

BC ENERGY REGULATOR

2023/24
Annual Service Plan Report

August 2024



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Board Chair's Accountability Statement



The BC Energy Regulator 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 - 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink that reads "Chris Hayman". The signature is written in a cursive, flowing style.

Chris Hayman
Board Chair, BC Energy Regulator
August 7, 2024

Table of Contents

Board Chair’s Accountability Statement.....	3
Letter from the Board Chair & CEO.....	5
Purpose of the Annual Service Plan Report	6
Strategic Direction.....	6
Purpose of the Organization	6
Operating Environment.....	7
Economic Statement.....	8
Report on Performance: Goals, Objectives, and Results.....	9
Financial Report.....	18
Appendix A: Progress on Mandate Letter Priorities	23
Appendix B: Auditor’s Report and Audited Financial Statements	28

Letter from the Board Chair & CEO

It is with great pleasure that we present the BC Energy Regulator's (BCER) Annual Service Plan Report for the fiscal year ending March 31, 2024.

This report encapsulates our collective efforts and achievements over the past year, showcasing our unwavering commitment to fulfilling our mission and mandate in a rapidly evolving energy landscape.

As we reflect on the past year, we are proud of the significant progress we have made against the targets set in the [2023/24 - 2025/26 Service Plan](#). Through collaboration and partnership with government ministries, industry counterparts, and communities, we have achieved milestones in reducing methane emissions, advancing sustainable energy practices, and strengthening regulatory oversight.

Our dedication to reconciliation with Indigenous peoples remains at the forefront of our work. We have continued to foster meaningful relationships with First Nation communities, by working with First Nations to include Indigenous perspectives into our decision-making processes and striving to address shared challenges and opportunities in the energy sector.

Furthermore, our efforts to modernize liability management programs have yielded positive results, as evidenced by successful decommissioning and restoration activities on orphan and dormant sites. These initiatives reflect our commitment to environmental stewardship and ensuring the responsible management of energy resources.

None of these accomplishments would have been possible without the dedication and hard work of our stakeholders, partners, and employees. Their unwavering support and commitment have been instrumental in driving our success, and for that, we are immensely grateful.

As we look to the future, we remain steadfast in our commitment to transparency, accountability, and continuous improvement. We are confident that by working together, we can overcome challenges and seize opportunities to build a sustainable energy future for British Columbia.

We invite you to explore this report, which provides a comprehensive overview of our activities and accomplishments over the past year. Thank you for your continued support and partnership as we work towards our shared goals.



Chris Hayman
Board Chair, British Columbia Energy
Regulator
August 7, 2024



Michelle Carr
CEO, British Columbia Energy Regulator
August 7, 2024

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's 2021/22 [Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BC Energy Regulator 2023/24 – 2025/26 [Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

The BCER is the provincial agency responsible for regulating energy resource activities in British Columbia. As a Crown Corporation, the organization reports to the provincial government through the Minister of Energy, Mines and Low Carbon Innovation. The [Energy Resource Activities Act](#) and the [Geothermal Resources Act](#), and their supporting regulations, set out the organization's mandate and authorities, with current government direction for the organization articulated in the [BCER's mandate letter](#).

The BCER's mission is to regulate the life cycle of energy resource activities in B.C., from site planning to restoration, ensuring activities are undertaken in a manner that: protects public safety and the environment; supports reconciliation with Indigenous Peoples; supports transition to low-carbon energy; conserves energy resources; and fosters a sound economy and social well-being.

The BCER carries out this mission through three core business areas:

- Regulation and policy: provide an effective framework that enables regulatory excellence;
- Responsible resource development: processes and stewardship measures that improve transparency, durability of decisions, and expand opportunities for innovation; and
- Compliance and Safety: monitor, inspect, audit, and enforce the life cycle of regulated activities, ensuring technical assessments, safety and stewardship measures are effective and reflect best practices.

The organization works closely with those affected by the activities it regulates and dedicates significant resources to its relationships and engagement with Indigenous Peoples. Its commitment to supporting provincial reconciliation efforts is integrated throughout its business utilizing an integrative management approach that considers the objectives of the

[United Nations Declaration on the Rights of Indigenous Peoples Act](#), treaties, and applicable laws and regulations. The BCER applies this integrated approach to all its processes, from training staff to actively collaborating with Indigenous communities throughout the regulatory life cycle. This is in addition to its obligations to consult First Nations and Treaty Nations as part of its decision-making processes.

Throughout the regulatory process the BCER engages with local governments, land owners and rights holders, First Nations, industry, and various stakeholders to mitigate any adverse impacts of activities on communities, property, and quality of life.

Maintaining the effectiveness of the regulatory framework is a constant area of focus for the BCER. The organization works in partnership with government ministries and agencies to improve regulatory outcomes and alignment with government policy directions. This includes working to support achievement of B.C.'s methane emissions reduction targets from oil and gas operations, and its ongoing implementation of the [Dormancy and Shutdown Regulation](#) to ensure operators reclaim inactive sites.

