

Fuel Price Transparency Act

Consultation Paper

The purpose of this Consultation Paper is to inform stakeholders that are involved in the gasoline and diesel fuel business (refining, processing, distribution and retailing) in British Columbia regarding the Government's intentions to develop a data collection and reporting program pursuant to the [Fuel Price Transparency Act](#) (the Act). The consultation process is intended to provide relevant background information and solicit comments for consideration when drafting a regulation under the Act that would define the data that would be collected and the frequency with which it would be reported.

1. Background

On May 21, 2019, the British Columbia Utilities Commission (BCUC) was directed by the BC Government to conduct an inquiry into gasoline and diesel prices in British Columbia. The BCUC made the following key findings¹:

- There is an unexplained difference of approximately 6-13 cents per litre in wholesale gasoline prices between Southern BC and its Pacific Northwest cost comparator;
- Only 5% of gasoline sold in BC is imported from the Pacific Northwest, yet that drives the price for all wholesale gasoline. This is the most expensive gasoline entering the BC wholesale market;
- The wholesale market for gasoline in BC is not truly competitive with high market concentration levels, high barriers to entry, and wholesalers' ability to influence prices. Retail market prices are also susceptible to control by five refiner-marketers;
- There is no evidence to suggest that there is collusion among the retail operators nor is there evidence of cartel behavior; 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 Columbia consumers.

The findings from the BCUC Report¹ underlined the need for policy action by the Government. In response, the Government has been investigating appropriate policy tools and mechanisms to support competitiveness in the fuel market and address British Columbians' concern over fuel prices.

The Act was enacted by Bill 42, 2019 to improve transparency on the factors that impact retail

¹ https://www.bcuc.com/Documents/Proceedings/2019/DOC_55251_BCUC-Inquiry-Gasoline-Diesel-Report-FINAL-web.pdf

prices at fuel pumps in BC, to create greater competitiveness in the fuel market, and to provide more detailed fuel market data and information for consumers.

The Act enables the collection and publication of information about the fuel market in British Columbia. The Act also enables the Lieutenant Governor in Council to make regulations that require periodic submissions of information about the gasoline and diesel market by certain people or companies who process, refine, store, transport, market or supply gasoline, diesel or other prescribed fuels. On March 4, 2020, the BCUC was designated the Administrator of the Act.

As the Administrator, the BCUC has the authority to collect information within the scope of the Act and publish information that will promote the competitiveness of the market for reportable fuels and promote public confidence in the competitiveness of that market. The planned regulation would enable the BCUC to collect key information about the fuel market and publish data on a regular and timely basis. Information gathered from reporting companies will be protected. The information will be published if the Administrator is satisfied that (i) the protected information will not be disclosed or (ii) the public interest in the protected information that will be disclosed outweigh the potential harm to the private interests, in accordance with section 9 of the Act and principles of administrative fairness.

The BCUC is an observer in this consultation to gain direct insight into the issues raised by industry and Government's perspective.

Part 3 of the Act enables the Administrator to make requests for data submissions within the scope of the Act but outside of what may be prescribed under the planned regulation.

2. Objectives of the Regulation

This paper seeks feedback from stakeholder companies on the design of the proposed regulation. Three objectives have guided the development to date (summarized in Figure 1):

- I. Provide greater transparency on the factors that impact the price at the fuel pumps.
- II. Increase public confidence in the competitiveness of the market.
- III. Provide the province, businesses, and academia with more valuable and detailed fuel data to promote evidence-informed decision-making.

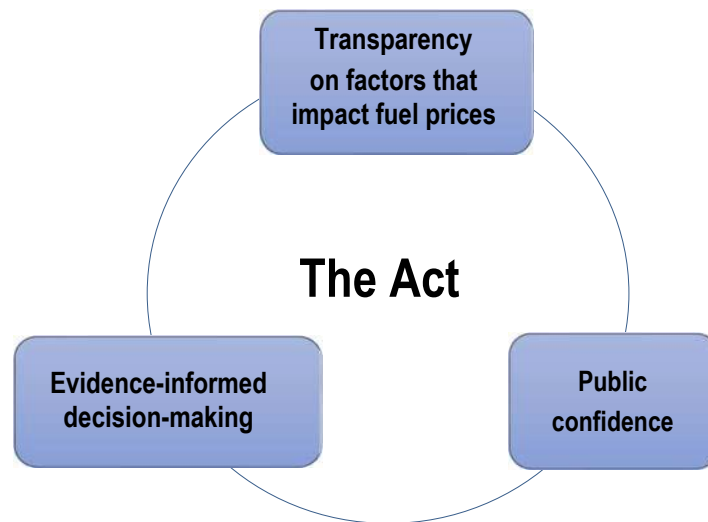


Figure 1. Main objectives of the proposed regulation

3. How it would work

Public reporting on critical elements of the fuel market have been applied in different jurisdictions (e.g., [Washington State](#), Oregon, New Zealand) to achieve a range of public policy goals including providing a base of information for the government to decide on further actions, and to provide confidence in the competitiveness of the market.

