



**bcuc**  
British Columbia  
Utilities Commission

**BC's Fuel Price  
Transparency Act**

# Retail Pilot – *Fuel Price Transparency Act*: Supplement to the BCUC's Proposed Recommendations to the BC Government

**March 2022**

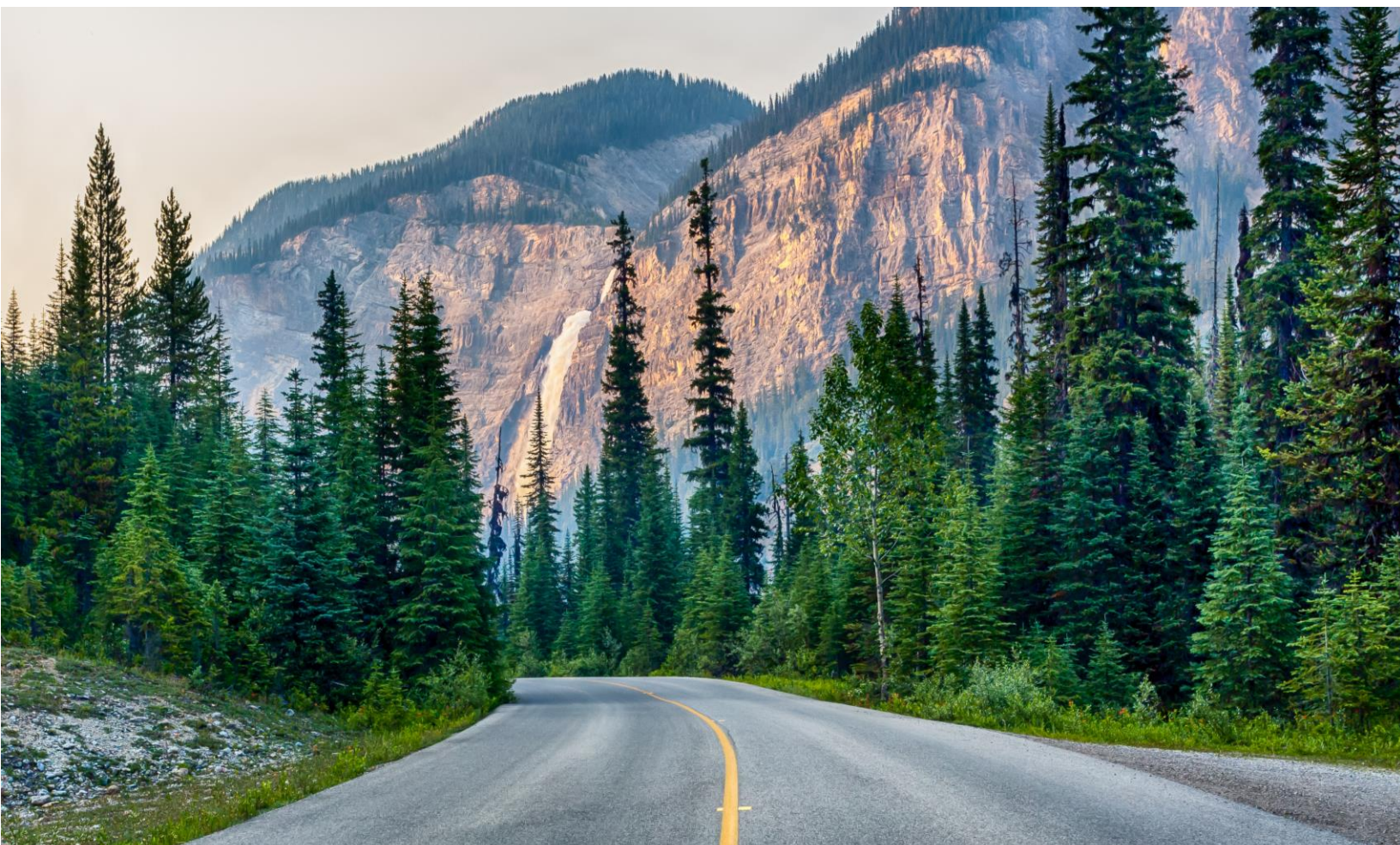
Before:

D. M. Morton, Panel Chair

E. B. Lockhart, Commissioner

B. A. Magnan, Commissioner

A. Pape-Salmon, Commissioner



As Administrator of the British Columbia [Fuel Price Transparency Act](#), the British Columbia Utilities Commission (BCUC) is responsible for collecting and publishing information about gasoline and diesel fuel activities in British Columbia, to promote competitiveness, and public confidence in the competitiveness of the fuel market.

