

Title: Road fuels consultation IA No: RPC Reference No: Lead department or agency: Department for Energy Security and Net Zero (DESNZ) Other departments or agencies:	Impact Assessment (IA)			
	Date: 16/01/2024			
	Stage: Consultation			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
Contact for enquiries: roadfuelprices@energysecurity.gov.uk				
Summary: Intervention and Options				RPC Opinion: RPC Opinion Status

Cost of Preferred (or more likely) Option (in 2019 prices; 2020 present value)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status Qualifying provision
-£61.1m	-£28.4m	£3.3m	

What is the problem under consideration? Why is government action or intervention necessary?

In 2021 to 2022 the price of both petrol and diesel went up by 60 pence per litre, following Russia's invasion of Ukraine to a high of around 200 pence per litre for both fuels. In light of this, the then Secretary of State for Business, Energy and Industrial Strategy requested the Competition and Markets Authority (CMA) to carry out an urgent review of the road fuel market. The final report found at both the national and local level, competition between fuel retailers has weakened. Effective competition relies on consumers being able to compare the price and quality of a product in a way that drives good decision making. Current market solutions fail to offer this to consumers. Government is best placed to remove information asymmetries in the market through legislation, and the CMA also concluded this through recommending that government implement a statutory open data scheme.

What are the policy objectives of the action or intervention and the intended effects?

The objective is to implement a UK fuel open data scheme and market monitoring function, to increase price transparency in the UK road fuel market. This legislation will counter weakening competition in the UK road fuel market, as premiums become more visible, and consumers move away from more expensive Petrol Filling Stations (PFSs). An open data scheme can facilitate this process by collecting data and presenting information to consumers to help them make informed choices. This legislation will ensure PFSs share their prices on a regular basis, which consumers can use to make decisions on where to buy fuel and make potential savings. It will also increase pressure on PFSs to compete strongly to attract by lowering their prices.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 0: Do nothing: The government does not mandate that PFS provide their fuel information. Market regulators will have no ability to assess the competitiveness of the market or determine whether road fuel retail prices reflect crude costs.

Option 1 (preferred option): Statutory approach: A statutory open data scheme that will mandate participation of all UK PFSs to provide 'real-time' fuel price data as it is changed to an aggregator. This option would be introduced via legislation. PFSs would have to comply with the legislation, which would require them to provide the fuel prices within 30 minutes of it changing.

Will the policy be reviewed? It will/will not be reviewed. If applicable, set review date: Month/Year						
Is this measure likely to impact on international trade and investment?			No			
Are any of these organisations in scope?			Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A		Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2023	PV Base Year 2024	Time Period 10 Years	Net Benefit (Present Value (PV)) (£m)		
			Low: -65.5	High: -118.7	Best Estimate: -80.6

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.04	1	396.1	3439.5
High	0.7		2346.6	20,380.2
Best Estimate	0.02		1175.2	10,205.8

Description and scale of key monetised costs by 'main affected groups'

We estimate that all 8,365 PFSs will be in scope of needing to provide fuel price and other information. We assume that PFSs will upload their information at some cost to the business. Under option 1, we estimate there will be administrative costs of £37.5m, across the appraisal period. We also estimate there will be a one-off cost of £0.04m for familiarisation for businesses. The Equivalent Annual Net Direct Cost to business is £4.4m. Government may also face annual costs for establishing and operationalising the Open Data scheme and monitoring function, which we estimate to be up £5m.

Other key non-monetised costs by 'main affected groups'

Under the Open Data scheme, businesses may be incentivised to compete with each other and are likely to adjust their prices downwards.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0	N/A	388.5	3,373.9
High	0.0		2332.9	20,261.5
Best Estimate	0.0		1165.8	10,125.3

Description and scale of key monetised benefits by 'main affected groups'

To calculate the overall fuel savings to consumers from introducing a mandatory Open Data scheme, we compared the cost of fuel to all consumers under the current scenario with no Open Data scheme i.e. the counterfactual (Option 0), and a scenario where government introduces an Open Data scheme (Option 1). Under Option 0, we estimate the cost of fuel to consumers to be £603.4bn and under Option 1, we estimate the cost of fuel to consumers is £593.3bn. Therefore, we estimate consumer savings to amount to £10.1bn over the 10-year appraisal period.

Other key non-monetised benefits by 'main affected groups'

An open data scheme will indirectly benefit businesses by providing the opportunity for innovative third-party service providers to use the data collected to create price comparison tools, navigation tools and other price comparison services. Moreover, under an open data scheme, we expect that consumers purchase more relatively fuel in response to fuel price reductions. As more fuel is consumed, this generates more slightly revenue for government through fuel duty and VAT charged on each litre of fuel. This is an indirect benefit for government.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
Due to a lack of data, of petrol and diesel prices in different local and regional areas of the UK, we have used average weekly UK prices of petrol and diesel. Where data on fuel consumption was not available at the weekly level, we used monthly average fuel consumption data for petrol and diesel and apportioned this to match our weekly price data. We have undertaken sensitivity analysis to reflect the uncertainties in parameters, a key one being the fuel price reduction from any open data scheme.		

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 4.4	Benefits: 0.0	Net: 4.4	
			N/A

Problem under consideration and rationale for intervention

1. The UK road fuel market is inherently volatile and prices are mainly driven by fluctuations in the global price of crude oil (priced in US\$). Prices can regularly be affected by global circumstances, at times increasing to levels that are worrying for household budgets and put significant pressure on businesses reliant on transportation.
2. In July 2022 the price of both petrol and diesel went up by 60 pence per litre compared to the previous year, following Russia's invasion of Ukraine. Prices had been somewhat steady between 2017 and 2019, with petrol and diesel averaging 122.52 pence per litre and 127.33 pence per litre, respectively.¹ The average price of both fuels then dropped in 2020 as volumes declined during the COVID-19 lockdowns, before the rapid increase in 2022.
3. Against this backdrop of unique circumstances globally causing the rapid increase in petrol and diesel prices in 2022, the then Secretary of State for the Department for Business, Energy and Industrial Strategy requested the Competition and Markets Authority (CMA) to carry out an urgent review of the road fuel market, which reported in July 2022. The CMA was asked to consider the health of competition in the market, geographical factors, and further steps government could take to strengthen competition or increase fuel price transparency for consumers. This was followed up with the CMA conducting a 12-month market study to examine the market in further detail, with its final report being published in July 2023.
4. There has been a decline in petrol and diesel prices in recent months, with January 2024 prices for petrol and diesel having fallen by around 50 pence per litre since the peak in July 2022. However, this should not be taken for granted and whilst prices have decreased, average prices for petrol and diesel still remain higher than average prices in 2021. The behaviour of some petrol filling stations (PFSs) has also meant that fuel prices remain high for consumers.
5. The CMA's final road fuel market study report found that:²
 - **At a national level:** competition between fuel retailers has weakened since 2019, due to a decision taken by the historic price-leaders (Asda and Morrisons) to take a less aggressive approach to pricing by increasing their internal margins for fuel. This coupled with a lack of active competitive response to this by other PFSs. As a result, consumers are paying generally higher prices for any given level of wholesale prices. In addition, during 2023, competition has been significantly weaker for diesel than petrol.
 - **At a local level:** this weakening of competition appears to have affected pricing in different parts of the UK in a similar way. However, longstanding patterns of variable pricing between different local areas remain, meaning that consumers in some areas can pay substantively more for fuel than in others.
 - **At motorway service areas (MSAs):** Competition remains weak between MSA PFSs, meaning that consumers without access to fuel cards pay significantly more to buy fuel on the motorway than off it.
6. Given the concerns outlined above, the CMA recommended that government should create:
 - i. An **open data scheme for fuel prices on a statutory basis**. This would require PFSs to share their prices on an open, real-time basis, meaning that consumers can easily compare prices in any area of the UK. In doing so, consumers will be more able to find the cheapest fuel at any given time, which in turn will increase incentives on PFSs to compete harder on price and make it easier for consumers to identify where they are not doing so; and
 - ii. An **ongoing road fuels price monitoring function** within an appropriate public body and provide it with information-gathering powers, to monitor developments in the market, both

¹ CMA Spring Update - Action to help contain cost of living pressures; <https://www.gov.uk/government/publications/cma-action-to-help-contain-cost-of-living-pressures>

² CMA Supply of road fuel in the United Kingdom market study, final report; <https://www.gov.uk/cma-cases/road-fuel-market-study#final-report>

nationally and locally, as we move through the net zero transition, provide ongoing scrutiny of prices and consider whether further action may be needed to protect consumers.

