

From: KEN ANDERSON [REDACTED]
Sent: Tuesday, August 3, 2021 11:50 AM
To: Commission, Secretary; EMPR Minister
Cc: Info-GasPricesBC
Subject: Fwd. Appreciate the Ongoing Inquiry into Gasoline Prices: Some Consumer Input for August 5th and beyond hearings.

IN ADVANCE OF RENEWED HEARINGS: {Sorry, should have sent earlier}

I provided comments/input in July 2019 when the study of gasoline prices was in full swing [See email below this one]. Those comments and observations are still valid I believe. There is even greater concern, tempered by a resignation? about what's happened this Summer with gas prices.

But first, many thanks and appreciation to the government and BCUC for setting up an ongoing process for monitoring and reporting on gasoline pricing. To give balance to the study, I think it's fair to recognize the job the energy industry, distribution network and retailers do to keep a steady flow of product to the market. It is a critical component in keeping the economy running and keeping families secure. But to most of us, it is apparent that prices in Vancouver and BC are at unjustified levels -due to an apparent lack of real competition in the industry. And, are taxes alone the reason we have the highest prices in the country? Probably not.

My comments hopefully can be considered at least as a backdrop to the new hearings starting Aug 5 and they are a reflection of frustration and concerns that my families and friends have with gasoline prices. As one response I got from the Commission indicated however, there is fear of 'unintended consequences' that could result from imposing any real controls over pricing.

Please consider, going forward-

1. Price point information sharing and resulting price setting:

Has the study been able to factually determine HOW real time pricing info is shared among retailers, and gas companies? Is there is a central electronic communication system that directly feeds price information, and implied price setting information to retailers? No other process would make practical sense - and direct sharing of price information [followed by copied price setting] would show conclusively there is a cooperative market place, not a competitive market place.

2. Price variability:

a) Before this study in 2019, prices at all retailers were pretty much always in 'lock step'. Since the study, there were some subtle changes, as there seemed to be a little more variability in prices among retailers. In 2021, not so much. The *old habits of coordinated pricing seem entrenched; little or no competition.*

b) **Pricing strategies seem crude, but consistent over the years.** Weekends and high traffic hours - often prices go up on a Thursday, so they are up for the weekends or holidays. And when gas companies seem to have their targets on achieving high prices and margins, prices can fluctuate quite a bit, up, then down a bit, then *peaking at an exorbitant price [See 173.9 in Vancouver approx a month ago]*, resulting in mild outrage, then dropping to levels the companies maybe hoped to achieve [see 166.9 and 169.9] shortly after. We consumers feel a little relief, but probably shouldn't as the current prices [this long weekend up to 170.9 for awhile] are likely still -as your study found two years ago - unjustified by crude prices, wholesale prices, or tax components!]. *As an editorial comment, the demographics in Vancouver have changed considerably in the last 2 to 3 years; there is a lot of wealth, reflected in high priced vehicles, and perhaps a corresponding indifference to pricing from many?}*

c) **Relation to Crude Prices:** I looked at price components in the information you have made available from ongoing tracking [thank you for that]; suggest adding *tracking against crude oil prices* as a meaningful addition to the data? 2021 highs and closing and average crude prices have gone up over 2020 and 2019, but are comparable to 2018. With that as a backdrop, gasoline prices perhaps 20 to 30 cents a liter higher in 2021 from those in 2018 are hard to justify.

d) **Recent prices** - \$ 1.25 in December 2020, not a lot of price fluctuations. Already up to \$ 1.41 in February 2021, \$ 1.52 to \$ 1.54 in April 2021, \$ 1.49 in May, \$ 1.58 in early June 2021, \$ 1.59 on June 20 2021, \$ 1.69 on July 4th 2021, \$ 1.73.9 briefly mid July, \$ 1.66 July 27 2021, and \$ 1.70 Aug 2nd 2021. Dynamic, and steady upward pressure for the Summer months. If not justified by fluctuations in supply, seemingly unjustified prices. Even a few pennies over a period of time result in very significant profits for gas companies [wholesale pricing] and retailers [margins].

3. Supply Shortages?:

Is there any evidence to suggest that prices fluctuate because of surplus or short supply of gasoline, or crude? I ignore industry observers like GasBuddy who 'justify' prices based on a refinery going down somewhere for maintenance, etc.

4. Coordination with other studies in Canada: Can there be coordination with previous and any existing studies of the Competition Bureau? Are the findings that led to past prosecutions for price fixing in Quebec, relevant to the BC market and retailers? Does the Bureau have wide powers and is it apolitical?