The proposed regulation would require timely reporting of information in relation to the processing, refining, storing, transporting, marketing, or supplying of gasoline, diesel or other prescribed fuel to the BCUC by any person or company participating in these activities. This would allow for the public release of some or all the information gathered through the reporting process.

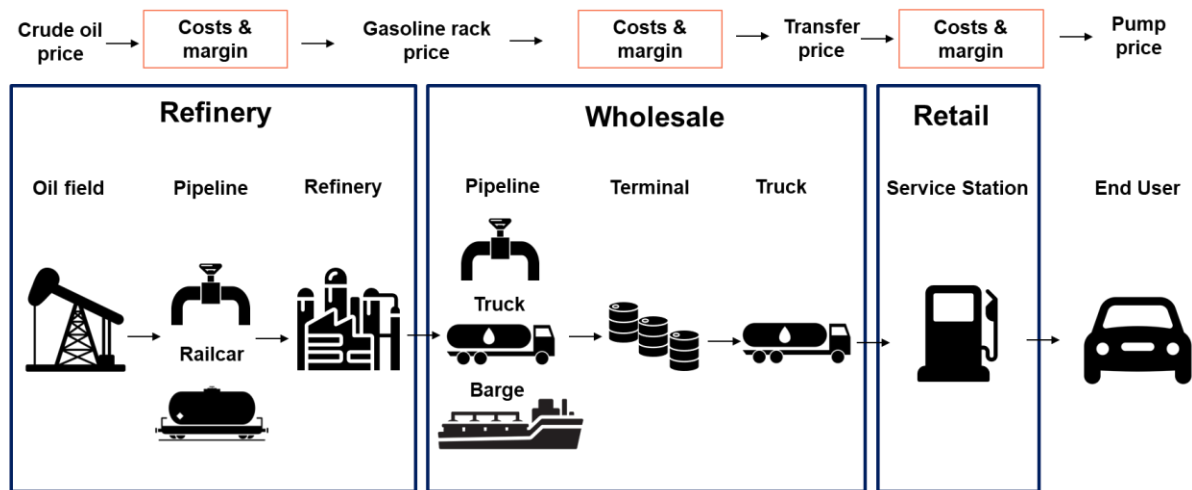


Figure 2. BC’s fuel market monitoring data by the production chain

Fuel data the Administrator collects through the proposed regulation is divided into categories in the production chain depicted in Figure 2.

Gasoline and diesel are refined products produced from crude oil. After crude oil is extracted, it is sent to a refinery where it is refined into gasoline, distillates such as diesel fuel and heating oil, jet fuel, and other products. Refined products are transported to storage terminals where they are stored and blended with brand-specific performance and efficiency enhancing additives, as well as ethanol in accordance with government regulations. From terminals, gasoline and diesel are transported to gas stations and cardlocks as well as other end-users.

There are two refineries in BC, located in Burnaby and Prince George. The capacity of these two refineries account for about 30% of BC gasoline demand. The remaining 70% of gasoline demand is met by imports. BC relies on refined diesel and gasoline imported from Alberta and the US Pacific Northwest.

Imported fuel from outside of BC is required to meet the Canadian and BC fuel regulations. North American gasoline and diesel producers and importers are required to mix renewable fuels with gasoline and diesel, which generally occurs at the terminal level. Any costs associated with regulatory requirements would be expected to be observed in the wholesale price.

Crude oil is imported via pipeline and rail to local refineries. A web of pipelines, railways, shipping routes and highways is used to distribute gasoline and diesel from refineries to terminals. Primary distribution terminals receive petroleum products into their inventories

from refineries via pipeline, rail car, marine ship/barge and then discharge the products onto trucks, ships, or rail cars to be delivered to end-use customers, or to be re-distributed to secondary terminal facilities.

Government intends to require the submission of the fuel data listed below to the BCUC. Further detail on this list is included in Appendix 1 of this consultation paper.

