



August 30, 2019

NEWS RELEASE – BCUC Issues Report on Inquiry into Gasoline and Diesel Prices in British Columbia

VANCOUVER – Today, the British Columbia Utilities Commission (BCUC) issued its Final Report with responses to questions posed by the Provincial Government and its key findings from its Inquiry into Gasoline and Diesel Prices in BC.

The BCUC established an independent, transparent and public inquiry process where the Panel considered evidence filed by 11 registered interveners including all major companies that have refining and retail business in BC. The BCUC also received more than 70 letters of comment from members of the public and interested parties as well as three reports prepared by two independent consultants. The process also included four days of Oral Workshops for the Panel to ask Intervenors questions, and for Intervenors to ask questions on the independent reports. The BCUC carefully considered this information before making its key findings below.

Following the comprehensive inquiry process, some of the Panel’s key findings include the following:

- There is a significant unexplained difference of approximately 13 cents per litre in wholesale gasoline prices between Southern BC and its Pacific Northwest cost comparator;
- The wholesale market for gasoline in BC is not truly competitive with high market concentration levels, high barriers to entry, and their ability to influence prices. Retail market prices can also be controlled by five refiner-marketers;
- There is no evidence to suggest that there is collusion among the retail operators nor is there evidence of cartel behaviour; and
- Regulation could potentially reduce the wholesale and/or retail margins to what is earned in comparable jurisdictions and reduce price volatility. However, further investigation should be done to determine if such an approach would be of benefit to British Columbian consumers.

The Panel has recommended a one-month comment period on the Report to provide the Inquiry’s participants with an opportunity to submit additional evidence relevant to questions posed by the BC Government.

To review the Panel’s detailed findings, please refer to the Executive Summary or Final Report posted to the Inquiry’s [proceeding page](#) on the BCUC website.

A final copy of the report has been provided to the Honourable Minister of Jobs, Trade and Technology.

Background

On May 21, 2019, the Lieutenant Governor in Council, under section 5(1) of the *Utilities Commission Act* (UCA), requested the BCUC provide advice to the BC Government on the price of wholesale and retail gasoline and diesel in British Columbia.

The Terms of Reference for the inquiry are outlined in [Order in Council \(OIC\) No. 254](#). The BCUC established an independent, transparent and public inquiry process on May 24, 2019 by [Order G-112-19](#). Per the Terms of

Reference, established by the BC Government, the Inquiry explored factors that may be influencing gasoline and diesel prices in BC since 2015, including:

- the differences, if any, in refining and retail margins compared to other jurisdictions in Canada. Additionally, for retail, among different regions in BC;
- factors that contribute to both retail and wholesale price fluctuations such as access of refineries in BC to crude oil, the amount of fuel in storage, refinery usage and pipeline capacity, market size and demand, distribution methods and seasonal variations;
- how competition impacts pricing; and
- what other jurisdictions are doing to enhance fuel price transparency.

The BCUC was also asked to explore mechanisms the Provincial Government could use to moderate gasoline and diesel price fluctuations and increases.

A final copy of the report was due to the Minister of Jobs, Trade and Technology no later than August 30, 2019.

About the BCUC

The BCUC is a regulatory agency responsible for the oversight of energy utilities and compulsory auto insurance in British Columbia. It is the BCUC's role to balance the interests of customers with the interests of the businesses it regulates. The BCUC carries out fair and transparent reviews of matters within its jurisdiction and considers public input where public interest is impacted.

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