Again, many thanks for putting a longer standing review in place. Good work. I hope if unfair or predatory pricing is ever confirmed that consumers get either rebates and/or lower pricing for a good period of time. But still, credit to our gasoline supply system for keeping businesses, consumer products, and families --- mobile. Regards, Ken.

From: "Ken Anderson" [REDACTED]
To: "commission secretary" <commission.secretary@bcuc.com>
Sent: Saturday, July 6, 2019 2:12:31 PM
Subject: Appreciate the Inquiry into Gasoline Prices: Attached, some significant questions hopefully in scope.

Good day. As a long time resident of BC [72 years], and someone who has complained periodically over the years about gasoline prices, I had phoned the commission to ask how best to pass along some of my thoughts about issues that could help shed light on gasoline pricing and should be considered during your deliberations. My comments are from observation related to Vancouver prices and practices over many years.

In no particular order, my thoughts/questions -

1. Setting prices, real time: It's been interesting to see over the years that retail prices, up to the last few months, were seemingly instantly uniform, across the same corporate service stations and across competing service stations [Chevron, Shell, Esso]. This observation is made based on my regular trips across the city, and an interest in prices.

1.1 QUESTION: Was, or is there a communication medium that sends pricing targets and messages, the same ones? to all service stations, 'competing' or not? This can't be in aid of competition as those who reduce prices you would think would want to have that price advantage to sell more product before others follow suit. Does the sharing of pricing points aid competition, and who exactly coordinates the dissemination of the retail price info? Looking at this a little further, are there clues on this coming from the price fixing convictions in Quebec?

1.2 QUESTION: Why is it that, again, just in the last 6 months, we are seeing different prices per litre in different service stations? Is it because prices were so high, giving higher margins, that some real competition could happen? Or changes to pricing strategy, possibly partly in response to the enquiry?

2. Supply : Pretty much every time we have seen price shocks with gasoline, with we folk getting unhappy, the same spokespeople, such as GasBuddy, give us the same rational for the higher prices. Maintenance of refineries ranks right up there each time, along with crude oil price changes. Not that these wouldn't factor into market rates, but I suspect the amount of impact, and correlation with actual price changes, isn't/wasn't logically proven. Prices rise real quick at any sign of refinery mtc, or crude oil price increases, or troubles in the Gulf but prices take longer to go down with wholesale price decreases and normalization of supply. Always to the benefit of gas suppliers, never to the benefit of the consumer.

2.1 QUESTION: Has BC had real/actual gasoline shortages over the years, and how is that measured and reported? I don't remember any gas rationing or stock outs at pumps.

2.2 QUESTION: Is there any truly independent group monitoring this ongoing, with the actual statistics and ability to tie market prices to inventory fluctuations and wholesale prices?

3. **Gas Company Pricing Strategies:** Perhaps the Commission can obtain pricing strategy information and policies from the Gas Companies, and from Retail operators who operate multiple service stations. *{ I wrote this before reading the other day that retail operators are refusing to provide margin info. } Without this info, any hope of showing if there are unfair pricing strategies will be difficult to show}.*

3.1 QUESTION; Do their pricing strategies say much about pricing during weekends, time of day, holiday time including Summer months? I can't imagine that pricing is just done 'off the cuff', or at whim, and it **would be great to find out, how much additional revenue can be gained or lost by pricing at pennies higher or lower than 'justified by market conditions'**. What are the price points and what are wholesalers and retail operators trained or advised to do with prices? Probably this information won't be shared with the argument it is proprietary and could hurt a companies financial position. { As noted above, the refusal to provide key info confirms that this is their cover}. Can this study be coordinated with the Competition Bureau which is silent on the question of whether or not they are probing prices here?

3.2 RELATED OBSERVATION: Pricing strategies might be imputed by the following observation. The greatest price fluctuations trending upward, often occur over a period of 2 or 3 months, then countered by drops in price which then stabilize, still at higher rates than occurred before the spikes. Does this then guarantee higher margins for periods of time - we, the consumer, are placated by what seem to be price drops from artificially inflated rates. In other words, 'at least the price is no longer \$ 1.72 per litre, so we accept prices in the \$1.30 to \$ 1.50 range per litre?

Many thanks for giving opportunities for the general public to bring personal questions or concerns to the commission. I congratulate the Government for delegating this important study of gasoline pricing mechanisms to the Utilities Commission. Regards, Ken.