## About the BCUC

The BCUC is an independent regulatory agency of the Government of British Columbia that is responsible for regulating the British Columbia's energy utilities, the Insurance Corporation of British Columbia's compulsory automobile insurance rates, intra-provincial pipeline rates, and the reliability of the electrical transmission grid.

Our jurisdiction and authority are legislated under the *Utilities Commission Act* and the *Clean Energy Act*. We are responsible for ensuring that British Columbians get value from their utilities with safe, reliable energy services and fair energy and basic auto insurance rates, while ensuring the entities we regulate have the opportunity to earn a fair return on their capital investments.

In March 2020, the BCUC was also named as the Administrator of the *Fuel Price Transparency Act*.

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## 1.0 About the Retail Pilot

In November 2019, the *Fuel Price Transparency Act* (FPT Act) came into force. The FPT Act requires companies in the fuel industry in British Columbia (BC) to report information and data on their activities, with a focus on gasoline and diesel fuels that are used by motor vehicles.

The Fuel Price Transparency Regulation (FPT Regulation) requires all fuel importers, wholesalers, and terminal owners/operators in BC to submit data to the British Columbia Utilities Commission (BCUC) monthly.

The FPT Regulation does not include any reporting requirements for retail stations. Rather, on August 14, 2020, the BC government issued a Special Direction to the BCUC, requiring the BCUC to undertake a retail data collection pilot that would inform the development of regulations aimed at the retail portion of the supply chain (Retail Pilot).

The BCUC was tasked with completing the Retail Pilot over a twelve-month period, ending no later than November 30, 2021, and reporting back to the Minister of Energy, Mines, and Low Carbon Innovation (Minister) by March 2022.

On February 4, 2022, the BCUC issued a [report on its proposed recommendations to the BC government](#) explaining the approach the BCUC took to execute the Retail Pilot and the key takeaways from the BCUC's analysis (Public Report).

The Public Report outlined the BCUC's proposed recommendations to the Minister regarding:



what retail fuel data should be collected going forward;



who should have to report retail fuel data; and



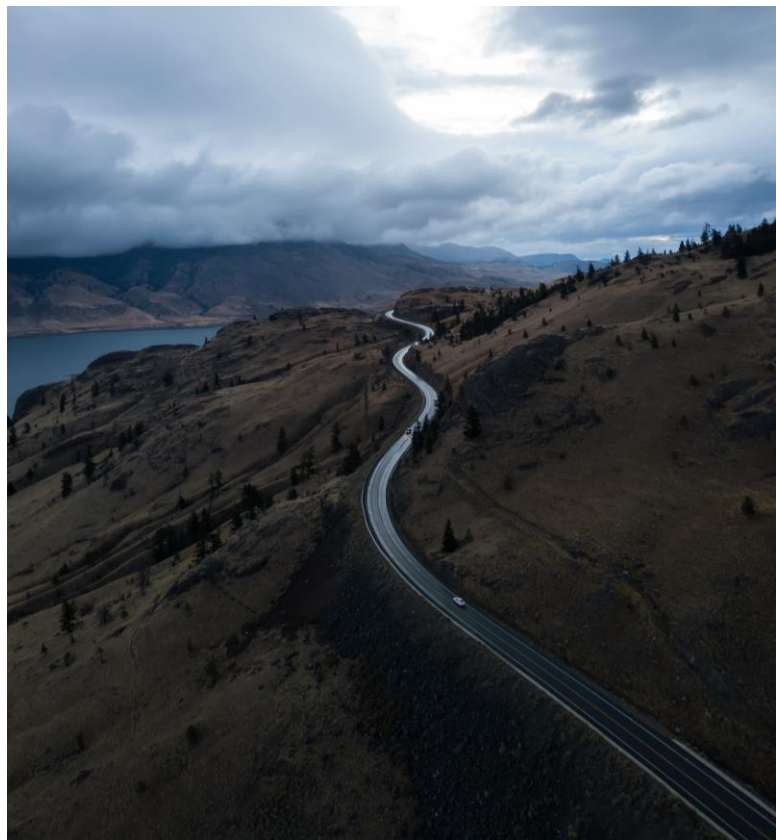
how frequently retail fuel data should be reported.

After issuing the Public Report, the BCUC undertook a multi-pronged approach to solicit feedback on our proposed recommendations. We thank those who responded to our surveys, attended our workshops, and filed letters of comment for providing their feedback throughout this process.

We received a number of thoughtful comments and submissions that provided the BCUC with further insight into the matters discussed in the Public Report. This has led to us refining some of our recommendations.