I. Refiner – understand the production, operations, and costs of refineries

- a. Refiner production and sales volumes in BC
- b. Feedstock crude oil volumes and costs
- c. Primary terminal processing/blending, sales, and inventory volumes in BC
- d. Rack and spot prices in Pacific Northwest, BC, and Alberta
- e. Discounts to rack price

II. Wholesaler and Transporter – understand the operations, costs, and product flow of wholesalers and transporters

- a. Rack and spot prices in Pacific Northwest, BC and Alberta
- b. Pipeline, barge, rail, and trucking costs and volumes
- c. Refined product imports and exports in BC (e.g., origin source, destination)

III. Retailer – understand the components that may influence the retail price; monitor retail prices and competitiveness of the market

- a. Retail prices
- b. Volumes sold at each price
- c. Costs to acquire fuel for sale

4. Implications and Risks

Depending on the level of detail to be collected, implementation of the proposed regulation could result in sizeable administrative demands on both industry and government. The BCUC has been designated as the Administrator of the Act under regulation and will be responsible for determining what will be published and in what form based on the data that is collected under the terms of the proposed regulation.

Given the small number of market participants in the refining and fuel wholesale sectors, care is required to protect commercially sensitive information gathered through this process while still allowing for meaningful public reporting and policy analysis. The collection and publication of this information could become an area of public focus.

The proposed regulation will provide companies the opportunity to indicate what information is commercially sensitive to them and could therefore merit protection as a trade secret. The Administrator has the power to decide on what to publish based on the balance of public interests and its objectives pursuant to section 9 of the Act. The Administrator must weigh the benefits of public confidence and transparency against the impacts to industry from publishing the information. Companies will have the opportunity to have their concerns heard and recorded by the Administrator. The Administrator will make a final decision to accept or deny a company's request.

5. Providing Inputs

To minimize administrative costs, this consultation paper seeks input to ensure that the data collected is targeted at the legislative objectives of the Act and that practical considerations of data availability and collection are well understood. The proposed set of fuel data the Administrator intends to require submission of is provided in Appendix 1 of this paper. Stakeholder companies are invited to provide feedback on the following based on the proposed fuel data to be collected:

Questions to reporting entities are noted below and summarized in Appendix 2:

Q1. Do you currently collect any or all of the fuel data set out in Appendix 1?

- a.** If yes, specify which part(s) are currently being collected. How frequently do you collect this data (e.g., daily, weekly, monthly, annually)?
- b.** Is the data collection manual or automated?
- c.** What is the time lag between when the data point occurs and when it would be available to report (e.g., daily sales are available one week after that date)?

- d. What are the expected costs associated with the time and effort to collect and report the proposed data?
- e. If it is not possible to collect this information, please explain why.

Q2. Do you currently report this type of data to another government agency? Please specify the type of data being reported (including examples), reporting requirements, purpose of reporting, and who receives the report.

Questions to reporting entities and other stakeholders:

Q3. What concerns, if any, do you have regarding the public disclosure of this type of fuel data and why? Do you have any suggested reporting methods to mitigate these concerns (e.g., by aggregating or anonymizing data, etc.)?

Q4. Based on the goals of the Act and the proposed fuel data to be collected, are there any of the proposed elements of fuel data that should not be collected? Specify the type of data and explain why.

Q5. Based on the goals of the Act and the proposed fuel data to be collected, are there other types of data which could be collected that have not already been identified? Please specify.

6. Exclusions and inclusions of the reporting entities under the Act

The Act allows for regulations that establish criteria for which entities are to be excluded from reporting requirements under the Act. Volume and circumstance-based exclusion limits are currently under consideration for inclusion in the proposed regulation as set out in the following table.

Table 1: Exclusions by type of company and volume

| Type of Company | Volume threshold in any month of the current year or in any month of the previous calendar year |
|------------------------------|--|
| Petroleum Products Exporters | Exports less than 672,000 litres of any reportable fuel |
| Petroleum Products Importers | Imports less than 672,000 litres of any reportable fuel or imports less than 4000 litres of a non-BC fuel delivered to a retail or storage site in BC by tanker trucks |
| Petroleum Products Marketers | Sells less than 672,000 litres of a reportable fuel, excluding sales to service stations or truck stops |
| Petroleum Products Storsers | Stores less than 1,680,000 litres of any reportable fuel |

| | |
|---------------------------------|--|
| Petroleum Products Transporters | Transports less than 672,000 litres |
| Refiners | All, no volume limit |
| Retail Fuel Outlet | All reportable fuel sold at a metered station, no volume limit |

Table 2: Exclusions by type of activity

| |
|-----------------------------|
| Type of Activity |
| Emergency road side service |
| Fleet self-fueling |
| Commercial cardlock fueling |

Q6. The intent of the exclusions is to only capture those entities that are refining, importing, storing, transporting and selling gasoline and diesel and limit the scope of data collection to only what is necessary. If you think an entity should be excluded, do the proposed exclusions work? If not, what volume thresholds should be used to ensure that the Act only applies as intended?

