

IR RESPONSES

IR Responses – Exhibit C-6 (CICC) – Petroleum Products Benchmark, Pricing, and Margin Review (2025)

Prepared For:
Island Regulatory and Appeals
Commission

September 8th, 2026

Prepared By:
Signal Energy Consulting
Jason Parent



Introduction

Regarding PMC25-01, Signal Energy Consulting ("Signal") filed a report and recommendations with the Island Regulatory and Appeals Commission ("IRAC" or "the Commission") on March 31, 2026 (Exhibit C-1). In addition, Signal responded to Commission Staff's interrogatories (IRs) related to that report (Exhibit C-3).

I have attached Signal's responses to the Convenience Industry Council of Canada's (CICC) interrogatories (CICC-1 to CICC-4, dated July 29, 2026) in reference to those filings.

Responses to Interrogatories

September 8, 2026

To: Convenience Industry Council of Canada (CICC).

From: Jason Parent, Signal Energy Consulting

Signal Energy Consulting (CICC) IR-1 September 8, 2026

Preamble:

In responding to Commission Staff IR-6 at page 9, Signal identified potential advantages and disadvantages associated with eliminating the minimum retail price but did not recommend any change to that aspect of Prince Edward Island's pricing framework.

Question:

Please identify studies, empirical evidence, regulatory reviews, economic analyses, or other information relied upon in formulating your IR-6 response. If Signal relied only upon its professional judgment and experience, please confirm.

Response:

Generally, the response to Commission Staff IR-6 was based on my professional judgment, project-related experience, and general knowledge of how regulated (price) markets typically function.

Question:

Please confirm that Clean Fuel Regulations (CFR) compliance costs are embedded in rack prices and therefore directly captured under PEI's rack-based benchmark.

Response:

Yes, compliance costs related to CFR are part of the operational expenses incurred by primary suppliers in PEI. They would therefore be captured (or embedded) in the rack prices posted by those same suppliers, and sufficiently accounted for in any rack-based benchmarks.

Question:

Has Signal previously stated in other proceedings that administratively-determined CFR compliance cost adjustments under NYH-based benchmarks exhibit volatility, require periodic recalibration, and have not consistently reflected actual marketplace CFR compliance costs? If yes, please confirm that these concerns remain valid.

Response:

I have made statements in other proceedings acknowledging that administratively-determined CFR compliance cost adjustments under NYH-based benchmarks can exhibit significant volatility, require periodic recalibration, and, in some cases, have not accurately/consistently reflected actual marketplace CFR compliance costs. I would agree that the concerns around these issues remain valid. In addition, the use of these types of CFR compliance cost adjustments in jurisdictions that do not rely on a rack-based benchmark has led to cases where an identified need to amend the derivation and methodology of these (CFR) adjustors has arisen in response to evolving markets and their specific regulatory challenges.

Preamble:

In Signal's report, it is recommended that "the Commission continue using a rack-based benchmark, without changes to its current approach" (p. 23). Signal's response to Commission Staff's IR-1 further states that current market conditions "do not affect the rationale for supporting a rack-based benchmark approach" and that the rack benchmark "minimizes potential disconnects between regulated and market pricing" (pp. 2–3).

Question:

Please confirm that Signal continues to support the Commission's current petroleum-pricing framework as described in its report and IR-1 response, including the continued use of a rack-based benchmark and the existing regulatory structure.

If Signal's view has changed in any respect since filing its report (March 31, 2026) or its responses to Commission Staff interrogatories (May 8, 2026), please identify the change.

Response:

Signal affirms the views expressed in its initial report and its response to Commission Staff IR-1 regarding support for the Commission's existing petroleum-pricing framework and the appropriateness of continuing to use a rack-based benchmark.