The BCUC remains confident that a strategic approach to ongoing retail fuel data collection, coupled with the potential for retail station audits, strikes an appropriate balance between the costs and benefits of reporting.

The BCUC is providing this Supplementary Report to summarize the feedback received on the Public Report and our final recommendations to the Minister.



## 2.0 BCUC's Recommendations to the Minister

The BCUC values feedback from the public and considers it to be an important component of the Retail Pilot report. We note that the general content of the feedback received from members of the public and industry on our draft recommendations is similar to the views expressed in our public and industry surveys prior to the issuance of our report on the draft recommendations to government.

In both sets of surveys, members of the public favoured more reporting over less, while industry representatives favoured the opposite.

The BCUC recognizes that there are benefits and costs associated with ongoing retail reporting. If the BC government were to consider more frequent reporting, like that in Options 1 and 2 outlined on page 5 of this report, more information would be available for the BCUC to analyse.

However, there would be some delay between the price at the pump on any given day, when this information is reported to the BCUC (e.g., monthly), and when the BCUC would be able to publish this data in an aggregated or anonymized form to satisfy confidentiality concerns.

By gathering near real-time data from public sources, Option 3 on page 5 would enable the BCUC to provide more timely information to the public on the latest price trends and factors that influence

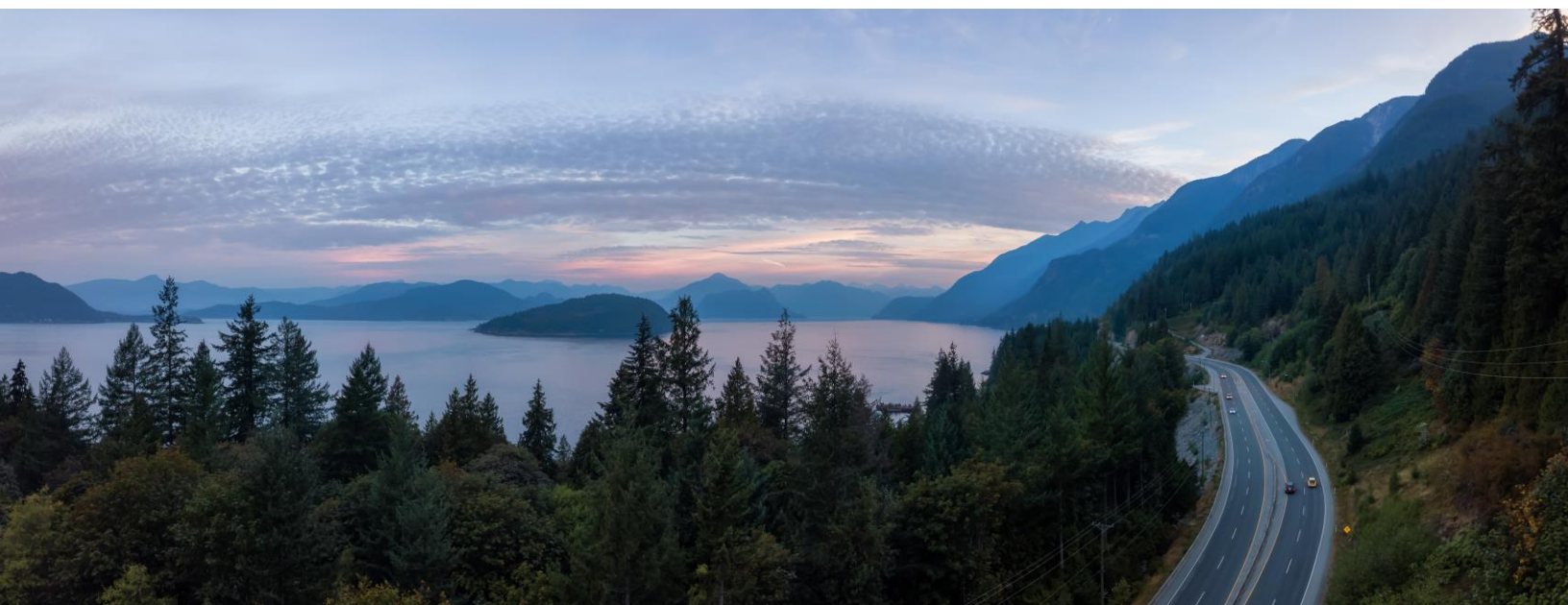
those trends. All while reducing the burden on retailers and the costs associated with BCUC's administration of the FPT Act.

Timely data and reporting of unusual pricing patterns such as asymmetric pricing\* may mitigate or reduce this behaviour.