Q7. The exclusions are also there to remove the possibility of unintended parties/activities being subjected to the regulation (e.g., emergency road side service, fleets with their own pumps etc.). Are there any cases like this that should be considered for exclusion?

Q8. The Act allows exclusion of products that may unintentionally be captured (e.g., naphtha, blending agents). What are some products that should be considered for exclusion?

Responses to this Consultation Paper are being solicited for up to three weeks following publication.

The discussion questions included in this Consultation Paper are designed to gather input on key points which will guide implementation of the Regulation. The discussion questions are not intended to limit the scope of stakeholder company consultation. Comments on all aspects of the implementation of the proposed regulation are welcome.

Comments received during the consultation process will be treated confidentially by Ministry staff. However, please note that comments you provide and information that identifies you as the source of those comments may be publicly available if a Freedom of Information (FOI) request is made under the *Freedom of Information and Protection of Privacy Act*. Each FOI request will be evaluated and consultations with the providers of comments would occur before any information is released.

Interested parties are invited to submit comments in writing to:

Email: Geoff.Turner@gov.bc.ca

Mail:

Fuel Price Transparency Act
Economics and Market Development Branch
BC Ministry of Energy, Mines and
Petroleum Resources
PO Box 9314 Stn Prov Govt
Victoria BC V8W 9N1

Thank you for your time and consideration.

Appendix 1: Data Reporting

The detailed reporting framework outlined below is intended to achieve the objectives of the Act. Generally, the outcomes that government expects to achieve by requiring submission of each piece of fuel data are as follows:

- transparency on factors that affect fuel prices
- public confidence
- evidence-informed decision-making (EIDM)

Table 1 – Framework and reporting parameters

| Supply chain | Affected parties | Reporting parameters | Outcome |
|--|--|---|---|
| Refining | Refiners | Acquisition price, sale price, refinery production volume, sales volume, refining capacity | EIDM; public confidence; transparency to the public |
| Processing, Wholesaling, Storing, Transporting | Primary and bulk terminal operators, wholesalers, transportation companies | Acquisition price, sale price, processed production volume, utilization levels, sales volume, tank capacity, inventory levels, available capacity, transportation volumes and costs | EIDM; public confidence; transparency |
| Retailing (marketing and supplying) | Retailers | Acquisition price, sale price, sales volume, inventory level, ownership | EIDM; public confidence; transparency |

1. Refiner Reporting

Purpose: Understand production and operations of refineries. Understand the costs associated with making crude oil into refined products.

Table 2 – Refiner – refining, processing, and transporting

| Data | Data Frequency | Reporting Frequency |
|---|-----------------------|----------------------------|
| Refinery operations | | |
| Operating hours | Monthly | Annually |
| Maximum capacity | Monthly | Annually |
| Crude oil feedstock | | |
| Price and volume purchased | Daily | Monthly |
| Source (company, location) | Daily | Monthly |
| Method and cost of transportation | Daily | Monthly |
| Reportable fuel | | |
| Production volume | Daily | Monthly |
| Inventory volume | Daily | Monthly |
| Age of inventory | Daily | Monthly |
| Days inventory on hand | Daily | Monthly |
| Ending inventory | Daily | Monthly |
| Price and volume sold | Daily | Monthly |
| Sale destination (company, location) | Daily | Monthly |
| Rack Price (price and time set) | Daily | Monthly |
| Discounts or premium to rack price | Daily | Monthly |
| Contract types; (take or pay provisions, volume discounts or premiums, purchase incentives, cash rebates) | Daily | Monthly |

2. Wholesaler and Fuel Transporter Reporting

Purpose: Understand the operations and costs of terminals. Understanding product flow and transportation costs. Understand the competition levels of terminals.

