleum.

The goal of regulation is to provide consumers with greater price stability and maintain our rural stations by allowing them a fair and stable return.

Retailers have a very important decision to make and one that should only be made after getting professional advice about the impact on your specific business. Because of this, the deadline for filing your Statement of Retailer, or declaration has been extended from August 31, 2006 to October 31, 2006.

In addition to the information package previously supplied by SNSMR we would like to respond to requests by the Retail Gasoline Dealers Association of Nova Scotia and industry for more information and or clarification on two important issues.

A retailer who opts for the regulated regime agrees to accept the guaranteed four (4) to five and one-half (5.5) cents per litre margin (base for regular self-serve gas) or four (4) to seven and one-half (7.5) cents per litre margin (base for regular full-serve gas) in lieu of all other compensation. This means the compensation sections in your contract that allow for cross leases, dealer incentive programs, volume associated payments, and bonus incentive payments are null and void.

Also under this option, a retailer remains responsible for repayment of outstanding capital debt, business or interest-free loans, pre-paid rentals, loaned equipment, or other long-term investment by a wholesaler. This means status quo, or no change from your existing contract. A wholesaler cannot demand payment in full, alter payment rates or amounts, or remove equipment unless the contract in place on July 1, 2006 allowed it.

A retailer has two other options: you can continue the current contract with all the compensation and obligations it entails; or you can develop with the supplier a new contract to replace the current contract. All three options are included in the Statement of Retailer form for your consideration.

You should also be aware that the Utility and Review Board will assume responsibility for petroleum regulation following a hearing process beginning September 18, 2006. They will have the ability to alter margins and Zone Differentials as laid out in the regulations. This could result in different margins and differentials from those currently offered.

Nothing in the regulations prevents a retailer and a wholesaler from revising an existing agreement or reaching a new agreement on compensation terms, regardless of the option a retailer selects. It is important to note that no agreement takes precedence over, or exempts a retailer from regulations that set the minimum and maximum price for sale of gasoline and diesel to the general motoring public.



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This additional information provided in this bulletin has been put in place by amendments to the regulations, along with clarification that the *Petroleum Products Pricing Act* does not apply to wholesalers or retailers that only provide fuel for use by watercrafts or aircraft equipped to float on water.

A copy of the "Statement of Retailer" or declaration document is enclosed in this package.

When you have held the appropriate consultations and made a decision the original copy of the Statement of Retailer with required signatures should be sent by registered mail or courier to :

Service Nova Scotia
Audit and Enforcement
8th Floor South, Maritime Ctr.
PO Box 755
Halifax, N.S. B3J 2V4

A photocopy must also be sent to your wholesaler via registered mail or courier on the same date.

Please make sure to keep a photocopy for your own records.

You will come under the provisions of the *Petroleum Product Pricing Act* in relation to guaranteed retail margins and wholesale selling prices at the start of the next regularly scheduled pricing period, providing the Statement of Retailer has been received two full business days prior to the start of the pricing period in question.

In the event a retailer has received product from a wholesaler prior to serving proper notice to SNSMR and the wholesaler, then the wholesaler is not required to comply with regulations under the *Petroleum Products Pricing Act* in connection with that existing product or delivery.

Once proper notice has been served to SNSMR and the wholesaler, the wholesaler is required to comply with all regulations under the *Petroleum Product Pricing Act* including the wholesale selling price the zone differentials and guaranteed retail margins.

If you require additional clarification please feel free to contact Dean Johnston at 424-3494 or Dale Madill at 424-5051.

Form 1 - Statement of Retailer
Petroleum Products Pricing Regulations, Section 5
Contract existing on June 30, 2006

Pursuant to Section 5 of the *Petroleum Products Pricing Regulations* (select one):

- I do not wish to opt out of the regulations and will accept the guaranteed retail margin as established under Section 5 of the Regulations (currently set at 4.0 to 5.5 cents per litre for self service and 4.0 to 7.5 cents per litre for full service) in lieu of all other forms of compensation (please see attached letter for further explanation of this option).

- I wish to opt out of the regulations and will, as required by the regulations,
 - (a) provide a copy of my contract with my wholesaler/wholesaler-retailer and a copy of this form duly executed to the Minister no later than October 31, 2006; and
 - (b) forward a copy of this form duly executed to my wholesaler/wholesaler-retailer no later than October 31, 2006.

I will comply with Section 12(2) of the *Petroleum Products Pricing Regulations* respecting the price to be paid by a consumer for a petroleum product.

Dated at _____, in the County of _____, Province of Nova Scotia, on _____, 200__.

Signature of Witness

Name (please print)

Date

Signature of authorized representative of retailer

Name of authorized representative (please print)

Legal business name of retailer

Civic address of business location

Telephone number / Environment & Labour Permit #

Wholesaler, Wholesaler-Retailer: Pursuant to Section 5(4) of the *Petroleum Products Pricing Regulations*, you are required to acknowledge receipt of this form by signing below and returning the form to the Minister not later than 15 days after receipt of form.

Signature of Witness

Name (please print)

Date

Signature of authorized representative of wholesaler/wholesaler-retailer

Name of authorized representative (please print)

Legal business name of retailer

Civic address of business location

Telephone number

Form 2 - Statement of Retailer and Wholesaler or Wholesaler-Retailer
Petroleum Products Pricing Regulations, Section 6

Contract made after June 30, 2006 and before November 1, 2006

Pursuant to Section 6 of the *Petroleum Products Pricing Regulations*,

- (a) we agree to opt out of the regulations and will, as required by the regulations, provide a copy of our contract and a copy of this form, duly executed by the parties, to the Minister not later than October 31, 2006; and
- (b) we will comply with Section 12(2) of the *Petroleum Products Pricing Regulations* respecting the price to be paid by a consumer for a petroleum product.

Dated at _____, in the County of _____,
Province of Nova Scotia, on _____, 200__.

Signature of Witness

Name (please print)

Date

Signature of authorized representative of retailer

Name of authorized representative (please print)

Legal business name of retailer

Civic address of business location

Telephone number / Environment & Labour Permit #

Signature of authorized representative of wholesaler or wholesaler-retailer

Name (please print)

Legal business name of wholesaler/wholesaler-retailer

Civic address of business location

Telephone number

Form 3 - Statement of Retailer and Wholesaler or Wholesaler-Retailer
Petroleum Products Pricing Regulations, Section 7

New contract made after October 31, 2006 by parties who opted out of regulations

Pursuant to Section 7 of the *Petroleum Products Pricing Regulations*,

(a) we agree to opt out of the regulations and will, as required by the regulations, provide a copy of our contract and a copy of this form, duly executed by the parties, to the Minister no later than 30 days after the expiry of our previous contract;

(b) the in force date of the contract is _____; and

(c) we will comply with Section 12(2) of the *Petroleum Products Pricing Regulations* respecting the price to be paid by a consumer for a petroleum product.

Dated at _____, in the County of _____,
Province of Nova Scotia, on _____, 200__.

Signature of Witness

Name (please print)

Date

Signature of authorized representative of retailer

Name of authorized representative (please print)

Legal business name of retailer

Civic address of business location

Telephone number / Environment & Labour permit #

Signature of authorized representative of wholesaler or wholesaler-retailer

Name (please print)

Legal business name of wholesaler/wholesaler-retailer

Civic address of business location

Telephone number