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Public Utilities Board
Petroleum Pricing Review
PO Box 21040
Confederation Building
St. John's, NL
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Delivered by email: ppreview@pub.nl.ca

Re: Consultation response to the 2022-2023 Petroleum Products Pricing Review – Phase 1

I am writing on behalf of the Canadian Fuels Association¹ (CFA) to express our views on the consultation process and provide comments on Phase 1 of the 2022-2023 Petroleum Products Pricing Review (PPPR).

CFA represents Canada's transportation fuels industry and employs more than 111,000 Canadians at 15 oil refineries, 75 fuel distribution terminals and 12,000 retail and commercial sites including North Atlantic in Newfoundland and Labrador. CFA members contribute over \$9 billion to Canada's GDP annually.

Our Association enjoys a track record of over 30 years working productively with federal and provincial governments and are recognized by governments across Canada as the 'go-to' source of industry information and technical expertise. CFA supports the goal of moving toward a net zero environment and has published its views in [Driving to 2050](#).

CFA understands this PPPR is a longer-term process and is in addition to the more immediate short-term review of the federal Clean Fuel Regulations. We acknowledge that the twelve items identified for consultation are substantive and will serve as a solid basis for the review process. Furthermore, individual member companies are likely to have specific interests that would be shared with Public Utilities Board (PUB) on an individual company basis.

Overall, we recommend the goal and principle to guide the PUB would be to have revised regulations that are fair, reliable, predictable and are transparent to all stakeholders including the public and industry.

It is also important for this PPPR to not detract from the provincial review of the impending federal Clean Fuel Regulations July 1 compliance deadline.

Meeting the CFR deadline will require a timely and priority response. To address the complexities of CFR, it is important to ensure PUB has the authority to implement independent pricing adjustments that

¹ Canadian Fuels members: Federated Co-operatives Limited, Greenenergy, Imperial Oil Limited, Irving Oil, North Atlantic, North West Redwater Partnership, Parkland Corporation, Petro-Canada Lubricants Inc., Shell Canada Products, Suncor Energy Products Partnership, Tidewater Midstream and Infrastructure Ltd. and Valero Energy Inc.

may severely impact the province and its consumers as noted in the ECCC CFR Regulatory Impact Assessment Statement.

Since fuels providers' obligations begin in a few months, it is imperative PUB has the authority to make regulated market responses to ensure fuel suppliers are able to recover the costs of compliance and in turn support ongoing supply security.

CFA recommends that provincial regulations introduce a CFR adjuster in the calculation of its weekly published gasoline and diesel prices. As the Gardner Pinfold July 2022 report summarizes, a CFR adjuster can be tracked, incorporated and flowed through to regulated retail prices using a clear, fair and transparent formula.

As well, introducing a market adjuster to address extraordinary adjustments resulting from additional market fluctuations will be an important inclusion for consideration in the PPPR.

CFA also recommends that PUB be equipped with sufficient regulatory authority and scope to deal with the complexities of the current and future dynamic marketplace due to influences and impacts of global and local issues, and federal and provincial environment regulations that apply pressure on the marketplace. It is apparent the substantial effects of current and additional environmental regulations will require regulators and pricing regulations to be nimble and able to adjust rapidly to the changing landscape.

The goal should be to ensure fairness to Newfoundlanders and Labradorians as well as complying transportation fuel producers and suppliers while ensuring an ongoing reliable supply of petroleum products.

Finally, as noted in the Consultation Document "there is no sustained pricing advantage in regulated jurisdictions compared to unregulated jurisdictions", CFA questions the value of continuing with a regulated market as opposed to the advantages of reverting to a competitive marketplace.

Thank you for the opportunity to share our industry views as part of the PPPR consultation and I look forward to participating in the next steps of the process.

Sincerely,



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