

Email To: Commerce Commission

Email From: Andrew Todd  
Phone [REDACTED]

Subject: Petrol Prices in Christchurch

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Hello,

I have phoned you a couple of times recently regarding the petrol prices in Christchurch and a new pricing structure across the market locally which seems to be driving prices up for the higher octane fuels.

I am 56 and I have been buying petrol for some time, noting the price differential between 91, 95 and 98 octane fuels. Up until recently the rule of thumb I have noticed is an increase of 8 – 12 cents per litre from 91 to 95 octane and the same or a similar difference between 95 and 98 octane fuel.

I drive a car which must use only 95+ octane, so this price differential is important.

Because BP has market dominance in the higher octane levels I have been using their sites for almost all my fuel requirements. I even joined their smartfuel programme to ensure I got the best value for money.

In the last couple of months, the price differential between octane levels has totally changed. At BP, the difference between 91 and 95 is regularly now 30+ cents per litre and the difference between 91 and 98 octane is often now 40+ cents per litre.

In my opinion, BP has taken the lead in changing the pricing structure in the market. Their absolute dominance in higher octane means that they have been able to drive up the price of 95 and 98 octane fuel across the market.

It always appeared as though petrol prices were based around 91 octane, with price increases consistent as the octane increased.

I would say that the market now set their base prices around 98 or 95 octane at a higher level than before and move prices downwards as the octane level reduces. This allows them to gain margin from higher octane to subsidise 91 octane users. They are ripping me off in order to try and stay competitive when selling 91 Octane to other users.

For some time, I have wondered whether this has just been a BP process as they dominate the 98 octane market in Christchurch, or is this becoming an industry wide process.

On 27<sup>th</sup> October I traveled around Christchurch noting fuel prices. I visited 56 sites, a combination of companies and some serviced and self service sites to see what price differential occurs across Christchurch. I don't believe I visited all sites, but think I probably captured around 80% of the market, certainly enough to generate some accurate information.

Note that not all stations sell all fuels, and with BP, although all sites sold 91 octane, only 3 sites also sold 95 and 98. Some sites just sold 91 and 95 while others just sold 91 and 98. Prices shown are per litre before loyalty programme discounts are applied

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**BP – 12 serviced sites visited**

91 Octane	\$2.139 – 8 sites
	\$2.179 – 4 sites
95 Octane	\$2.439 – 5 sites
	\$2.449 – 2 sites
98 Octane	\$2.519 – 6 sites
	\$2.529 – 2 sites

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**Mobil – 9 serviced sites visited**

91 Octane	\$2.079 – 8 sites
	\$2.139 – 1 site
95 Octane	\$2.329 – 8 sites
	\$2.389 – 1 site

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**Caltex – 7 serviced sites visited**

91 Octane	\$2.079 – 7 sites
95 Octane	\$2.199 – 7 sites

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**Z – 15 serviced sites visited**

91 Octane	\$2.079 – 15 sites
95 Octane	\$2.219 – 15 sites

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**Challenge – 4 serviced sites visited**

91 Octane	\$2.079 – 4 sites
95 Octane	\$2.189 – 1 site
	\$2.279 – 1 site
	\$2.299 – 1 site
	\$2.309 – 1 site

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**Allied – 1 serviced site visited**

91 Octane            \$2.059

95 Octane            \$2.179

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**NPD – 2 serviced sites visited**

91 Octane            \$2.079 – 1 site  
                         \$2.109 – 1 site

95 Octane            \$2.209 – 1 site  
                         \$2.299 – 1 site

100+ Octane        \$2.339 – 1 site

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**NPD – 2 self service sites visited**

91 Octane            \$2.039 – 2 sites

95 Octane            \$2.169 – 1 site

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**G.A.S. – 1 serviced site visited**

91 Octane            \$2.259

95 Octane            \$2.449

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**G.A.S. – 1 self service site visited**

91 Octane            \$2.089

95 Octane            \$2.229

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**Pak n Save Fuel - 2 self service sites visited**

91 Octane            \$2.079 – 2 sites

95 Octane            \$2.199 – 2 sites

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I find the situation with NPD to be interesting, given that they are just Mobil under a different banner.

The fact that NPD have recently opened the only other serviced site in Christchurch with 98+ octane and are selling it around 20 cents per litre cheaper than BP raises some questions about cross subsidies with other Mobil Sites.

I know that the Commerce Commission is currently looking at fuel prices across the country, so maybe this information is of some interest to you.

Sorry, I did not look at Diesel prices.

Regards,

Andrew Todd