Table 2 – Wholesaler - storing, processing, and transporting

| Data | Data Frequency | Reporting Frequency |
|--|----------------|---------------------|
| Reportable fuel purchased | | |
| Price and volume purchased | Daily | Monthly |
| Source (company, location) | Daily | Monthly |
| Method and cost of transportation | Daily | Monthly |
| Rack price (price and time purchased) | Daily | Monthly |
| Discounts or premium to rack price | Daily | Monthly |
| Contract type; (take or pay provisions, volume discounts or premiums, purchase incentives, cash rebates) | Daily | Monthly |
| Blending operations | | |
| Blending capacity | Monthly | Annually |
| Cost of LCFS credit purchase | Daily | Monthly |
| Inventory and capacity | | |
| Inventory volume | Daily | Monthly |
| Age of inventory | Daily | Monthly |
| Days inventory on hand | Daily | Monthly |
| Ending inventory | Daily | Monthly |
| Transloading facility capacity | Monthly | Annually |
| Physical maximum capacity | Monthly | Annually |
| Terminal for loading (capacity) | Monthly | Annually |
| Terminal for unloading (capacity) | Monthly | Annually |
| Tank Heel | Monthly | Annually |
| Net Usable Capacity | Monthly | Annually |
| Reportable fuel sold | | |
| Price and volume sold | Daily | Monthly |
| Sale destination (company, location) | Daily | Monthly |
| Method and cost of transportation | Daily | Monthly |
| Transfer price (price and time purchased) | Daily | Monthly |
| Discounts or premium to transfer price | Daily | Monthly |
| Contract type; (take or pay provisions, volume discounts or premiums, purchase incentives, cash rebates) | Daily | Monthly |

3. Retailer Reporting

Purpose: Understanding the components that may influence the retail price. Monitoring retail prices and public confidence in the market. Understanding retail pricing by regions.

Table 3 – Retail – marketing, supplying and transporting

| Data | Data Frequency | Reporting Frequency |
|--|-----------------------|----------------------------|
| Reportable fuel purchase | | |
| Price and volume purchased | Daily | Monthly |
| Source (company, location) | Daily | Monthly |
| Method and cost of transportation | Daily | Monthly |
| Discounts or premium to transfer price | Daily | Monthly |
| Contract type; (take or pay provisions, volume discounts or premiums, purchase incentives, cash rebates) | Daily | Monthly |
| Inventory and capacity | | |
| Inventory volume | Daily | Monthly |
| Age of inventory | Daily | Monthly |
| Days inventory on hand | Daily | Monthly |
| Ending inventory | Monthly | Monthly |
| Ownership of inventory | Monthly | Monthly |
| Number & capacity of above and underground storage tanks | Monthly | Annually |
| Reportable fuel sold | | |
| Price and volume sold | Daily | Monthly |
| Retail operations | | |
| Operating hours | Monthly | Annually |
| Ownership designation (company, franchise, independent, branded or unbranded retailer) | Annually | Annually |
| Pricing method | Monthly | Monthly |
| Property assessment | Annually | Annually |
| Municipality | Annually | Annually |
| Local Tax Authority | Annually | Annually |

4. Imports, Exports Reporting

Purpose: Assist government with policy, for example, whether BC is exporting supply to other destinations at the cost of BC consumers.

Table 5 – Exports

| Data | Data Frequency | Reporting Frequency |
|--------------------------------------|-----------------------|----------------------------|
| Reportable Fuel | | |
| Price and volume purchased or sold | Daily | Monthly |
| Method of transportation and cost | Daily | Monthly |
| Source (company, location) | Daily | Monthly |
| Sale destination (company, location) | Daily | Monthly |

Appendix 2: Discussion Questions

Q1. Do you currently collect this type of data?

- a. If yes, specify which part(s) are currently being collected. How frequent do you collect this data (e.g., daily, weekly, monthly, annually)?
- b. If yes, what is the time lag between when the data point occurs and when it is available (e.g. daily sales are available one week after that date).
- c. If not, what costs are associated with the time and effort of collecting the proposed data?
- d. If it is not possible to collect this information, please explain why.

Q2. Do you currently report this type of data to another agency? Please specify the type of data being reported (including examples), reporting requirements, purpose of reporting, and who receives the report.

Questions to reporting entities and other stakeholders:

Q3. What concerns, if any, do you have regarding the public disclosure of this type of data and why? Do you have any suggested reporting methods to mitigate these concerns (e.g., by aggregating or anonymizing data, etc.)?

Q4. Based on the goals of the Act and the proposed data to be collected, are there any types of data that should not be collected? Specify the type of data and explain why

Q5. Based on the goals of the Act and the proposed data to be collected, are there other types of data which could be collected that have not already been identified? Please specify.

Q6. The intent of the exclusions is to only capture those entities that are refining, importing, storing, transporting and selling gasoline and diesel and limit the scope of data collection to only what is necessary. If you think an entity should be excluded, do the proposed exclusions work? If not, what volume thresholds should be used to ensure exclusivity?

Q7. The exclusions are also there to remove the possibility of unintended parties being subjected to the regulation (e.g. emergency road side service, taxi companies with their own pumps etc.). Are there any other cases like this that should be considered for these exclusions? What volumes or stipulations would help exclude these cases?

Q8. The Act allows exclusion of products that may unintentionally be captured (e.g. naphtha, blending agents). What are some products that could be excluded?