Open data scheme for fuel prices

7. Effective competition relies on consumers being able to compare the price and quality of products in a way that drives good decision making. Whilst fuel prices are prominently displayed at forecourts, this system requires consumers to either drive around to find cheaper fuel or use existing price comparison tools which are limited.
8. The existing price comparison tools rely on a mix of Experian fuel price data and crowdsourcing i.e. submitted by users of tools and there are limitations to both sets of data. Whilst these tools provide consumers with valuable information about where to buy fuel, they don't provide the full benefit of fuel price transparency for consumers. This is because:
 - i. **Cost:** Experian buys fuel card transaction data from AllStar (a fuel card supplier), which it then aggregates and sells to third parties, for example price comparison tools, PFSs and car manufacturers. There is an annual subscription fee to access this data, which can differ depending on the services a business chooses. The cost also means there is a barrier to entry for other price comparison tools, limiting growth and innovation opportunities in the economy.
 - ii. **Coverage:** The data only covers around 85% of fuel stations in the UK, meaning consumers would not be making decisions based on a full pricing data set.
 - iii. **Regularity:** The data is only as recent as the last fuel card transaction and how often the price comparison tool buys the data from Experian (and subsequently how quickly it incorporates it into its tool). This means the data could be out of date (for example by more 12-24 hours) for consumers using existing price comparison tools.
 - iv. **Restrictions:** Experian places some restrictions on how price comparison tools can use the data, meaning consumers may be restricted in how they receive or use the data. In addition, some tools require consumers to be members of a particular organisation, subscribe to particular services, or face limitations in the number of searches they may make in any one period.
9. This consultation stage Impact Assessment covers proposed changes that will mandate PFSs to provide their fuel price data on a 'real-time' basis. This will give consumers access to 'real-time' fuel price information for all UK PFSs, allowing them to find the cheapest fuel more easily in their area. It also covers the set-up of an ongoing road fuels price monitoring function within an appropriate public body to monitor developments in the market, both nationally and locally, as we move through the net zero transition, provide ongoing scrutiny of prices, and consider whether further action may be needed to protect consumers.
10. Government is best placed to remove information asymmetries for fuel prices through legislation, and the CMA also concluded this through recommending that government implement a statutory open data scheme. While market solutions have helped some consumers to find cheaper fuel prices, there are still limitations, which have not been corrected through innovative market approaches. This is because not all consumers have access to, or benefit indirectly from, full and up-to-date fuel price information through innovative market approaches. These limitations can be easily overcome through a legislative approach, which remove information asymmetries and subsequently incentive increased competition among fuel retailers.

Ongoing road fuels price monitoring function

11. The downstream oil sector is unregulated, with no licensing regime or a regulator, unlike other sectors such as gas, electricity, telecoms, and water. In contrast to these networked sectors, there is no natural monopoly in the downstream oil sector and therefore the government considers there is no rationale for a regulator and that such a regime would be disproportionate.

12. Given the CMA's findings of weakened competition in the road fuel retail market and expected transition to net zero which could impact the market and consumers, we believe there are several reasons for an ongoing road fuels price monitoring function. This would not be regulation per se but to facilitate a well-functioning and competitive market.
13. The CMA found weakened retail competition at a national level, persistent price variation between local areas and high motorway prices for those without access to fuel cards. There is a risk that without ongoing monitoring, these issues could exacerbate.
14. A monitoring function would act as a deterrent to PFSs taking actions that would further weaken competition. Where PFSs are aware they are under scrutiny, they will know that the reputational risk of raising margin targets or applying rocket and feather pricing will be increased. The CMA's year-long market study had some correlation with falls in retail prices after announcements showing soft power effects on fuel prices. For example, after the publication of the CMA's interim update in December 2022, Asda cut fuel prices by 5 pence per litre and the RAC reported that supermarkets cut diesel prices by more than 7 pence per litre after the CMA published its May 2023 update. This indicates that public scrutiny or monitoring may help reduce prices and so benefit consumers.
15. With the transition to net zero and the government's commitment to ban the sale of new petrol and diesel vehicles from 2035, this will significantly affect the expected future path for the road fuels sector. The transition from fossil fuel to zero carbon vehicles is likely to lead to accelerating closure of infrastructure including PFSs and risks weakening of competition in the remaining fossil-fuel based road fuels market.
16. This transition is likely to be felt particularly by less well-off consumers and those living in rural areas. A monitoring function to monitor the market through this transition would benefit consumers by ensuring that the market can function effectively.
17. Given the CMA's findings in its final market study report, the expected future path that the road fuels market will take and the impact of similar schemes internationally we have concluded that the establishment of a monitoring function will benefit the road fuels market.
18. We expect that a monitoring function will facilitate greater competition within the road fuels market and will be an important measure to protect consumer interests.
19. Alongside that, taken together the monitoring function and open data scheme should reinforce each other. The proposed open data scheme alone would help to increase transparency; however, its exact impact is unclear as it will ultimately depend on the take up of the price comparison tools and the impact of these tools on competition.

Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)

Businesses impacted

20. The open data scheme will mandate that all 8,365 PFSs provide their fuel price information as part of the open data scheme, and therefore 100% of PFSs will be in scope of this assessment.³

Data sources and evidence

21. To quantify the impacts of the open data scheme, we have drawn on a range of available data and evidence obtained by the CMA in its final market study report.⁴ Our primary source of data has been the road fuel price statistics and hydrocarbon statistics which we have used for our

³ PRA Market Review 2023; <https://www.ukpra.co.uk/assets/documents/market-review-pra-2023.pdf>

⁴ CMA Road Market Fuel Study; <https://www.gov.uk/cma-cases/road-fuel-market-study>

cost-benefit modelling.⁵ More specifically, we have used both weekly petrol and diesel prices, and fuel tax receipts (which have been used as a proxy for UK fuel consumption) to estimate the impacts of an open data scheme by modelling the different reductions in fuel prices.

22. To calculate the administration costs for PFSs and cost to businesses from familiarising themselves with their responsibilities under the open data scheme (referred to as ‘familiarisation’ costs throughout this assessment), we used gross wage data from the ONS Annual Survey for Hours and Earnings (ASHE).⁶
23. We have generally used data at the national i.e. UK-wide level, rather than at a regional or local level because of the lack of available accessible data on weekly fuel prices/quantities at the regional level. However, where possible, we have supplemented our analysis with insights from the CMA’s final market study report, and from other industry experts.
24. Moreover, where there are gaps in the evidence base and insufficient data, or where there is higher uncertainty in our quantified estimates, we have provided a qualitative assessment. Again, we have supplemented our qualitative insights in these areas through stakeholder evidence from industry and from the CMA. We intend to use the consultation as an opportunity to engage with stakeholders and strengthen our evidence base in these areas.

Description of options considered

25. **Option 0: Do nothing:** If government does not mandate that PFSs provide their fuel information, there will be a lack of freely available ‘real-time’ high-quality data, and consumers must drive around to find cheaper fuel or rely on price comparison tools which use data that does not provide the full picture of prices (i.e., consumers continue to face higher ‘search’ costs for fuel). This could mean they are missing out on potential savings and are unable to make fully informed decisions on where to buy fuel from. Doing nothing would also mean there would be no ability to determine whether road fuel retail prices reflect costs and assess the competitiveness of the market. The Department for Energy Security and Net Zero does monitor fuel prices by collecting and publishing weekly price data, however, this is limited.
26. **Option 1: Statutory approach:** A statutory open data scheme that will mandate participation of all UK PFSs to provide ‘real-time’ fuel price data as it is changed, to an aggregator. This option would be introduced via legislation. PFSs would have to comply with the legislation, which would require them to provide the fuel prices within 30 minutes of it changing.⁷ Given 100% coverage and up-to-date information in the open data scheme, we assume all consumers will benefit from actively being able to find and therefore buy cheaper fuel, or benefit passively from cheaper fuel through increased price competition among PFSs competing for market share (regardless of whether they also actively find cheaper fuel, or whether they continue to purchase from their preferred PFS). A monitoring function with compulsory information-gathering powers (through legislation), will help enable the ongoing assessment of the effectiveness of competition in the market. These assessment will also allow the monitoring function to advise the government on when further intervention may be required to increase competitive pressures in the road fuel market.
27. **Option 2: Voluntary approach:** A voluntary open data scheme would be non-statutory and would give PFSs the choice to provide their fuel price information as part of an open data scheme. PFSs participation in a voluntary scheme is expected to be low because of a lack of incentive to participate. Moreover, because not all PFSs would participate or are not incentivised to regularly provide information, the resulting open data scheme would likely have the same issues as current price comparison tools, which would likely lead to lower uptake from consumers. There would also no enforcement options available for lack of compliance. Under this option, a monitoring function would not have compulsory information-gathering powers,

⁵ DESNZ Weekly road fuel prices; <https://www.gov.uk/government/statistics/weekly-road-fuel-prices>. HMRC Hydrocarbon Oils Bulletin; <https://www.gov.uk/government/statistics/hydrocarbon-oils-bulletin>

⁶ ONS Annual Survey for Hours and Earnings; <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

⁷ 30 minutes has been chosen as the proposed time period for updating fuel prices, as this has been proven to work in other countries that have a fuel retail market made up of a range of businesses e.g. Australia. However, we are consulting industry on their views on what they would consider a reasonable timeframe (please see Q11 in the consultation published alongside this Impact Assessment).

creating a risk of non-compliance with information requests. This may ultimately limit assessments of the effectiveness of competition in the market and limit the government's ability to decide when further intervention may be required.

Option 0: Do nothing

28. This is the baseline against which all other options are appraised. If government does not mandate that PFSs provide their fuel information, consumers will either continue to forego price comparison (i.e. go to their preferred PFSs regardless of the price) or they continue to rely on existing price comparison tools that have poorer coverage or not up-to-date.
29. There is an existing price comparison market, however this relies on incomplete and out-of-date data sets that are obtained through fuel card transactions and sold by Experian to consumer-facing third party apps and websites.
30. It is unclear how many consumers currently use price comparison websites and apps. According to PetrolPrices.com there are 2.1 million UK consumers who have saved money with their app, and there may be more consumers using different apps and websites such as Go.Compare, Confused.com and MyRAC which all provide the same service.⁸ However, this is a relatively small proportion of the consumer base and the CMA has stated that a better data set underlying these tools should drive use, as consumers can be sure they are seeing the latest prices.
31. Evidence from similar international scheme in Germany and Queensland Australia have shown the positive impact a mandatory open data scheme would have on the retail fuel prices market allowing consumers to shop around more and save money.^{9,10}
32. In the absence of information/data around the proportion of UK consumers that use price comparison tools, we assume that consumers do not use price comparison tools, and therefore do not benefit from lower prices. This is explained further in paragraph 83.
33. Moreover, we have not taken the CMA's voluntary scheme to be the baseline in our assessment. This is because the CMA's voluntary scheme was introduced at the end of August 2023, after our assessment had been undertaken. Even if the CMA's scheme was introduced before we had carried our assessment, it would be too early in the scheme's lifecycle to understand the impact it was having, to use as a baseline against which other options were appraised.

