

## Press Statement

### **LOW SULPHUR GASOIL (LSG) PRICES REVISED DOWNWARDS**

**29<sup>TH</sup> JANUARY 2015**

The Energy Regulation Board (ERB) is now mandated to determine the pump prices for Low Sulphur Gasoil (LSG). Previously, this function was performed by the Ministry of Mines, Energy and Water Development. This is because, for some time now, demand for LSG was low and was exclusively imported for use by specialised industrial consumers who require cleaner and environmentally friendly fuels.

Going forward, the ERB will set the price for LSG using principles of the Cost-plus Model. The pricing model operates on the principle that the final price of petroleum products should cover all costs incurred in the supply chain. Therefore, the cost for LSG will be determined based on the cost of each consignment of the LSG imported. The cost of each consignment is mainly affected by global oil prices and the exchange rate of the Kwacha to the United States Dollar.

The current consignment of LSG was purchased at a time when the international oil prices were still on a downward trend. Therefore, consistent with the recent price adjustments for other petroleum products, the benefit of the continued drop in international oil prices is now being extended to the wholesale and pump price for LSG.

Therefore, ERB has reduced the pump price for Low Sulphur Gasoil by K0.83 per litre; which translates into 7.74 percent. The wholesale price for LSG has been reduced by K11.53 per m<sup>3</sup> or 0.16 percent.

Consequently, the wholesale price for LSG is shown as follows:

### WHOLESALE PRICE ADJUSTMENTS

<b>Kwacha Prices K/M<sup>3</sup> OR K/MT</b>				
<b>PRODUCT</b>	<b>CURRENT</b>	<b>NEW</b>	<b>ABSOLUTE VARIANCE</b>	<b>PERCENT CHANGE</b>
<b>Low Sulphur Gasoil (LSG)</b>	7,413.86	7,402.33	(11.53)	(0.16)

The new uniform pump price for LSG has been changed as indicated in the table below:

<b>NATIONAL UNIFORM PUMP PRICES K/Litre</b>				
<b>PRODUCT</b>	<b>CURRENT</b>	<b>NEW</b>	<b>ABSOLUTE VARIANCE</b>	<b>PERCENT CHANGE</b>
<b>Low Sulphur Gasoil (LSG)</b>	10.72	9.89	(0.83)	(7.74)

The new wholesale and pump price is effective midnight Friday, 30<sup>th</sup> January 2015.

**By Order of the Board**

**PASTOR GEOFF MWAPE  
CHAIRMAN  
ENERGY REGULATION BOARD**

**For further details, contact us at:**

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