An approach that allows the BCUC to strategically target areas of concern from across the province, perform in-depth analyses on those areas (including detailed audits of the retail stations), and report back to the public, would result in higher quality outcomes than an approach that prioritizes the volume of data collected.

The BCUC remains confident that a strategic approach to ongoing retail fuel data collection, coupled with the potential for retail station audits, strikes an appropriate balance between the costs and benefit of reporting.

\*Price asymmetry occurs when retail prices respond more quickly and at a greater magnitude to increases in the wholesale price of fuel than they do to decreases in wholesale prices.



## BCUC Recommendations

Based on the results of the Retail Pilot, and having given due consideration to feedback received on the Public Report, the BCUC's final recommendations to the Minister remain largely consistent with our initial proposals and are as follows:

### Retail Purchase Data

- Enhancing the wholesale reporting requirements in the FPT Regulation to require wholesale fuel marketers to submit to the BCUC, on a monthly basis, information on the price and volume of fuel they supply to each of their retail station customers and where this fuel is sourced.
- Not requiring retail stations to regularly report data on their fuel purchasing activities to the BCUC.

### Retail Market Characteristics

- Requiring all retail dealers in the province to complete a simple survey each year on general retail station information including, among other things, pump services, site amenities, and ownership structure for each retail station under their control.

### Retail Sales Data

- Combining data from wholesalers (retail shipments), third-party data service providers, and other publicly available sources with data collected from retail dealers in an annual survey.
- Implementing a strategic and customizable approach to retail fuel data reporting, focusing on market aspects that are not explained by wholesaler and publicly available information.
- Gathering input from industry participants to ensure additional reporting requirements are consistent with common industry standards.

### Who Should Report

- Requiring "retail dealers" to report fuel data to the BCUC.
- Aligning the definition of retail dealer in any future retail regulations with the definition used in the existing FPT Regulation.
- Exempting fuel types from reporting that are exempt under BC's *Motor Fuel Tax Act* and *Carbon Tax Act*.
- That the provincial government engage with Indigenous communities and their governments to work collaboratively on developing reporting requirements for Indigenous-owned retail stations and retail stations located on Indigenous lands.
- Allowing the BCUC flexibility to determine who should report if no specific exemptions or exclusions are prescribed in regulation.

### 3.0 Public Engagement

To obtain feedback, the BCUC hosted three online public workshops, circulated a public survey, encouraged the public to submit letters of comments, and engaged in outreach calls to selected retail pilot participants. The feedback received was incorporated in the BCUC’s recommendation to the Minister regarding the future reporting requirements for companies in the BC fuel industry.



#### Public Workshops

Following issuance of the Public Report on February 4, 2022, the BCUC hosted three online public workshops to provide more information on its proposed recommendations.

These workshops included a presentation by BCUC staff and offered attendees the opportunity to ask questions and provide comments on the Public Report. In total, 30 people attended the workshops.

The majority of participants represented fuel wholesalers and retailers. Based on responses from surveys during the webinars, attendees were evenly split on characterizing the BCUC’s proposed recommendation for the ongoing reporting of retail fuel data as an adequate level or as too much reporting.

Further, attendees on the whole were neutral, or chose a three out of a one to five scale, on the BCUC’s proposed strategic approach to requiring reporting from retail stations located in areas of identified concern.



#### Survey Responses: Feedback on BCUC’s Proposed Recommendations

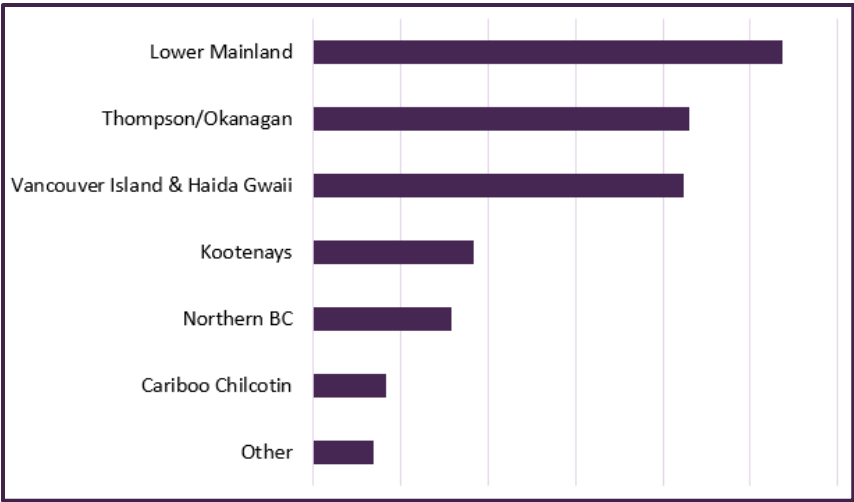
Following the public workshops, the BCUC issued a survey to gather feedback from the public on its proposed recommendations to the BC government.

