

NOVA SCOTIA ENERGY BOARD**IN THE MATTER OF THE PETROLEUM PRODUCTS PRICING REGULATIONS**

- and -

IN THE MATTER OF AN APPLICATION by the **CANADIAN FUELS ASSOCIATION** under sections 17A and 24(2)(b) of the *Petroleum Products Pricing Regulations* for an investigation of the methodology for setting the clean fuel adjustor amount, including an Interim Order pursuant to section 24A(2) of the *Regulations* to ensure the clean fuel adjustor amount is just and reasonable as a component of fixed wholesale prices

BEFORE:

Stephen T. McGrath, K.C., Chair

Roland A. Deveau, K.C., Vice Chair

Richard J. Melanson, LL.B., Member

INTERIM ORDER

The Canadian Fuels Association applied to the Nova Scotia Energy Board on June 22, 2026, requesting that the Board investigate whether the current methodology for setting the clean fuel adjustor amount is just and reasonable as a component of fixed wholesale prices for self-service and full-service gasoline and diesel, including an Interim Order under s. 24A(2) of the *Petroleum Products Pricing Regulations* changing the methodology for setting the clean fuel adjustor amount.

The Board last canvassed the methodology for setting the clean fuel adjustor in its Decision dated November 25, 2025 (M11978). In its Order issued November 28, 2025, the Board directed that, effective January 9, 2026, the “methodology for calculating the clean fuel adjustor will be amended by selecting the lesser of the maximum Clean Fuel Regulations (CFR) credit price under the Canadian credit clearance mechanism (adjusted annually for inflation and carbon intensity reductions) and the Argus Atlantic CFR compliance cost”.

The Canadian Fuels Association submits that circumstances have changed since the Board issued its Decision and Order in November 2025. It submits that the current methodology is no longer just and reasonable, as the maximum CFR credit price under the Canadian credit clearance mechanism and the Argus Atlantic CFR compliance cost no longer reflect the market for CFR compliance costs. It submits that the Board’s current methodology for setting a clean fuel adjustor amount should no longer be used. The applicant requests the Board to initiate an investigation under ss. 17A and 24(2)(b) of the

Regulations to review the methodology for setting a clean fuel adjustor amount in the weekly setting of petroleum products. It asserts that the Argus Canada CFR compliance price is more representative of the costs facing industry than the Canadian credit clearance mechanism and the Argus Atlantic CFR compliance cost, and that using the Board's current methodology threatens the security of petroleum supply in the province. It states that these circumstances also constitute an emergency situation justifying an Interim Order until the required public hearing for the investigation can be held.

In s. 24A(1) of the *Regulations*, an "emergency situation" means a situation that in the Board's opinion threatens the security of the petroleum supply, including any of the following:

- (a) a disruption to the supply of a petroleum product resulting from an increase in the rack rate charged to wholesalers and wholesaler-retailers that leads wholesalers and wholesaler-retailers to not sell a petroleum product because they are not receiving a sufficient wholesale margin; and
- (b) a shortage of supply of a petroleum product to wholesalers and wholesaler-retailers that affects one or more zones.

Under s. 24A(2) of the *Regulations*, in an emergency situation the Board may make an Interim Order to temporarily prescribe interim fixed wholesale prices, maximum retail prices or minimum and maximum retail mark-ups until a public hearing or inquiry required by subsection 24(3) can be held. Under s. 17(1)(f) of the *Regulations*, the clean fuel adjustor amount is a component of the wholesale margin.

As part of its regulatory oversight, the Board monitors the petroleum product market in the province, including but not limited to the relationship of the daily New York Harbour spot price (NYH) and regulated prices set by the Board as compared to Halifax wholesale rack prices (Rack). The Board understands that Rack would reasonably be expected to include CFR compliance costs. The Board has observed that there has been an increased differential between the NYH and Rack over the recent period, which has caused an erosion of the wholesaler portion of the wholesale margin under the price setting regime set out in the *Regulations*.

Based on the information available to the Board, it appears that the maximum cost of a credit through the Canadian credit clearance mechanism and the Argus Atlantic CFR compliance costs are not currently representative of actual CFR compliance costs. It also appears to the Board, based on the currently available information, that the Argus Canada CFR compliance costs may be a more reasonable proxy at this time. A prolonged disconnect between the regulated CFR adjuster, to account for CFR compliance costs, and actual CFR compliance costs, creates a risk to the security of supply. The Board is satisfied that an emergency situation may exist in the province, which could threaten the security of the petroleum supply, including a shortage of supply of a petroleum product to wholesalers and wholesaler-retailers that affects one or more zones, and that a change in methodology for calculating the clean fuel adjustor is warranted on an interim basis pending the completion of a full investigation by the Board.

Accordingly, the Board orders that:

1. The methodology for calculating the clean fuel adjustor will be amended by using the Argus Canada CFR compliance cost.
2. The change in methodology for calculating the clean fuel adjustor approved in this Interim Order shall be incorporated into the Board's weekly setting of regulated petroleum product prices, effective 12:01 a.m. on July 3, 2026.
3. This Interim Order shall remain in effect until further Order of the Board. The Board reserves the jurisdiction to vary or terminate this Order at any time based on market conditions in the province's petroleum products market, including the observed differential between the NYH and Rack.

DATED at Halifax, Nova Scotia, this 29th day of June 2026.


Clerk of the Board