Option 1: Mandatory scheme

34. In this option, a statutory open data scheme mandates participation of all UK PFSs to report price changes to an aggregator within 30 minutes of it changing.
35. We will seek views on the design of this scheme in the consultation published alongside this Impact Assessment. This will focus on the technical aspects of the scheme, including the types of data requested, the frequency it will be reported and how it will be reported (API, web portal, non-internet method) as well as a range of other technical considerations.
36. Alongside this we will outline our preferred model to deliver the scheme which includes the procurement of an aggregation body. The aggregator would be responsible for establishing the system, collecting and aggregating the data, and sharing it freely and openly with third parties who wish to access the data, for example apps and websites providing price comparison tools, but also other PFSs, other types of organisations, the government and individuals. This is a similar model to that implemented in Queensland, Australia.
37. To achieve increased fuel price monitoring – so that companies are deterred from weakening competition – and to enable the ongoing assessment of the effectiveness of competition in the market, we would require the monitoring function having compulsory information-gathering powers (through legislation) which companies must comply with. This power would enable the monitoring function to gain a full picture and make an assessment on competition in the market. These insights will be of huge importance with the transition to net zero and enable the

⁸ According to PetrolPrices.com, 2.1 million consumers save money with their fuel finder app; <https://www.petrolprices.com/about/>

⁹ The Bundeskartellamt, Five years of Market Transparency Unit for Fuels; https://www.bundeskartellamt.de/SharedDocs/Meldung/EN/Pressemitteilungen/2018/30_11_2018_MTS_K_5_Jahre.html

¹⁰ Queensland Government, Final assessment of the QLD Fuel Price Reporting Trial 2020; https://www.epw.qld.gov.au/data/assets/pdf_file/0016/18340/final-fuel-price-reporting-trial.pdf

monitoring function to advise the government on when further intervention may be required to increase competitive pressures in the road fuel market.

Option 2: Voluntary scheme

38. Consideration has been given to the introduction of an open data scheme on a voluntary basis. The CMA have implemented a temporary voluntary open data scheme in August 2023, whilst officials work on the consultation on the design of the statutory scheme and working to introduce the legislation.
39. We do not believe this would provide a satisfactory long-term solution and neither does the CMA. Firstly, PFSs do not have any material incentives to participate in a voluntary open data scheme, because of a collective action problem. Indeed, the Smart Data consultation published in 2020, found that voluntary Smart Data/open data schemes would lead to slow progress and limited participation.¹¹
40. Without the legislation and lack of incentives, government would have to exert public and political pressure on PFSs to participate. The CMA has noted that this is required for a successful temporary voluntary open data scheme, however, has noted that this will not deliver the full benefits of a statutory scheme and has advised that a voluntary solution should not replace work to put the scheme on a statutory footing.
41. Moreover, a monitoring function with no compulsory information-gathering powers would not be an effective solution as companies would have no incentive to comply with any requests for information. As such as the monitoring function would not be able to provide a comprehensive assessment of the effectiveness of competition in the market and limit the government's ability to decide when further intervention may be required.
42. For example, the CMA used its general information-gathering powers to obtain public and commercially available data for its 'urgent' road fuel review in 2022 and it found that the retail fuel market appeared relatively competitive and saw no evidence that PFSs had failed to pass on the 5 pence fuel duty cut. It was not until the CMA conducted its road fuel market study which permitted it to use its compulsory information-gathering powers to obtain internal, company-specific accounting and margins data that it identified serious concerns of weakened competition.

Short-listed options

43. We have proceeded with shortlisting the do nothing (Option 0) and mandatory scheme (Option 1) options for appraisal.
44. We have discounted the voluntary scheme from the short-listed options for two key reasons:
 - i. the CMA have already begun to implement a temporary voluntary scheme in August 2023; and
 - ii. we (and the CMA) do not believe a voluntary scheme meets the policy objectives outlined in the next section. Ultimately, the lack of material incentive for PFSs to participate in the scheme, and the fact that a monitoring function for a voluntary scheme would not have compulsory information-gathering powers, means a voluntary scheme does not provide a satisfactory long-term solution.

Policy objective

Open data scheme

45. Fair and effective competition relies on consumers being able to accurately compare the price and quality of products in a way that drives good decisions. An open data scheme can facilitate this process by collecting data and presenting information to consumers to help them make informed choices.

¹¹ Data Protection and Digital Information Bill Impact Assessment; <https://www.gov.uk/government/publications/data-protection-and-digital-information-bill-impact-assessments>

46. The objective of a statutory open data scheme - which requires PFSs to share their prices on an open, free and 'real-time' basis - would be to increase transparency of fuel prices.

47. Increased fuel price transparency would likely have several benefits:

- i. Provide consumers with greater power and information to make more informed choices and decisions on where to buy fuel and make potential savings;
- ii. Increase pressure on PFSs to compete strongly to attract consumers by lowering their prices or improving their offering; and
- iii. Provide growth and commercial opportunities for innovative third party app and website developers to offer consumers 'real-time' comparisons of fuel prices.

48. Indicators of success will focus on:

- i. the effectiveness of the scheme in providing 'real-time' fuel pricing data across the UK that is more substantive than existing tools;
- ii. use of data by existing price comparison tools and creation of new tools by third parties;
- iii. take up (i.e. adoption rate) of tools by consumers; and
- iv. the impact of these tools in terms of consumers' ability to shop around, impact on pricing, and increased competition between PFSs.

Monitoring Function

49. The CMA found weakened retail competition at a national level, persistent price variation between local areas and high motorway prices for those without access to fuel cards. There is a risk that without an ongoing monitoring function these issues could be exacerbated.

50. The transition to net zero and the government's commitment to ban the sale of new petrol and diesel vehicles by 2035 will significantly affect the future path of the road fuels sector. The transition from fossil fuel to zero carbon vehicles is likely to lead to accelerating closure of infrastructure including PFSs and risks weakening competition in the remaining fossil fuel-based road fuels market.

51. Given the potential future changes to the market which may create conditions to further weaken competition and impact consumers negatively, it may become necessary for government to consider further intervention to increase competitive pressures in the market.

52. As a result of these findings the objective the monitoring function would be to provide the government with an ability for an ongoing assessment of the road fuels market. Increased monitoring would have several benefits:

- i. Act as a deterrent to PFSs taking actions that would further weaken competition in the market and may help to reduce prices for consumers.
- ii. Provide an ongoing assessment of the effectiveness of competition in the market, so that it can advise government when further intervention is required.
- iii. Monitor the success of the open data scheme.

53. Indicators of success will focus on:

- i. Reports that identify weakening of competition and local issues, and raising awareness to public and government with potential for further action to be taken.
- ii. A strengthening of competition in the road fuel retail sector, with a downward pressure on prices.

Open data scheme & monitoring function

54. As a result of the combined benefits of the open data scheme and monitoring function, we would expect to see a positive impact on the three concerns outlined in the final report of the CMA's road fuel market study:

- i. Countering the weakened competition at a national level: as consumers would move away from more expensive PFSs and the premium they charge over local market leaders would reduce as this premium becomes more visible in real time, to consumers. This

would lead to more intense competition as it would increase the incentive on a PFS to undercut prevailing prices, because they could expect their lower prices to be clearer to the public, and therefore to gain market share more efficiently.

- ii. Addressing price variation between local areas: in a similar way to the above by increasing pressure on PFSs to reduce prices but would also widen the effective search area for consumers in a particular local area. This would allow them to consider buying from a wider range of PFSs and easily compare prices in real-time. This would not, however, completely eradicate local price variation, as the factors that are associated with lower prices in an area, in particular the presence of a supermarket competitor, would remain the same.
- iii. Affecting high prices at motorway PFSs: as consumers would become more aware of fuel prices at PFSs located close to motorway exits, allowing these PFSs to exert more of a competitive constraint on motorway prices.

