MEDIA RELEASE

Petroleum Pricing Office uses interruption formula to adjust diesel, stove oil prices

Effective 12:01 a.m. Monday, Feb. 28, the Public Utilities Board's Petroleum Pricing Office (PPO) has determined that the maximum price of automotive diesel will increase by 3.3 cents per litre (cpl) and stove oil by 2.44 cpl, except in regions where a price freeze is in effect.

The criteria for interruption were not met for the other fuels regulated by the PPO, and there will be no changes to their maximum prices unless or until the criteria are realized for these individual products.

David Toms, PPO director (acting), explained that the significant pricing advance for crude oil and its refined products on the New York Mercantile Exchange (NYMEX) over the past week was triggered by several global events, with the most prominent being a recent bout of cold weather on both sides of the Atlantic.

In the days leading up to the weekly U.S. energy report Feb. 24, the fuel market gathered momentum on the belief that inclement weather in Europe, the U.S. northeast and Atlantic region may have drawn on the available supplies of distillates (home heating fuel and diesel) in order to meet the increased demand. Low-sulphur diesel and home heating fuel, such as stove oil, belong to the same group of fuels and are ultimately impacted by many of the same pricing pressures.

The Energy Information Administration's (EIA) report indicated increases in crude oil and gasoline inventories (though they weren't as much as expected) and a decrease in distillate stocks. When coupled with a NYMEX crude oil price of more than $50 for several days, the resultant impact was an upswing in refined product prices that were sufficient for the PPO interruption formula to be implemented.

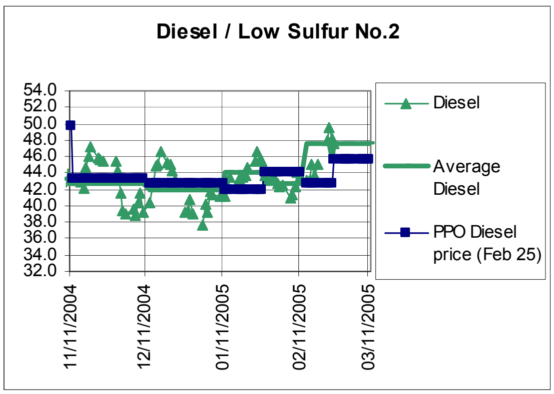
Also influencing fuel prices was the concern that OPEC (Organization of Petroleum Exporting Countries) may reduce its output once members meet again in Iran next month, during a time of increasing global demand, in order to avoid a potential future price collapse. There are reports that non-OPEC oil-producing countries are slowing their output growth, which means OPEC members would have to produce as much as it can in order to meet the demand. This leaves little spare production capacity in the event of any supply disruptions and additional increased market pressure.

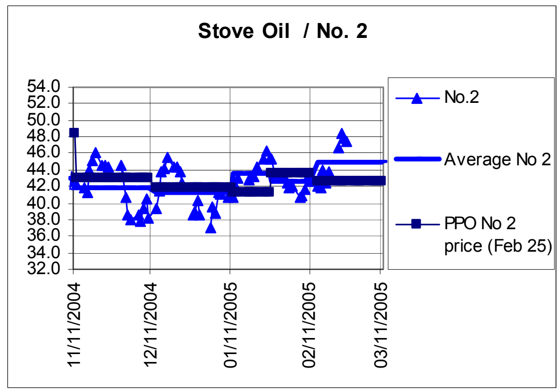
BACKGROUNDER

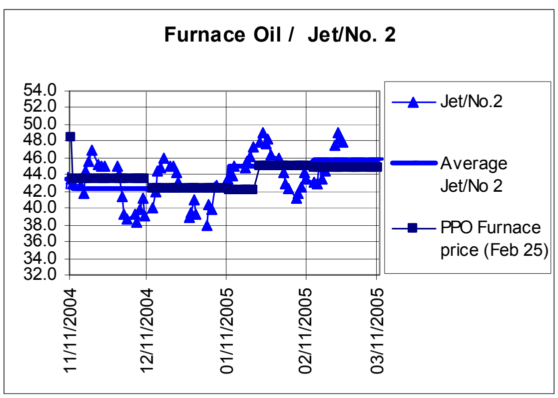
PPO benchmarks are established based on the average prices of refined products in the period since the last time maximum prices were established.

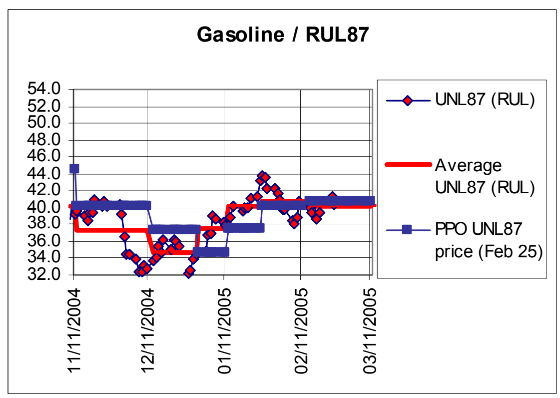
For the interruption formula to be used on gasoline and distillate fuels, the PPO requires the average of market prices to be 3.5 cpl greater or less than the current PPO benchmark prices (except propane, which requires +/- 5.0 cpl) over five market business days. As well, the interruption formula will only be used five days after the last pricing adjustment, and as long as making the change doesn't interfere with the regular pricing schedule.

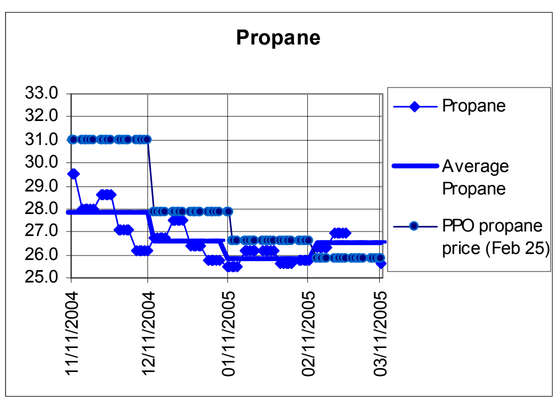
Illustrated in the following five graphs is the market-price performance of diesel fuel and stove oil for recent pricing periods up to Feb. 25, 2005, as well as the other fuels regulated by the PPO:











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