This survey was circulated and made available on the BCUC website, [GasPricesBC.ca](https://gaspricesbc.ca), from February 25, 2022 to March 11, 2022.

In the survey, the BCUC summarized its proposed recommendations and asked the respondents whether they supported the proposed measures.

The BCUC received 975 responses. The majority of the respondents were located in the Lower Mainland, Vancouver Island and Haida Gwaii, and the Thompson and Okanagan regional districts (Figure 1).

**Figure 1 – Regional Demographic of Survey Respondents**



The results from the survey are as follows, with the majority agreeing with the BCUC's recommendations.



79% of respondents agreed with the BCUC recommendation to collect retail shipment information from the wholesale fuel marketers selling to the retail market, rather than from the individual retail stations purchasing the fuel.



84% of respondents also agreed with the BCUC recommendation to require all retail dealers in the province to complete a simple survey each year on general retail station information including, among other things, pump services, site amenities, and ownership structure.



Further, 85% of respondents supported the BCUC in auditing the financial or operational activities, regulatory compliance, and the accuracy of fuel data that retail dealers submit to the BCUC.



Respondents were almost evenly split (51% against versus 49% in support) on the BCUC's recommendation to align the reporting requirement exemptions with the exemptions for the BC motor fuel and carbon tax.

The BCUC also sought feedback on its proposed recommendation that retail dealers be required to regularly report data to the on their sales to retail customers.

As explained under the Retail Sales Data section on page 12 of the [Public Report](#), the BCUC presented the following three approaches to collecting retail sales data.



Option 1 – Collecting daily retail sales data from all retail stations on a monthly basis;



Option 2 – Collecting daily retail sales from a rotating representative sample of retail stations on a monthly basis; and



Option 3 – Requiring targeted reporting from retail dealers in certain, strategically selected parts of the province, supported by third-party data and retail station audits for selected retail dealers.

In respect to the three proposed options for collecting retail sales data from retail stations, respondents were given a summary of the costs, benefits, and designs of the three proposed options and asked to rank them from most to least preferable.

Respondents were also informed that the BCUC recommended Option 3. The results show that the majority of the respondents preferred Option 1, followed by Option 2, then Option 3.

In the same survey, respondents were also provided the opportunity to provide their comments on (i) other possible approaches to data collection and (ii) any costs and benefits associated with ongoing data collection the BCUC did not consider in its draft report.

Respondents largely commented that there is a need to explain and reduce the high levels of taxation applied to gasoline and diesel fuel and the cost that regulation on the fuel industry adds to the price paid at the pump. Respondents also identified a need to further investigate potential 'price gouging' and other pricing behaviours at a regional level.



## 6

### Letters of Comments



The BCUC also invited written letters of comment on the Public Report from February 4, 2022 until February 28, 2022. The BCUC received six letters of comments from members of the public and participants in the retail fuel market.

Individual members of the public submitted letters expressing an interest in

receiving more information on the fuel market, primarily regarding fuel supply, taxation, and competition between retail stations.

In their letters, 7-Eleven Canada, Inc., Shell Canada Limited, and Cenovus Energy stressed the costs of ongoing reporting and the need for commercially sensitive information to remain confidential pursuant to [Order G-14-22](#).



### Outreach Calls to Retail Pilot Participants

The BCUC contacted a few select Retail Pilot participants to better understand their experience during the data collection period, as well as to solicit their feedback on the BCUC's proposed recommendations to government.

While some of the participants said they found the monthly reports submitted to the BCUC easy to complete, others found monthly reporting to be burdensome, especially since it coincided with constraints and additional requirements stemming from the COVID-19 pandemic.

There were mixed opinions regarding the proposed recommendation that the provincial government separately engage with Indigenous communities and their governments to develop reporting requirements for Indigenous owned retail stations and retail stations located on Indigenous lands.

While some retail stations indicated strong support for such an approach, others felt that reporting requirements should be consistent for all retail market participants.

The majority of the contacted stations supported the following BCUC proposed recommendations:



Requiring wholesale fuel marketers to report to the BCUC the fuel products sold monthly, as opposed to requiring retail station dealers to report on their fuel purchasing activities monthly;



Option 3, which would require targeted reporting from retail dealers in certain, strategically selected parts of the province, supported by third-party data and retail station audits from the BCUC; and



Excluding fuels exempt from BC's *Motor Fuel Tax Act* and *Carbon Tax Act* from ongoing reporting.



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