Summary and preferred option with description of implementation plan

Open Data Scheme

55. We will consult on our preferred design of the open data scheme that the government will tender for an external organisation to establish and manage a data aggregation service. This service will act as an intermediary between the PFSs and third parties who wish to access the data, for example this would include apps and websites providing price comparison tools, but also other PFSs, other types of organisations, the government and individuals.
56. The Data Protection and Digital Information (DPDI) Bill includes Smart Data provisions (clauses 65-81) which give the government the ability to establish and mandate participation in Smart Data schemes through subsequent secondary legislation. Following Royal Assent of the DPDI Bill, subject to parliamentary time, and the conclusion of the consultation process, government will lay the necessary regulations to establish the open data scheme for fuel prices.
57. With regards to the enforcement of the new scheme, we will decide on which public authority should be responsible for the enforcement of the open data scheme following the consultation.
58. The CMA introduced a temporary voluntary open data scheme in August 2023 which consists of PFSs, particularly the large ones, publishing their pricing data once a day on their websites so that third party price comparison tools will be able to use this data in their tools. Whilst this will not be as effective as the statutory scheme, it will:
 1. serve as an interim solution ahead of the statutory scheme being implemented;
 2. provide valuable lessons in the design and implementation of the statutory scheme; and
 3. lay the groundwork for implementation of the statutory scheme.
59. Moreover, there are comparable international schemes which provide useful case studies to the effectiveness of a statutory open data scheme, and from which lessons can be learnt, and where the possible benefit of a statutory scheme can be seen. For example:
 - i. In Germany, the introduction of a statutory open data scheme has led to improved competition between road fuel PFSs.
 - ii. In Queensland, Australia, the introduction of a statutory open data scheme has led to consumers shopping around more, with estimated annual savings on average across the state of \$93 (£48) per consumer.^{12,13}

Monitoring Function

60. Alongside that we will consult on the design of the monitoring function that will be established within the CMA. This body will act as an oversight function, providing an ongoing assessment of competition within the road fuels market. The CMA has the knowledge and expertise of the road

¹² Press release: government response to CMA fuel report; <https://www.gov.uk/government/news/rip-off-retailers-to-be-outed-as-government-responds-to-cma-fuel-report--2>

¹³ Using 1 Australian Dollar to 0.512 GB Pound exchange rate, XE.com [accessed: 14/08/2023]

fuels market given its recent market study on the sector. We have considered other public bodies that could undertake the role, but this would not be possible without substantially changing their remits and requiring new primary legislation.

61. The CMA recommended that the public body tasked with the monitoring function should be given compulsory information-gathering powers to carry out its role effectively. This is due to the complexity and volatility of the road fuel market, and the challenges in providing insights based on limited information.
62. Section 5 of the Enterprise Act 2002 enables the CMA to request information, but this is only on a voluntary basis. The government will therefore be amending the Digital Markets, Competition and Consumer Bill to provide the CMA with a compulsory information-gathering power for the purposes of carrying out the monitoring function. The CMA is using this power to establish the monitoring function on a voluntary basis whilst we can place the function on a legislative footing.
63. We are mindful that such a power could place a disproportionate burden on businesses given the obligation on them to comply with requests or face enforcement. As such we have designed the powers in such a way as to ensure that requests for information are reasonable and proportionate, and therefore we plan to provide the CMA with guidance on how it should exercise its power.

Monetised and non-monetised costs and benefits of each option (including administrative burden)

64. This assessment considers the impact of legislating for PFSs to provide fuel price and other data on a frequent up-to-date basis, and the introduction of a statutory open data scheme to improve fuel price transparency in the fuel markets (Option 1), relative to the counterfactual of existing market solutions (Option 0). We have discounted a voluntary open data scheme (Option 2) as set out in paragraph 44.
65. We assume that by not legislating for PFSs to provide frequent fuel price and other data and by not undertaking an open data scheme, the counterfactual (Option 0) would not result in a change to the functioning of the fuel market.
66. Under Option 1, the open data scheme would require PFSs to provide regular fuel price information to the government via a contracted external organisation. The information, which is collected and cleaned, is then made available to third party service providers. Under this option, consumers face lower 'search' costs to find the cheapest fuel, lower fuel prices, and therefore, ultimately, lower overall annual fuel costs.

Impacts in scope of this IA

67. Impacts in scope of this assessment include both:
 - i. The **direct effects** of legislating for PFSs to provide fuel price (and other) data within 30 mins of it changing to an aggregator appointed by the government,
 - ii. The **indirect effects** of this price information being released publicly as open data, for third party service providers to create/enhance existing fuel comparison tools. This also includes further subsequent impacts of: i) consumers using these fuel comparison tools to shop at different PFSs to find cheaper fuel prices and save on fuel costs; and ii) PFSs being incentivised to compete on price to protect existing, gain lost, or gain new market share from consumer movements, leading to further fuel price cuts.

Analytical approach/evidence for calculations

68. Due to the heterogeneity, and subsequent lack of data, of petrol and diesel prices in different local and regional areas of the UK that are in scope of the SI, we have used average weekly UK prices of petrol and diesel in our calculations.
69. Where data on fuel consumption was not available at the weekly level, we used monthly excise duty tax receipts as average fuel consumption for petrol and diesel and apportioned this to match our weekly price data. A price reduction under Option 1 is then applied to the weekly price data. We also apply a price elasticity of fuel demand to model what fuel consumption would be

Under Option 1. The relevant fuel consumption dataset is then used alongside both fuel prices without the open data scheme (which we assume to be higher) and fuel prices with the open data scheme (which we assume to be lower) to establish the potential savings from introducing a statutory open data scheme.

70. We have calculated low-, central-, and high-scenario cost-benefit estimates (i.e. undertaken 'sensitivity' analysis) to reflect uncertainties in the fuel price reduction from any open data scheme or current fuel comparison tools. We determined price reductions within each scenario based on the retail spreads of both petrol and diesel.¹⁴ Paragraph 91 describes our key assumptions on price reduction in more detail.
71. Where there are gaps in the evidence base or insufficient data, or where there is higher uncertainty in our quantified estimates, we have provided a qualitative assessment based on information from industry, policy experts, and/or from the CMA. We intend to use the consultation as an opportunity to engage with stakeholders and strengthen our evidence base in these areas.
72. Table 1 provides an overview of the assessment undertaken in each option appraised. This includes the costs and benefits for each option that we consider direct or indirect, and whom impacts relate to (whether they are businesses, consumers, government), as well as whether we have monetised (quantified) these impacts or whether we have provided a qualitative assessment.
73. Lastly, Table 1 also provides a summary of what costs and benefits informed the Equivalised Annualised Net Direct Cost to Business (EANDCB) and Net Present Social Value (NPSV) estimates.

Table 1: Overview of costs and benefits assessment under each appraised Option

¹⁴ Fuel retail spreads refer to the difference between the cost of purchasing fuel at wholesale prices and the price at which it is sold to consumers at retail gas stations. This spread represents the profit margin for PFSs.

Option	Impact	Cost or Benefit?	Direct or Indirect Impact?	Whom Impact is On	Monetised?	Included in EANCDB Estimate?	Included in NPSV Estimate?
Option 0	Consumer fuel savings (cost of fuel)	Benefit	Indirect	Consumers	Yes	No	Yes
Option 1	Consumer fuel savings (cost of fuel)	Benefit	Indirect	Consumers	Yes	No	Yes
	Business administrative cost	Cost	Direct	Business	Yes	Yes	Yes
	Familiarisation cost	Cost	Direct	Business	Yes	Yes	Yes
	Opportunity for market innovation	Benefit	Indirect	Business	No	No	No
	Increased price competition (decreased business fuel revenue)	Cost	Indirect	Business	No	No	Yes
	Funding of the scheme	Cost	Direct	Business	No	No	No
	Costs of establishing a monitoring function	Cost	Direct	Government	No	No	No
	Costs of funding the scheme	Cost	Direct	Government	Yes	No	Yes
	Increased exchequer fuel receipt revenue	Benefit	Indirect	Government	No	No	No

Option 0: Do nothing

74. Under the counterfactual (do nothing scenario), some consumers will use current fuel comparison tools to find the cheapest fuel. However, the vast majority of consumers will continue using their preferred PFS (including supermarket PFSs) or the closest PFS to them before their car uses up all its remaining fuel.

75. Fuel comparison tools rely on past transaction data, which limits the validity of the comparison as the data may not be up-to-date. PFSs face limited competitive pressures as the price of fuel is only displayed onsite.

76. For PFSs, under the counterfactual there are no additional costs or burdens as there would be no mandatory scheme to familiarise or comply with.

Consumer fuel savings (indirect benefit to consumers; monetised)¹⁵

77. To calculate the overall fuel savings to consumers from introducing a mandatory open data scheme, we have firstly calculated the annual cost of fuel to all consumers under the counterfactual (Option 0), and then taken this cost away from the annual cost of fuel to all consumers under the mandatory open data scheme (Option 1).

78. To calculate the cost of fuel to consumers for a given year under Option 0, we took the UK average weekly price of petrol and diesel throughout 2022 and multiplied each week's respective

¹⁵ The 'Consumer cost of fuel' impact that we explore under Option 0 and Option 1 is considered 'indirect' because it follows on from introducing the mandatory open data scheme.

prices by the weekly national consumption of each fuel.^{16,17} This allowed us to calculate the weekly cost of fuel, which we then aggregated to the annual cost of fuel by adding all the weekly figures.

