

British Columbia Utilities Commission

An Inquiry into Gasoline and Diesel Prices

Submission 1

Super Save Group

▶ GASOLINE ▶ PROPANE ▶ DISPOSAL ▶ FENCE & TOILET RENTALS ▶ ATMS

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British Columbia Utilities Commission
Suite 410, 900 Howe Street
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BCUC Inquiry in to Gasoline and Diesel Prices in BC

Company scope

Super Save Gas opened its first gas station in 1977 in Surrey, BC. We now operate thirty- six retail locations in communities across BC, providing customers with gas, diesel and propane. We also operate eight retail locations in Montreal, Quebec.

Retailing of Gasoline and Diesel

Question 21 – are there gasoline and diesel retail cost drivers which have substantially changed in the last 3-5 years?

- Transportation costs from refineries/terminals to stations
- Property values
- Property taxes
- Minimum wage

Question 22 – what factors affect your retailing margin for gasoline and diesel and how have these factors changed since January 2015? Explain correlation between your retail price and your wholesale costs.

- Most consumers are loyal only to the street price. Competition is fierce, especially in the urban markets where there are many retail locations to choose from.
- Since 2015, major oil has sold off most of their retail locations to large retailers such as Parkland Industries and 7-Eleven. For example, in 2017 alone, Parkland acquired 495 Ultramar retail sites in Quebec from CST Brands and 129 Chevron retail sites in Metro Vancouver and Vancouver Island. In 2016, 7-Eleven Canada bought 148 retail sites in BC and Alberta from Imperial Oil.
- These divestitures have resulted in major oil companies with refining capabilities to

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expand their crude to rack price spread, as they are no longer invested in the retail margin component of the industry.

- Often times, our wholesale cost is irrelevant to the competition we face at the street level in the market.

Question 23 – how does your retailing margins in BC compare with your retailing margins in other markets within Canada?

- See Appendix A.

Question 24 – how do seasonal variations in supply and demand affect your retail margins?

- Refinery turnarounds have the largest effect on supply, which are always scheduled in the spring. In recent years, turnarounds tend to not complete on schedule which causes implied inventory tightening.

Question 25 – where do you sell gasoline and diesel in BC? How many retail stations do you own, lease or franchise?

- See Appendix B.

Question 26 – where are your sources of supply and how are they transported to your retail locations? Please explain if this has changed since 2015.

- We lift gas and diesel with our own fleet of trucks from the following terminals: Burnaby, Kamloops, Prince George, Nanaimo, Edmonton and Montreal
- We began lifting product in Edmonton in 2016 as the wholesale price differential between Edmonton and the BC terminals made it economically beneficial to do so.

Question 27 – what factors do retailers selling your product consider when setting prices across BC?

- Distance to terminals
- Competition in the area

Question 28 – discuss any seasonal variations that are taken into account when setting the retail prices in BC. What factors do retailers consider when setting intraday and intraweek prices?

- Rack prices set by the refiners change daily, so for high volumes sites, the price could change daily.
- Competition

Question 29 – provide information on your monthly average retailing margin per litre of gasoline and diesel since 2015.

- Being a private company and vulnerable to extreme predatory pricing, we cannot risk disclosing this level of detail. Recent price pressure in the last six months has caused us to sell at zero margin at times. We cannot risk exasperating this with disclosure of our average margins at this level of detail.

Appendix A

Super Save Gas

Gasoline and diesel average margin per litre

Province	6 months ending March 31/19	12 months ending Sept 30/18	12 months ending Sept 30/17	12 months ending Sept 30/16	12 months ending Sept 30/15
BC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Quebec	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Appendix B

Super Save Gas		
Gasoline and diesel locations		
As of June 2019		
<u># of Stations</u>	<u>Area of BC</u>	
12	Metro Vancouver	
16	Interior	
5	Northern BC	
3	Vancouver Island	
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36		