



126 Maclendon Dr.
P.O. Box 12422, KY1-1010,
Cayman Islands

Director of Planning,
Central Planning Authority
P.O. Box 113
Grand Cayman KY1-9000

25th March 2021

Dear Sir,

Refuel: Planning Application Block 12C Parcel 517 West Bay Beach South (“the Application”)

You will be aware that Refuel is the only Caymanian owned importer and distributor of gasoline and diesel fuel in the Cayman Islands.

You will also be aware that Refuel is the only gas station supplying such fuel in the Cayman Islands that complies with the Cayman Islands Government’s National Energy Policy; our fuel being distinct from the product sold at all other stations on Island in that it provides emission reducing E10, B5 and B20. Specifically from inception, Refuel has reduced CO₂ emissions from fossil fuels in the Cayman Islands by over 12,000,000 pounds and continues to do so at a rate close to 400,000 pounds a month.

You should know that the statistical comparative evidence that Refuel has in its possession, and that OfReg has made public, will show that it provides such fuel over any given average period at a price significantly less per gallon than that of the National Average overwhelmingly operated by Sol and Rubis. We have the documented evidence that shows that occasionally one Sol or Rubis station will reduce its price unsustainably to attempt to compete with Refuel, but the average cost per gallon across all competitor outlets remains significantly higher than Refuel on any given day and often by as much as half a dollar a gallon.

We wish to draw your attention to a comment by Mr Duke Monroe of OfReg to the Planning Department as part of their Planning Review, for this application:

“(xv) Under OfReg’s broader remit, the offices preliminary economic and regulatory assessment indicates that the increase in the number of gas stations continues to place (upward) pressure on fuel prices. Subject to finalization of the comprehensive fuel market assessment, Grand Cayman may be overserved by gas stations. The assessment takes into account a number of additional gas stations which has been approved and are pending construction unless there were change of approval status for those previous applications.”

We find this statement :-

1. Misleading.
2. Further it deliberately conflates the supply by Refuel of emission reducing lower priced Refuel product with the product provided by Sol and Rubis and fails to make the basic economic distinction.
3. The supposition that competition places upward pressure on prices, flies in the face of recognized economic theory, Public Account Committee recommendations¹ and the National Energy Policy.

The attraction of the emission reducing and economically competitive product is evidenced by the existing Refuel station operating at full capacity. That is unanswerable. The ability of Refuel to further reduce fuel prices in the Cayman Islands, is limited unless it can increase scale. It proposes to do so by providing emission reducing and less expensive fuel to the residents of West Bay and the Seven Mile Beach Corridor from the operation of the gas station the subject of the Application. It appears from Mr Munroe's comment that OfReg is intent on reducing competition and our ability to reduce fuel costs further which is precisely the opposite intention of its statutory remit.

OfReg and its consultants appear to have confused genuine open market economic competition with anti-competitive strategic entry/preemption games. The intention of these entry/preemption games in this scenario is to enable the established incumbent duopoly, Sol and Rubis, to saturate the market deliberately to prevent new entrants, here Refuel, from competing or gaining market share. That monopolistic saturation will indeed lead to upward price pressure through the establishment of barriers to entry and protected returns. Entry/preemption games of this sort and monopolistic expansion are not competition, they are strategic interactions designed precisely to prevent competition. Once the new entrant is precluded from gaining market share through whatever barrier is established, (in this case regulatory barriers) the monopoly will then be free to price gasoline as it sees fit. These propositions are well settled in strategic theory by the likes of Michael Porter and Bruce Greenwald. OfReg must answer on the subject of the clear pricing advantage provided by Refuel to the public of the Cayman Islands which it seeks not merely to now ignore² but to prevent.

We find the above statement made to the CPA by OfReg to be misconceived, and require it to be withdrawn forthwith and in any event to be ignored by the CPA.

Barriers to Entry must be torn down, not built up if competition is to flourish.

Yours faithfully,



Dow Travers

¹ Report of Standing Public Accounts Committee on the Report of the Office of the Auditor General on the Efficiency and Effectiveness of the Utility Regulation and Competition Office (OfReg) – June 2020. Section 9.13

² Speaking on Refuel's pricing advantage; "Mr. Munroe said Refuel's lower prices are causing "unease" among its competitors", <https://www.caymancompass.com/2018/12/05/gas-prices-fall-but-not-as-much-as-in-u-s/>