79. We have appraised the scheme over a 10-year period, rather than a seven-year period to 2035 when the end of sale of new petrol and diesel cars will take place. This is because existing/non-new petrol and diesel vehicles are likely to be driven and operational past this date.
80. To calculate estimates over a 10-year appraisal period – and to account for the expected declining trend of fuel consumption driven by increasing sales of electric vehicles and expected declining sales of petrol/diesel vehicles ahead of 2035 – we revise our annual cost estimates by assuming that the consumption of petrol and diesel decreases by 2.6 and 2.9 per cent respectively, each year.
81. We have calculated these percentage reduction figures using the Department for Transport’s National Road Traffic Projections 2022, which outlines a scenario of electric vehicle uptake that is consistent with the end of sales of new petrol/diesel cars by 2035.¹⁸
82. Under the counterfactual, we assume that all consumers do not compare fuel prices, and therefore all consumers pay the national weekly price for petrol and diesel, rather than a small proportion of consumers paying a lower price than the weekly national average.
83. We have made this assumption, and are therefore using an ‘non-adjusted baseline counterfactual’, because while we know that some consumers do compare prices using existing tools, we do not know the exact proportion. This may lead to a relative and slight overestimation of the benefits of a statutory open data scheme.
84. According to the PetrolPrices.com website, 2.1 million UK consumers save money with their app, which would amount to 5% of the total licensed consumers in the UK.¹⁹ However, it’s unclear how regularly these users use the service, and what proportion of other UK consumers use other price comparison tools. In the absence of not knowing this information, we simplify our Option 0 calculations by assuming no consumers price compare. We aim to use the consultation to better understand the current proportion of UK consumers that price compare.²⁰
85. Considering all the available data on fuel prices and fuel consumption and bringing this together with our ‘non-adjusted baseline’ assumption of no consumer fuel price comparison under Option 0, our central estimate of total consumer fuel costs over the 10-year appraisal period is £205.8bn for petrol and £397.7bn for diesel (2023 prices). The total cost for both fuels amounts to £603.4bn in 2023 prices (£457.6bn in 2019 prices).²¹

Option 1: Mandatory scheme

86. Under Option 1, PFSs will have the statutory responsibility to provide fuel price and other data to government via an external organisation. The information will then be made available to third party service providers, which would then allow consumers to find the cheapest fuel prices in their local area by comparing prices. Providing accurate up-to-date fuel price information can ultimately deliver fuel cost savings for consumers and could increase the market share/revenue of PFSs offering the lowest fuel prices.

¹⁶ While we have used 2022 fuel prices and consumption, the analysis and figures are agnostic/robust to the year of the price data used. This is because we use the same 2022 price data for the Option 1 calculations to estimate the consumer cost of fuel, and by using the same year of price data for both Option 0 and Option 1 calculations and taking the difference, we are effectively multiplying the price difference between each option, for example 1p in the low scenario, 3p in the central scenario, and 6p in the high scenario, by the consumption of each fuel in 2022.

¹⁷ Fuel consumption data can be found on the HMRC Hydrocarbon Oils Bulletin; <https://www.gov.uk/government/statistics/hydrocarbon-oils-bulletin>

¹⁸ Road Traffic Projection 2022, Common Analytical Scenarios Databook; <https://www.gov.uk/government/publications/common-analytical-scenarios-databook>

¹⁹ Yearly data on number of UK licensed vehicles from <https://www.gov.uk/government/statistical-data-sets/vehicle-licensing-statistics-data-tables>

²⁰ Please see Q1 in the consultation published alongside this Impact Assessment.

²¹ If we were to use an ‘adjusted baseline’ that assumed 5% of UK drivers use fuel price comparison sites or tools in the counterfactual, the total fuel cost for Option 0 over the 10-year appraisal period falls by £195m for petrol and £347m for diesel respectively. This amounts to a total fall in costs of £542m to £602.9bn.

87. Given the large coverage and up-to-date information in the open data scheme, we assume all consumers will benefit from actively being able to find and therefore buy cheaper fuel, or passively from benefiting from cheaper fuel through increased price competition among PFSs competing for market share (regardless of whether they also actively find cheaper fuel, or whether they continue to purchase from their preferred PFS).

Consumer fuel savings (indirect benefit to consumers; monetised)

88. To calculate the consumer cost of fuel after introducing a mandatory open data scheme, we take the same approach as calculating this cost under the counterfactual i.e. we calculate the weekly cost of fuel by multiplying weekly petrol/diesel prices with weekly petrol/diesel consumption and we aggregate these weekly costs of fuel to estimate the annual cost of fuel.

89. However, under the Option 1 calculations we apply a price reduction to the weekly prices of petrol and diesel, which represents both consumers actively benefiting from being able to purchase cheaper fuel through being able to see where cheaper fuel is being sold (i.e. reduced 'search costs') and passively benefiting from cheaper fuel being sold through increased price competition among PFSs.²²

90. Since the start of 2023, petrol retail spreads averaged 10.88 pence per litre.²³ For diesel, the retail spread have averaged 24.30 pence per litre.²⁴ Any price reduction close to, or exceeding, the retail spread would likely result in a loss of profitability for PFSs.

91. Using information on fuel retail spreads, and having consulted with policy and competition experts from DESNZ and the CMA, we have created the following sensitive estimates to reflect the current retail spreads provided by the CMA:

- i. Under the high estimate scenario, we assume the scheme allows consumers to find fuel 6 pence per litre cheaper for both petrol and diesel.
- ii. The central estimate scenario assumes fuel can be found 3 pence per litre cheaper for both petrol and diesel.
- iii. The low estimate scenario assumes fuel can be found 1 pence per litre cheaper for both petrol and diesel. We expect a positive impact on fuel prices, but the degree is unknown.

92. This type of sensitivity analysis allows us to investigate how variations in the price reduction affects the wider net present value of an open data scheme. We cover this in more detail in the 'Risk and assumptions' section on page 20.

93. We have assumed that the price reduction to weekly prices of petrol and diesel are the same, the justification of which is also explained in the 'Risk and assumptions' section on page 22.

94. In addition to applying a price reduction in our Option 1 appraisal, we have also made an adjustment to the quantity of fuel consumed. This is because more fuel is consumed as it becomes cheaper i.e. there is an inverse relationship (the price elasticity of demand for fuel is negative).

95. Following engagement with policy experts, we have applied an elasticity of -0.03. This means that for every 1% fall in fuel price, fuel consumption is expected to increase by 0.03%.²⁵ Therefore, under Option 1, we expect relatively more fuel to be consumed than compared to the counterfactual.

96. Combining the estimated weekly prices of petrol and diesel which we assume are lower, with the weekly consumption of petrol and diesel, we estimate that the total cost of fuel for consumers

²² In practice, consumers who actively benefit from cheaper fuel may experience a larger gain from cheaper fuel prices than those who passively benefit, for example because consumers who actively search for cheaper prices may find them quicker or because there may be a small-time lag for the impacts of increased competition among PFSs to feed through to prices. However, for the purposes of our assessment, we assume the active and passive benefits from cheaper fuel prices are equal, and therefore the benefits of cheaper fuel prices are an underestimate.

²³ CMA Road Market Fuel study: Analysis of BEIS, Platts, Bloomberg and Bank of England data; <https://www.gov.uk/cma-cases/road-fuel-market-study>

²⁴ Ibid.

²⁵ We have applied an elasticity of -0.03 after engaging with HMT and HMRC officials, to keep consistency with other appraisals of other fuel policies, for example the 5p fuel duty cut in 2022.

under Option 1 is between £600.0bn (low scenario) and £583.2bn (high scenario), with a central scenario estimate of £593.3bn (£449.9bn in 2019 prices).

97. Table 2 shows the net cost of fuel savings to consumers that can be expected as a result of a mandatory open data scheme.²⁶ The estimated saving is £10.1bn under the central estimate scenario (£7.7bn in 2019 prices) over a 10-year period.²⁷ This estimate is uncertain and the true savings to consumers could be much higher or lower than we estimate, as evidenced by the low and high estimate scenarios.

98. In the 2022 Spring Statement, government announced a 5 pence cut to fuel duty. HM Treasury (HMT) estimated this policy to cost £2.4bn per annum.²⁸ We engaged with HMT and HMRC fuel experts on the appraisal behind the fuel duty cut, to ensure join-up in our appraisal of an open data scheme.

99. Our estimates are consistent with HM Treasury's appraisal of fuel duty cut. For example, our analysis for our central scenario estimate indicates that each pence per litre reduction in fuel prices saves consumers £444m each year. This is broadly consistent with the analysis for the 2022 Spring Budget fuel 5p duty cut, where each pence per litre cut in fuel duty was estimated to provide savings of £480m.

Table 2: Estimated cost of fuel to consumers under each option (2019 prices) over a 10-year appraisal period, broken-down by fuel type

2019 prices, 2020 base year		Low	Central	High
Option 1	Petrol	£155.1bn	£153.3bn	£150.5bn
	Diesel	£299.9bn	£296.6bn	£291.7bn
	Total	£455.1bn	£449.8bn	£442.3bn
Option 0	Petrol	£156.0bn	£156.0bn	£156.0bn
	Diesel	£301.6bn	£301.6bn	£301.6bn
	Total	£457.6bn	£457.6bn	£457.6bn
Net Consumer Fuel Savings (Option 1 minus Option 0)	Petrol	£0.9bn	£2.8bn	£5.5bn
	Diesel	£1.6bn	£4.9bn	£9.8bn
	Total	£2.6bn	£7.7bn	£15.4bn

Business administrative costs from providing fuel price and other information (direct cost to business; monetised)

100. The statutory open data scheme will require all PFSs to provide their petrol and diesel prices each time the price changes, and within 30 minutes of it changing. To comply with this open data scheme, there will likely be a small administrative burden on PFSs to provide information to government via an external organisation. The specific burden includes the time taken for an employee working at the PFS to submit fuel price and other information.

101. We estimate that all 8,365 PFSs will be in scope of needing to provide fuel price and other information. We assume that PFSs will likely upload their information once a day, which will take them between 3-10 minutes per upload a day.

102. We assume 10 minutes is a reasonable upper estimate for the level and granularity of information required, and for the simplicity of platform an external organisation will use to acquire this information from PFSs. Some businesses may, over time, become very quick at uploading the relevant information which provides justification using 3 minutes as a reasonable lower estimate. Our central estimate assumes an average of 5 minutes to provide information per

²⁶ The net cost of fuel savings is defined as the consumer cost of fuel under the mandatory open data scheme (Option 1) minus the consumer cost of fuel under the counterfactual (Option 0).

