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Regulatory & Appeals Commission
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Interrogatories of Commission Staff

TO: Signal Energy Consulting

FROM: Cheryl Bradley, Acting Director of Finance & Regulatory Affairs

DATE: September 2, 2026

RE: Petroleum Products Benchmark, Pricing and Margin Review (2025)

DOCKET: PMC25-01

The Island Regulatory and Appeals Commission (the "Commission"), in assessing the Petroleum Products Benchmark, Pricing and Margin Review (2025) report prepared by Signal Energy Consulting, requests responses to the following interrogatories:

1. Given the use of consignment sales arrangements in the petroleum industry and the relationship between wholesalers and retailers, is the continued use of the Commission's current margin framework still valid? Please provide a detailed response including the following:

    a. An explanation of how consignment sales in the petroleum industry work.

    b. An explanation of how ownership of petroleum products and fuel pump infrastructure may be structured under consignment arrangements verses typical ownership models.

    c. Based on the information available to Signal Energy Consulting, please discuss the extent to which PEI petroleum wholesalers and retailers are operating under consignment sale agreements.

    d. Please provide, with any supporting documentation available, the extent to which consignment sales have grown in PEI's petroleum industry over time.

    e. A discussion of the impact consignment sales has on PEI's existing margin framework.

    f. An explanation of how consignment sales impact wholesalers and retailers, including how the available margin may be shared between the parties under consignment arrangements.

g. A discussion on the impact consignment sales has on PEI's current margins and whether consignment sales might necessitate an adjustment of the current margins.

2. To what extent was Signal Energy Consulting's initial report and analysis limited by lack the of data, particularly around acquisition cost, from the petroleum industry operating on PEI? Please provide a detailed response, including the following:

    a. An explanation of why wholesalers and retailers may not have freely shared acquisition cost data for Signal Energy Consulting's analysis of the current benchmark and margins.

    b. An explanation of how the acquisition cost information received was considered in Signal Energy Consulting analysis, including whether the information identified any material differences between acquisition costs and rack prices.

    c. An explanation of the significance of acquisition costs in the overall pricing of petroleum products and whether the lack of completed acquisition cost information represents a material gap in the analysis.

    d. An analysis on the risk associated with accepting recommendations with respect to benchmarks and margins without access to acquisition cost data from the petroleum industry.

    e. An explanation of Signal Energy Consulting's level of confidence in conclusions and recommendations made without access to acquisition data.

    f. A discussion of the implications of delaying a decision on the recommended margins until more complete acquisition cost information is available, including whether there is a reasonable expectation that materially better information would be available during a future margin review.

3. To what extent was Signal Energy Consulting's initial report and analysis limited by lack of data, particularly with regard to margin information? Please provide a detailed response, including the following:

    a. An explanation of the overall impact that the lack of data could have had on the final recommendations for both benchmark pricing and margins.

    b. Whether the level of participation by industry in this review provides any indication as to whether the existing wholesale or retail margins are appropriate. Please explain.

    c. The feasibility of a zero-based margin review to analyze the Commission's current assumptions and margins for petroleum rack prices, margins for wholesalers and retailers.

    d. Whether Signal Energy Consulting recommends that the Commission undertake a zero-based margin review and the reasons for that recommendation.

   e. If the Commission were to change its benchmark pricing methodology, please explain how the existing wholesale and retail margins would typically be addressed, including whether a change in methodology would require margins to be established on a zero-based approach.

4. The Commission has observed promotions that offer consumers discounts that may exceed the approved wholesale or retail margin. Please explain how promotions of this nature are generally structured and funded. Please provide a detailed response, including the following:

   a. A discussion of how the costs associated with promotional discounts may be shared between wholesalers, retailers and third parties, and whether retailers are generally expected to absorb the full or partial cost of the discount.

   b. How costs associated with promotions are currently being structured in the petroleum industry, specifically with regard to the transition toward consignment sales?

5. Based on Signal Energy Consulting's review of the Commission's petroleum pricing model and processes, please discuss whether there are additional tests or information the Commission could reasonably use to assess the ongoing reasonableness of rack prices and benchmark pricing. Please provide a detailed response, including the following:

   a. The market information or other sources that may reasonably be used to assess the reasonableness of rack prices and benchmark pricing.

   b. Whether comparisons with petroleum pricing in other regulated jurisdictions may be useful and, if so, which jurisdictions would be most relevant to PEI and any limitations that should be considered when making those comparisons.

   c. The usefulness of market data sources, including OPIS, in assessing the reasonableness of rack prices and benchmark pricing.

   d. Whether Signal Energy Consulting recommends any additional monitoring, testing or verification of rack prices or benchmark pricing and, if so, please explain the recommended approach.

The Commission requests responses to these interrogatories on or before September 18, 2026.

Additional interrogatories may follow.

Cheryl Bradley

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Prince Edward Island Regulatory & Appeals Commission