



CONSTRUCTION FILE: Fuel Price Volatility: Reality, Options, and Practical Steps

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BCCA recognizes BC's construction industry is facing renewed cost pressure from rising fuel prices, an essential input affecting all aspects of project delivery. This builds on several years of cumulative disruption, including supply chain shocks, global conflicts, and labour pressures. The industry continues to operate in an environment of increased uncertainty, while still expected to deliver on agreed contract terms, even where this creates significant business risk.

Most construction projects are delivered under fixed-price contracts, which do not easily allow for adjustments when input costs such as diesel rise unexpectedly. The reality of many contracts in the construction industry, including CCDC and CCA, is that there is no clear provision for claiming this type of change, the way there is for changes to tariffs or laws.

In our opinion, this is a critical moment for industry, from general and trade contractors to owners and developers, to move from aspirational to practical collaboration.

This Construction File is intended to assist BC's construction association members, including general contractors, trade contractors, and suppliers, in understanding their responsibilities, options, and limitations in this environment. It does not replace legal advice from an experienced construction lawyer.

PRACTICAL STEPS AND APPROACH

BCCA adapted the following from the Canadian Construction Association Bulletin on Price Instability for Trade Contractors, which BCCA helped develop and was acknowledged in.

Read your contract

- Read your contract: if there is a flow down provision from the prime contract, get and read a copy of the prime contract.
- Ask and provide clauses to be included that address your concerns: realistically, you probably won't be successful.
- If you don't like the contract and the risk is too much, don't bid and don't sign. Your business and your livelihood may depend on it.

When you are in construction (and under contract)

Get uncomfortable. To make the case for a change in contract price, you will likely have to disclose information that is not typically disclosed on a stipulated sum contract. However, if you want to be compensated, this will likely be required.

- Give Notice in Writing in accordance with your contract.

- Keep and maintain full and detailed accounts and records necessary to document the situation. This is required under most contracts. Start early in documenting the situation's impact.
- Explain the situation: do not assume they understand your challenges and your sector of construction.
- Have a conversation to discuss. Get off email and meet face to face.
- Come with evidence:
 - Show emails, quotes, invoices, notices from suppliers, and other relevant documentation.
 - Indices can be helpful in understanding and explaining baseline market pricing to the general contractor and the owner but are likely not enough to make a claim.

Be prepared for a claim for credit

Cost instability goes both ways: be prepared for this eventuality and keep proper records.

Considerations when you are bidding

- If there is contractual language addressing cost instability, has the intent been discussed? Do all parties have the same understanding?
- Is the project's budget disclosed and is it realistic?
- Do you know the general contractor and the owner? Have they been flexible in the past with considerations beyond the scope of the contract, like cost instability?
- Do you know who the project managers are for each party (general contractor, owner, and consultant)? If you have to make a claim, those individuals will likely be the judge and jury.

ADDITIONAL RESOURCES

- [Canadian Construction Association's Bulletin on Price Instability](#): Members are encouraged to review the Canadian Construction Association's Bulletin on Price Instability. It also discussed and provides examples of cost escalation clauses and how to approach owners as a general contractor, please refer to the [Canadian Construction Association's Bulletin on Price Instability](#).
- [BCCA Member Advisory #2: Providing Notice In Writing](#): BCCA previously created a checklist outlining steps for providing notice in writing and tracking documentation related to tariffs. While tariffs are recoverable under CCDC contracts, the principles of notice and documentation remain relevant here. For further detail, refer to the checklist in [BCCA Member Advisory #2: Providing Notice In Writing](#).