²⁷ The annual net saving if we assume that 5% of UK consumers already use price comparison tools in the counterfactual is £9.7bn (£7.3bn in 2019 prices).

²⁸ Spring Statement 2022 policy costings;

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1062462/Policy_Costings_Document_Spring_Statement_2022.pdf

upload per day, which corresponds to an aggregate cost estimate of £37.5m over the 10-year appraisal period (£28.4m in 2019 prices).²⁹

103. This central scenario estimate is likely to be an overestimate given that many individual fuel stations are part of larger retail groups or owned by individuals who own multiple fuel stations. Therefore, in practice, there may be efficient internal data reporting systems (or scope for automation) for all sites owned by larger retail groups, or owned by individuals who own multiple fuel stations.

Table 3: Estimated costs to business from providing fuel price and other information (2019 prices) over the 10-year appraisal period

2019 prices, 2020 base year	Low	Central	High
	£17.1m	£28.4m	£56.8m

Familiarisation costs (direct cost to business; monetised)

104. PFSs will have to adhere to familiarise themselves with the statutory open data scheme and the requirements on them. For large fuel companies, relevant subsidiaries responsible for the fuel forecourts will need to read the new guidance, interpret and act accordingly. We estimate one-off familiarisation costs to total £0.04m in the central estimate, with a range of £0.02m to £0.72m representing uncertainty around the number of retail sites that will directly read any guidance.
105. The low- and central- estimate scenarios assume all PFSs under a franchise/‘brand’, or has a parent company will not themselves have to read any legislation, but that a single person (or few people) within the ownership group or parent group will read the legislation and summarise actions individual PFSs will have to take. Under the high-estimate scenario, we assume all PFSs, regardless of whether they belong to a franchise/‘brand’ or parent company will ready the legislation and associated guidance.
106. We estimate that it will take between 1 and 3 hours for a corporate manager to familiarise themselves with the changes required under the open data scheme, and around the F0. While the open data scheme and monitoring function, and the requirements on PFSs from both, will likely be relatively quick for corporate managers to familiarise themselves with, we assume 3 hours as a reasonable upper estimate.
107. Table 4 summarises the total number of sites we estimate to be incurring familiarisation costs our low-, central, and high-estimate scenario, as well as our assumptions on the time it would take to familiarise a manager with the legislation/guidance.

Table 4: Total number of sites needing to familiarise themselves with guidance and time taken

	Parent companies	Unbranded	Minor brands	Total sites incurring familiarisation costs	Time to read / familiarise with changes (hours)
Low	23	479	184	686	1
Central	23	479	184	686	2
High	7701*	479	184	8364	3

* High estimate assumes parent companies **cannot** disseminate for franchisee PFSs, hence the number of individual PFS sites under each parent company faces familiarisation costs

108. Under our central scenario, we estimate it takes one corporate manager approximately 2 hours to consider the familiarise themselves with legislation/guidance and disseminate the

²⁹ For our calculations, we assume that gross hourly wage of an employee at a fuel retailer who will have the responsibility of providing fuel price and other information is £14.54 (ONS ASHE 2022), combined with a non-wage labour uplift of 17% (ONS 2022). This is multiplied by the estimated number of UK PFSs (8,365; UKPRA 2023) and average time to upload the information once a day (5 minutes in the central scenario). This calculation estimates annual costs to be £4.4m or £37.5m over the 10-year appraisal period (after discounting prices to 2024). Table 6 outlines the assumptions we have made across our assessment in more detail.

implications to their employees (or individual PFSs where relevant).^{30,31} We calculate familiarisation costs to be £0.04m (£0.03m in 2019 prices).³²

Opportunity for market innovation (indirect benefit to business; non-monetised)

109. The mandatory open data scheme benefits businesses by providing the opportunity for innovative third party service providers to use the data which will be collected, cleaned, and published by the external organisation, to create new, or enhance existing, price comparison tools services.
110. It can also provide the opportunity innovative third party service providers of other services – such as navigational tools – to enhance their existing offering by incorporating fuel price comparisons within these services.
111. A mandatory open data scheme will ultimately benefit innovative third party services of new/existing price comparison tools and other services, by allowing them to grow the size of the existing fuel price comparison market, and therefore provide and/or grow another revenue (and profit) stream for these businesses, for example through advertisement revenue from new/existing mobile applications that allow consumers to compare fuel prices.
112. Given the uncertainties of the magnitude of this market innovation opportunity benefit, and the lack of evidence underpinning several assumptions that need to be made to quantify this benefit to businesses, we have provided the above qualitative assessment.

Increased price competition (decreased business fuel revenue) (indirect cost to business; monetised)

113. An indirect impact of the Open Data scheme is that businesses may be incentivised to compete on price, leading to a reduction in the price of petrol and diesel for consumers. This is explained thoroughly under the relevant ‘consumer fuel savings’ sections above.
114. As a result of result of PFSs competing on price to attract consumers and maintain or increase their market share, there will be an impact on the revenues of PFSs. This impact can be considered a transfer between businesses and consumers, and this transfer has been monetised as ‘consumer fuel savings’ above.
115. For example, in the central scenario a 3 pence per litre reduction in fuel prices will ultimately reduce revenues for businesses (and government, through reduced VAT and fuel duty receipts) by an estimated £10.1bn (£7.7bn in 2019 prices), over a 10-year period. This amount is ultimately *transferred* to customers who save 3 pence per litre on fuel prices.

Funding of the scheme (indirect cost to business; non-monetised)

116. Under Option 1, funding will be required to set up, implement and run the open data scheme, specifically to cover the costs of the aggregator and the ‘enforcer’ role but there may also be other associated costs.
117. In line with the government’s guidance on Managing Public Money and the DPDI Bill, there are several options possible for funding models:
 - i. Exchequer funding: under this model the cost of the open data scheme would be met through general taxation via the consolidated fund
 - ii. Full or partial levy funding: under this model, the cost of the open data scheme would be met through fees, charges or a levy so that it is cost-neutral to the taxpayer. Subject to the provisions in the DPDI Bill, this approach could fund the full costs of the open data scheme or could be supplemented by Exchequer funding to cover certain costs.

³⁰ The relevant explanatory notes to the legislation and legislative clauses are expected to total around 1,500 words, and it is assumed the corporate manager or director will read these texts three times at a reading speed of 50 words per minute to fully understand the content

³¹ The assumed reading speed is at the low end the range for technical texts to account for the higher level of language complexity in these documents. Business Impact Target: appraisal of guidance, BEIS (2017); https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609201/business-impact-target-guidance-appraisal.pdf

³² Average gross hourly wages is assumed to be £24.47. (ONS ASHE 2022), combined with a non-wage labour uplift of 17% (ONS 2022). This is multiplied by the number of sites – 674 in the central scenario – and the average time taken familiarise with legislation/guidance (1 to 3 hours) amounting to £0.04m in our central scenario (£0.03m in 2019 prices). Table 6 outlines the assumptions we have made across our assessment in more detail.

118. Further work needs to be undertaken to determine how full or partial levy funding would work, including what the levy may fund, who should pay this levy and how it would be calculated so that we can fully consider this option. The consultation published alongside this Impact Assessment – specifically Q23 and Q24 – seeks to gather stakeholder views on this in more detail.
119. In light of the uncertainty around funding the scheme, we have undertaken an appraisal of both exchequer funding (paragraphs 126 to 129) and full/partial levy funding (paragraph 119). However, only one of the funding models will be used when the open data scheme is implemented.
120. Under Option 1 if full/partial levy funding is used, businesses may be charged fees or a levy to cover the costs of an open data scheme. For example, if the cost of the scheme was £5m per annum (we expect the true cost to be much lower than this as argued in paragraph 129) and spread over all 8,365 PFSs, this would amount to an average cost of under £600 per fuel station.
121. As aforementioned, further work needs to be undertaken to scope out how full/partial levy funding would work, and whether we should explore the possibility of reducing the cost of the Open Data scheme to the public sector through full/partial levy funding subject to the provisions in the DPD Bill. The consultation will be used to gather more information on this.
122. For the purposes of this assessment, we have quantified funding of the scheme as a cost to government (exchequer funding) for now, given the uncertainties are the full/partial levy funding option.

Costs of establishing a monitoring function (direct cost to government; non-monetised)

123. Under Option 1, the CMA will establish a monitoring function to provide an ongoing assessment of competition in the road fuels market.
124. We do not have enough information to hand to quantify the establishment of the monitoring function. Therefore, we have provided a qualitative assessment of these costs, based on information to hand from other schemes and based on expert opinion.
125. We expect the monitoring function to cost well below £5m per annum.³³ This is because the main costs of the monitoring function will be resourcing costs for officials to carry out the work.
126. Given the current uncertainties around how the monitoring function will be set up, the resourcing budget allocated to it etc., the actual costs could be higher (or lower) than the above.

