

FUEL COST ADJUSTMENT PROVISION FOR 2022 WINTER MAINTENANCE

Fuel Cost Adjustment

Effective November 1st, 2022, the New Brunswick Department of Transportation and Infrastructure (DTI/MTI) will implement a Fuel Cost Adjustment Provision to coincide with their Winter Maintenance contracts.

It is the responsibility of the Contractor to submit their adjustment as a separate line on their invoice in order to be paid.

The fuel cost adjustment will be calculated as follows:

- a. If the difference between **Base Price (“BP”)** for the applicable fuel (*Ultra-Low Sulfur Diesel or Regular*) and the **Average Actual Price (“AAP”)** is greater than **10%**, for any invoicing period, a fuel adjustment will be paid to the Contractor.
- b. The **Base Price (BP)** for fuel will be calculated using the daily average from the *New Brunswick Energy and Utilities Board's* (NBEUB) weekly posted prices for the applicable fuel type (plus HST) for the month the contract was **TENDERED or RENEGOTIATED**.
- c. The **Average Actual Price (AAP)** for fuel will be calculated using the daily average from the *New Brunswick Energy and Utilities Board's* (NBEUB) weekly posted prices for the applicable fuel type (plus HST) for the month **WORK WAS COMPLETED**.
- d. Averages for *Ultra-Low Sulfur Diesel* and *Regular* fuel, which start from January 2019 to present, will be posted on our DTI/MTI website:

https://www2.gnb.ca/content/gnb/en/departments/dti/tenders_contracts/content/fuel-adjustment-provision.html
- e. The Fuel Adjustment will be calculated using a **FIXED STANDARD** fuel consumption rate of **20%** per monthly payment.

** A fuel adjustment will **ONLY** be paid if the difference between the Base Price (“BP”) for the applicable fuel type (ULSD / Regular) and the Average Actual Price (“AAP”) is **greater than 10%** **

Step One



Formula:

$$\underline{\% \text{ Difference} = (\text{AAP}-\text{BP})/(\text{BP}) * 100}$$

Example:

BP – 1.2650 (*Ultra-Low Sulphur Diesel for June 2019*)

AAP – 2.3194 (*Average Actual Price for the month the work was completed. For this illustration only, October 2022 was used*)

$$\begin{aligned} &= (2.3194 - 1.2650) / (1.2650) * 100 \\ &= (1.0544) / (1.2650) * 100 \\ &= (0.8335) * 100 \\ &= 83.35, \text{ which will be rounded to } 83\% \end{aligned}$$

The % difference = **83%**, therefore fuel adjustment would be paid in addition to the rental fee

Step Two:

Formula:

$$\underline{(\text{Monthly Rate}) (\% \text{ Increase in Fuel}) (0.2)}$$

*** The fuel cost adjustment will be calculated using a **FIXED STANDARD** fuel consumption rate of 20% of the monthly rate ***

Example (continued from above):

Annual Cost - \$40,300.00

Monthly Breakdown over a Season = (\$40,300.00 / 5)
= \$8,060.00

(\$8,060.00) (0.2) = **\$1,612.00**

(this amount represents the 20% portion for fuel consumption)

Then, multiply by the percent difference above,

(\$1,612.00)(0.83) = \$1,337.96

*Based on our calculations, DTI will pay an additional **\$1,337.96** as a fuel adjustment on top of their agreed upon monthly payment*