



November 12, 2019

NEWS RELEASE – BCUC Issues Supplementary Report for the Gasoline and Diesel Prices Inquiry

VANCOUVER – Today, the British Columbia Utilities Commission (BCUC) issued a [Supplementary Report](#) to its [Report](#) on the Inquiry into Gasoline and Diesel Prices in British Columbia issued on August 30, 2019. The Supplementary Report follows a 30-day comment period, during which time the Panel received submissions from five interveners and 41 letters of comment from the public.

The Supplementary Report considers and responds to those submissions and comments, and the Panel draws the following conclusions:

- There is no concrete evidence to definitively adjust the unexplained 13 cents per litre (cpl) difference that had been stated in the Report. Some interveners presented a number of factors in an attempt to account for the unexplained difference, but the Panel finds their evidence either inconclusive or conflicting, making it difficult to determine an appropriate amount for these factors. As such, the Panel's best estimate is that the unexplained difference could potentially range from 10 cpl to the originally reported 13 cpl;
- The cost of the most expensive 5% of supply in the Pacific Northwest is driving the price of all gasoline sold in BC. The unexplained difference in wholesale gasoline prices applies to all gasoline sold in BC on top of the additional margin that already exists on that gasoline which has been sourced at a lower price; and
- The unexplained difference in wholesale prices raises the question as to whether there is a well functioning competitive gasoline and diesel market within BC.

The majority of letters received during the comment period came from residents of Powell River, who expressed concerns regarding consistently higher than expected gasoline prices in the region. This is in contrast to the highly volatile retail pricing seen in Metro Vancouver, a source of frustration to many customers. The Panel supports the suggestion that more comprehensive studies could lead to identifying and understanding any pricing differences that exist on a market to market basis.

A final copy of the Supplementary 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](#).

The BCUC 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 Inquiry process included four days of Oral Workshops for the Panel to ask Interveners questions, and for Interveners to ask questions on the independent reports. The BCUC carefully considered this information and on August 30, 2019, in accordance with the OIC, the BCUC issued its Inquiry into Gasoline and Diesel Prices Final Report to the Honourable Minister of Jobs, Trade and Technology.

The Panel's Report included the following key findings:

- 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.

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.

On September 6, 2019, by OIC No. 470/2019, the LGIC amended OIC No. 254/2019 to provide an opportunity for the public to comment on the Report. A Supplementary Report was prepared to address the key issues raised over the 30-day comment period and should be read in conjunction with the August 30, 2019 Report.

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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