Costs of funding the scheme (direct cost to government; monetised)

127. Similarly, under Option 1, government will need to contract an aggregator to gather fuel price and other information from PFSs and publish this information as open data in an accessible way.
128. Under Option 1 if exchequer funding is used, we expect the cost of contracting an external organisation to lead on the open data scheme process to cost less than £5m per annum. For the purposes of our assessment, we have assumed an upper estimate cost of £5m per annum, following evidence of aggregator costs from open data schemes in other countries.
129. The Queensland government in Australia have contracted an aggregator to facilitate an open data scheme, with very similar responsibilities to what we are proposing. The cost to the Queensland local government for a two-year tender with an external organisation was reported to be under \$250,000 (c.£129,000), with a separate setup cost of \$500,000 (c.£257,000).^{34,35}
130. Scaling down these costs from two years to one year, scaling up the number of PFSs in Queensland (c.700) to those in the UK (8,365), and considering economies of scale and set-up costs (the close-to-zero marginal cost of being provided with one more PFSs information to clean and publish), we estimate that costs for contracting will likely be less than £5m per annum. However, for the purposes of this assessment we use an overestimate to account for any

³³ We expect the monitoring function costs to fall within the defined De-Minimis threshold of \pm £5m per annum for regulatory changes.

³⁴ South Australian Productivity Commission: Commissioned report on fuel pricing;

https://www.sapc.sa.gov.au/data/assets/pdf_file/0006/198348/Commissioned-Report-on-Fuel-Pricing.pdf

³⁵ Using 1 Australian Dollar to 0.515 GB Pound exchange rate, XE.com [accessed: 02/08/2023]

optimism bias on our estimate. Future engagement with potential contractors will help refine this cost estimate further us and allow us to provide a more accurate quantified estimate.

Decreased exchequer fuel receipt revenue (indirect benefit to government; non-monetised)

131. Under Option 1, we assume that consumers purchase more fuel in response to fuel price reductions as explained in paragraph 95. As more fuel is consumed, this generates less revenue for government through the impacts of VAT changes charged on each litre of fuel. This is because while there is an increase in fuel duty revenue from more petrol and diesel being consumer when the price of petrol falls (as explained in paragraph 95), this does not offset the reduction in VAT revenue the government receives on each litre of fuel sold.³⁶

132. This impact can be considered a transfer from the government to businesses (which is then subsequently transferred to consumers), and therefore has been captured in the monetisation of ‘consumer fuel savings’ and ‘increased price competition’.

Summary of quantified estimates

133. Table 5 shows a summary of the direct and indirect benefits and costs that we have quantified.³⁷ It also features the Equivalised Annualised Net Direct Cost to Business (EANDCB) and the Net Present Social Value (NPSV). The sensitivity analysis – the low, central, and high estimate scenarios – reflect the uncertainty in our assumptions, and highlights that the true EANDCB and NPSV could be lower or higher.

Table 5: Estimated Quantified Net Costs and Benefits (2019 prices) Over the 10-Year Appraisal Period

Option 1- Net Present Value (2019 prices; 2020 base year)	Low	Central	High
Net consumers fuel savings	£2,558.7m	£7,678.7m	£15,365.7m
Business administrative costs	£17.1m	£28.4m	£56.8m
Familiarisation costs	£0.01m	£0.03m	£0.55m
Increased price competition (decreased business fuel revenue)	£2,558.7m	£7,678.7m	£15,365.7m
Costs of an aggregator	£32.6m	£32.6m	£32.6m
Equivalised Annualised Net Direct Cost to Business (EANDCB)		£3.3m	
Net Present Social Value (NPSV)		-£61.1m	

Risks and assumptions

134. Our assessment has been informed by publicly available quantitative and qualitative evidence, including the CMA final market study report. However, some data limitations mean that there is a degree of uncertainty about the precise benefits for consumers from fuel savings because of uncertainty about the pence per litre reductions in petrol and diesel that the introduction of the open data scheme may indirectly lead to.

³⁶ The VAT on each litre of fuel is levied at a percentage – i.e. 20 per cent – rather than a fixed pence per litre amount like fuel duty (which is charged at 53.95 pence per litre). This means that if the price of fuel sold falls, there is less VAT that is collected for each litre of fuel sold.

³⁷ Net consumer fuel savings reflects the cost of fuel under the open data scheme (Option 1) minus the cost of fuel under the counterfactual (Option 0).

135. In some areas we have made assumptions to calculate our quantified estimates, based on qualitative evidence, industry engagement (including the CMA), or from policy experts – these are summarised in Table 6 below. Qualitative assessments have been where there has been insufficient available data to form assumptions with a reasonable degree of confidence.
136. We have also assessed three different scenarios – a low-, central-, and high-estimate scenario – as a form of sensitivity analysis to account for the uncertainty in our assumptions and assessment. Our Best Estimate, as presented in the summary sheets on pages 1 and 3, is our central scenario.
137. We expect an open data scheme to have a positive impact on fuel prices, but the degree is unknown. The reduction in the cost of fuel for consumers is the main benefit, meaning it has modest impact on the overall NPV of the open data scheme. There is uncertainty around the number of retail sites who will need to disseminate the new legislation and understand the changes. We are unable to determine if large businesses can disseminate the legislation for the retail sites they own.

Price collusion

138. One key risk on the introduction of a mandatory open data scheme is that there is no guarantee that the scheme will help facilitate reductions in fuel price through incentivising price competition among PFSs. This risk is therefore also an analytical risk, as it directly relates to the quantification of the scheme's benefits – i.e. consumer fuel savings which materialise from fuel price reductions between the scheme's introduction (Option 1) and the counterfactual (Option 0).
139. Hypothetically, the main way by which the introduction of a mandatory scheme might not result in fuel price reductions, is if the scheme facilitates price collusion among PFSs. Increased transparency through an open data scheme which shares information on an open, free, and "real-time" basis could potentially increase the risk of price collusion and/or anti-competitive exchanges of commercially sensitive pricing information between PFSs. Either of which could in theory lead to prices converging at higher levels than they otherwise would, resulting in unintended consequences for consumers. This would mean that the introduction of the open data scheme, could see fuel prices stay the same as they currently do in the counterfactual, or it could even increase prices.³⁸
140. In practice, however, we do not expect for the scheme to facilitate price collusion because we have sought to mitigate the risk of collusion between PFSs through policy design of the scheme. This includes:
- i. mandating requirement for all PFSs in the UK to participate in the scheme to ensure full coverage and a level playing field for all PFSs;
 - ii. outsourcing the collection, validation and sharing process to a third party aggregator to prevent direct exchange of information between PFSs;
 - iii. ensuring disclosure of current prices rather than future pricing intentions to reduce the competitive sensitivity of the information by putting the responsibility of reporting the price change on the individual PFS rather than central office;
 - iv. making data available openly and freely so that it as accessible as possible to all competitors and consumers and guarantee parity of information available;
 - v. setting out enforcement plans against non-compliance to ensure accurate information is reported promptly; and
 - vi. creating an ongoing road fuels price monitoring function which would monitor road fuel prices and be able to provide advice to the government on the need for potential interventions to improve competition or consumers outcomes.

³⁸ Anecdotal evidence suggests PFSs already survey fuel prices of local competitors which could be used to inform their pricing. Therefore, in this case, the risk from an open data scheme facilitating price collusion is smaller.

Table 6: Evidence for assumptions

Estimate	Source	Assumption(s)	Description
Fuel price reduction	CMA (2023)	An open data scheme could help deliver/facilitate a reduction in the price of petrol and diesel between 1 pence per litre and 6 pence per litre (central estimate 3 pence per litre).	It is not possible to accurately predict the impact an open data scheme will have on the price on petrol and diesel. However, we do know the scheme will help consumer find the cheapest fuel at any given time, which in turn will increase incentivise PFSs to compete further on price for market share. Using information on fuel retail spreads and having consulted with policy and competition experts from DESNZ and the CMA, we have assumed potential price reductions of between 1 and 6 pence per litre. These estimates do not exceed the current retail spreads of petrol and diesel provided by the CMA. Since the start of 2023, the average retail spread on petrol was 10.88 pence per litre for petrol and 24.30 pence per litre for diesel. Any price reduction close to, or exceeding, the retail spread would imply that PFSs are making a loss on each litre of fuel sold, and therefore we have assumed that the retail spreads create an upper bound for price reductions that the scheme could facilitate.
Consumer fuel savings	DESNZ (2022); HMRC (2022)	Fuel consumption is perfectly distributed within a given month and week. The number of consumers remain the same for each week in a month.	<u>Weekly fuel prices:</u> Due to the heterogeneity, and subsequent lack of data, of petrol and diesel prices in different local and regional areas of the UK, we have used the average weekly UK prices of petrol and diesel from Weekly Road Fuel Prices published by the Department for Energy Security and Net Zero (DESNZ). <u>Fuel consumption:</u> Where data on fuel consumption was not available at the weekly level, we have used HM Revenue & Customs (HMRC) monthly tax receipts on excise duty charged on fuels from the Hydrocarbon Oils Bulletin publication. This data has then been apportioned to match our weekly price data.
Business administrative costs	ONS (2022; 2020)	We assume that it will take between 3-10 minutes (central estimate 5 minutes) for a manager of a PFS to provide their fuel price information to an aggregator.	We use ONS ASHE data (2022) on the average gross hourly wage of managers and directors in retail and wholesale (£13.23), and apply an uplift to take account of non-wage labour costs (+17.7%).
Familiarisation costs	ONS (2022; 2020); UKPRA (2023)	We assume that it will take between 1-3 hours (central estimate 2 hours) for a manager/director to read guidance and pass on information to colleagues and clients. We also assume the number of sites needing to familiarise varies between 686 and 8364. The low and central estimates assume large corporations can read the legislation for all sites under their franchise. The high estimate assumes all individual franchised sites read the guidance.	We use ONS ASHE data (2022) on the average gross hourly wage of corporate managers and directors (£21.06), and apply an uplift to take account of non-wage labour costs (+17.7%).

Impact on small and micro businesses

141. There are currently 663 small or micro businesses directly operating as PFSs which accounts for less than 10 per cent of all fuel operators.¹ The introduction of a mandatory open data scheme itself is unlikely to have a direct disproportionate impact on small and micro businesses.
142. This is because the fuel price and other information that PFSs will be mandated to provide can be offered to the external organisation through: an online method, for example an online portal; an application programming interface (API); or through an offline method like text messaging. This means that any PFSs including small and micro businesses without, for example, internet access will not be disproportionately burdened by the scheme.
143. The introduction of the open data scheme is likely to have the indirect effect of reducing fuel prices in a given area within the UK. If price competition leads to large retailers severely undercutting fuel prices that small and micro businesses cannot match – because they have smaller fuel (profit) spreads, or because they do not benefit from the same economies of scale that larger retailers can benefit from – then small and micro businesses could disproportionately lose revenue and market share.
144. The set-up of a monitoring function can mitigate against any disproportionate burdens to small and micro businesses. Specifically, if fuel price reductions by large fuel retailers (which cannot be matched by small and micro businesses) have resulted from illicit pricing strategies, for example predatory pricing which severely harms, curtails or removes competition, the monitoring function would have investigative powers and advise government.²
145. We do not currently have data on the fuel (profit) retail spread of small and micro businesses, and we hope to gather further evidence on this in future stakeholder engagement with industry.

Wider impacts (consider the impacts of your proposals)

Current distribution impacts on different consumer groups

146. The direct impact of introducing an open data scheme will not have any impact on consumer groups, as the scheme only mandates that PFSs provide fuel price and other information to government which is ultimately published as open data.
147. However, there might be a wider indirect impact on different consumer groups, depending on how innovative third party service providers use the open data. For example, if third party service providers use the open data for digital/online/app-based price comparison tools, consumer groups that are not technologically versed, or do not have access to the internet may not have access to new price comparison tools.
148. While an argument could be made that non-technology-versed or non-internet-access groups may then be excluded from comparing fuel prices, and will therefore not benefit from actively searching for, and subsequently benefits from cheaper fuel, we do not expect this to be the case.
149. This is because we expect that wider spillovers from groups who do search for fuel prices to be sufficiently large enough to incentivise price competition among all PFSs in a given area. This means that even groups who do not price comparison and purchase fuel from the cheapest PFSs – i.e. those who stay with their preferred PFS – are likely to passively benefit from cheaper

¹ As of the start of 2023, there are 479 minor brand PFSs and 184 unbranded PFSs: <https://www.ukpra.co.uk/assets/documents/market-review-pra-2023.pdf>

² Predatory pricing is an illegal pricing strategy that centres around a business (or businesses) setting prices close to or below costs to undercut their competition long enough to force them out of the market, after which the business (or businesses) raise prices. By initially setting prices close to, or below costs, other businesses in the market are unable to compete and may exit the market if unprofitable for a longer-period.

fuel prices because their preferred PFS will likely lower prices to regain any lost market share from consumers who do search for, and shop at different PFSs

Future place-based and consumer distribution impacts from Net Zero transition

150. The automotive sector is expected to transition away from internal combustion engine (ICE) vehicles and automotives that require petrol and diesel, and towards electric vehicles (EVs) and automotives. This switch will lead to a significant reduction in demand for road fuel over the coming decades.
151. While the exact path and timing of fuel demand reduction is uncertain, we expect for there to be a reduction in the number of PFSs, which in turn will likely lead to reduced competitive intensity. The statutory Open Data scheme could help partially mitigate the impacts of weaker competition.
152. Another concern related to the impact of the Net Zero transition on fuel prices, is the distributional impact on consumers. We expect less well-off consumers to be slower to transition away from ICE vehicles and automotives, and towards EVs, given their current higher relative costs, and also because less well-off consumers less frequently change/purchase newer cars. As a result, less well-off consumers are more likely to be buying road fuel further into the future, which means they will be disproportionately more exposed to fuel price changes and any anti-competitive behaviour in this market.
153. With the transition to net zero and the government's commitment to ban the sale of new petrol and diesel vehicles from 2035, this will significantly affect the expected future path for the road fuels sector. The transition from fossil fuel to zero carbon vehicles is likely to lead to accelerating closure of infrastructure including PFSs and risks weakening of competition in the remaining fossil-fuel based road fuels market. This transition is likely to be felt particularly by less well-off consumers and those living in rural areas.
154. Given the potential future changes to the market which may create conditions to further weaken competition and impact consumers negatively, it may become necessary for government to consider further intervention to increase competitive pressures in the market. A monitoring function would support the government in this by providing an ongoing assessment of the effectiveness of competition in this market and whether further intervention is required.

Environmental impact

155. There are no direct impacts on the environment of introducing an open data scheme. However, if fuel prices become cheaper as a result of the scheme's introduction, there could be some environmental impact, though we expect this to be relatively limited, compared to our counterfactual scenario.
156. Any environmental impact is materialised through cheaper fuel prices leading to an increase in the quantity of road fuel demanded. This would sustain the production of, and demand for, crude oil and the fuel refinery process in our counterfactual, which has environmental impacts.
157. However, the reason we expect the impact to be relatively minimal is because road fuel price inelastic good. This means that changes in price have a relatively smaller impact on the quantity demand.
158. Engagement with HMRC and OBR colleagues suggests that fuel price elasticities for petrol and diesel in the short term are estimated to be 0.03.³ This means that for every 1% fall in fuel prices, fuel demand is expected to increase by 0.03%. Therefore, we expect the environmental impacts of sustained (compared to a scenario of fuel demand falling every year) to be relatively small.

A summary of the potential trade implications of measure

³ 0.03 refers to the price elasticity of fuel duty rather than of fuel prices. However, given that fuel prices are made up of fuel duty and other components (VAT, wholesale cost, the distribution cost, retail margin etc.) and that any change in fuel price as a result of the fuel duty leads to a change in demand for fuel, this estimate can be used as a proxy for the price elasticity of fuel prices.

159. We do not expect the introduction of a mandatory open data scheme to have direct trade implications. Some fuel companies that operate in other countries that have existing open data schemes, for example Germany, Austria, or Australia, may find that the requirements are very similar to our proposed open data scheme.

Equalities assessment

160. We do not expect the introduction of the open data scheme to have a disproportionate impact on an individual with any protected characteristic. Moreover, we expect the wider impacts of introducing the scheme on reducing prices are not linked to any protected characteristics of any consumer.
161. For example, while more elderly-aged groups are more positively correlated with groups without internet access, we expect 'passive price reductions' resulting from competition among PFSs for market share – as a direct result of the actions of consumers who do price compare – to create a spillover effect that benefits all consumers, regardless of whether they price compare.
162. Furthermore, while PFSs who are affected by the introduction of the open data scheme (because they will have a statutory duty to provide information) may have employees who hold one or several protected characteristics, the obligation and requirements of the open data scheme are not linked in any way to the protected characteristics, or the protected characteristics of any employees/individuals involved.
163. As such, we do not expect any adverse or disproportionate negative impacts on people (consumers, employees etc.) who have a protected characteristic from introducing the open data scheme. Similarly, no steps need to be taken to advance equality of opportunity and foster good relations.

Monitoring and Evaluation

Open data scheme

164. We expect that the open data scheme will increase fuel price transparency, providing consumers with greater information to make more informed decisions, increase pressure on PFSs to compete strongly and provide growth opportunities for third party app developers.
165. The impact and success of the open data scheme will be dependent on third party apps and website developers who would use the fuel price data to create price comparison tools and consumers who would use these tools to compare prices.
166. To assess the success of the open data scheme, we will need to understand how many third parties are using the data, whether new third parties have entered the market to create price comparison tools, the number of consumers using the price comparison tools and if and how this has impacted road fuel prices. The monitoring function will also have a role in considering the performance of the open data scheme.
167. The provisions in the Data Protection and Digital Information Bill requires that the secondary legislation laid must be reviewed within 5 years of the regulations coming into force and then at subsequent intervals not exceeding 5 years.

Monitoring function

168. We expect that the monitoring function will facilitate greater competition in the road fuels market at a national and local level and will be an important measure to protect consumers interests. It should also consider the performance of remedies that may be introduced at a later date.
169. The impact and success of the monitoring function could be limited if fuel retailers attempt to obfuscate whilst complying with the CMA's requests for information and hinder it from being able to carry out its role effectively. Some supermarkets operated in this way during the market study. To mitigate this, we will provide the CMA with a compulsory information-gathering power and enforcement powers, so that it has the ability to impose penalties for non-compliance.

170. The compulsory information-gathering powers we will provide the CMA with will have a sunset clause of 5 years, requiring a SoS review and secondary legislation to be laid if the power should be extended. The review would evaluate the effectiveness and efficacy of the information-gathering powers in enabling the CMA to carry out the monitoring function.
171. The CMA publishes an annual impact assessment which sets out the estimated direct financial benefits to consumers from the CMA's competition, markets, mergers and consumer work. We would expect this to include benefits of the monitoring function too in the future.
172. Information collected from the open data scheme and the monitoring function will enable an assessment to be made on whether the two remedies have been successful in strengthening competition at a national and local level.
173. Given the future transition of the road fuels market, the monitoring function will ensure the government has an ongoing assessment of competition within a changing market. The petrol and diesel road fuels market is finite and there is likely to be a point in the future come when the monitoring function is no longer required or may lose relevancy in its current form which is why we have included a sunset clause as set out above.