Energy is critical to British Columbia's economic growth and ensuring goods and services can be delivered to citizens. The BCER is aligned with provincial direction to leverage British Columbia's energy advantage to help address the generational challenge of climate change and positioning British Columbians to benefit from a low-carbon economy. The BCER supports a resilient energy future, where the Province's energy resource activities are safe, environmentally leading, and socially responsible.

Operating Environment

In fiscal year 2024, the operating environment for the BC Energy Regulator was shaped by its clarified mandate and strategic focus on regulating energy resource activities in British Columbia. Guided by its mission to oversee the life cycle of energy resource activities in the province, the BCER prioritized objectives such as protecting public safety and the environment, supporting reconciliation with First Nations and Indigenous peoples, promoting the transition to low-carbon energy, and fostering economic and social well-being. The regulatory landscape saw continued emphasis on policy dynamics and legislative changes aimed at aligning regulatory frameworks with these overarching objectives.

Energy sector trends in fiscal year 2023-24 reflected the BCER's mission-driven approach, with a notable focus on renewable energy expansion. The regulator's efforts to facilitate responsible resource development and enhance compliance and safety measures were evident in its engagement with Indigenous Peoples, local governments, landowners, and industry stakeholders, to mitigate adverse impacts and ensure regulatory outcomes aligned with public interest objectives.

Challenges within the operating environment included heightened environmental impact and the imperative of infrastructure resilience, particularly in the context of extreme weather events such as wildfires. The BCER responded by focussing on regulatory compliance with

environmental standards, robust community engagement, and resilience planning to safeguard energy supply reliability and environmental sustainability.

Engagement with First Nations remained central to regulatory governance, with a particular emphasis on collaboration and public consultation.

The BCER's commitment to supporting provincial reconciliation efforts was integrated throughout its operations, reflecting an integrative management approach informed by the [United Nations Declaration on the Rights of Indigenous Peoples Act](#), treaties, and applicable laws and regulations.

Economic Statement

Following two years of strong recovery from the pandemic, economic growth in British Columbia moderated in 2023. After expanding by 3.9 per cent in 2022, B.C.'s real GDP increased by 1.6 per cent in 2023, the second highest growth rate among provinces (tied with Saskatchewan and Ontario) and outperforming the national average. Growth in B.C.'s real GDP was supported by service-producing industries such as real estate, rental, and leasing; professional, scientific, and technical services; transportation and warehousing; and healthcare. Despite steady growth in the construction and mining, quarrying and oil and gas extraction sectors, output for goods-producing industries decreased in 2023, partly due to lower manufacturing activity. While B.C.'s economy continued to expand in 2023, some sectors such as transportation and warehousing and accommodation and food services have yet to fully return to pre-pandemic levels.

B.C.'s labour market continued to grow in 2023, with employment growth of 1.6 per cent and wages and salaries increasing by 6.9 per cent. However, B.C.'s unemployment rate rose to 5.2 per cent in 2023 from 4.6 per cent in the previous year as the labour force, supported by record high immigration, grew faster than employment. High interest rates tempered consumer spending on goods in 2023 and nominal retail sales edged down 0.1 per cent. In 2023, price pressures in B.C. moderated among a broad number of goods and services but remained elevated. B.C.'s inflation rate averaged 3.9 per cent in 2023, down from 6.9 per cent in 2022. B.C. home construction activity strengthened in 2023. Housing starts totalled 50,490 units in 2023, the highest annual pace on record and up 8.1 per cent compared to the previous year. High interest rates continued to weigh on home sales activity last year. B.C. MLS home sales decreased by 9.2 per cent in 2023, while the MLS average home sale price was 2.6 per cent lower than 2022. On the external front, B.C.'s international merchandise exports declined by 13.5 per cent in 2023, due to weaker global demand and lower commodity prices compared to 2022.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 service plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [BC Budget website](#).

Goal 1: A Progressive & Trusted Life Cycle Energy Regulator

We demonstrate regulatory excellence across the full life cycle of energy resource alternatives that support a safe, responsible, responsive, and innovative energy sector for the benefit of British Columbians.

Objective 1.1: Demonstrate Operational Excellence & Stewardship in the Public Interest

We use trusted processes and embrace innovative technologies to ensure energy resource activities are safely and effectively planned for, developed, managed, maintained, and restored in a manner that fully considers the environment, the rights of land owners, Indigenous Knowledge, community well-being, and contributes to B.C.'s competitive investment climate.

Key results

- Implemented new pre-engagement requirements for industry that facilitated consensus-seeking, co-created permit conditions and mitigation strategies, integrating Treaty 8 rights into a comprehensive application review and decision-making process.
- Revamped and automated electronic submission for Certification of Restoration (COR).
- Executed the external audit program which covered public safety and environmental protection programs using a risk-based model to audit the full life cycle of regulated activities.
- 3,142 inspections completed as part of BCER's risk-based inspection program.
- Executed the aerial leak detection survey of decommissioned wells, surveying 294 wells over approximately 500,000 hectares north of Fort St. John.

Summary of progress made in 2023/24

The BCER collaborated with provincial agencies to redesign cumulative effects management, facilitating meaningful engagement with Treaty 8 First Nations, and advancing cross-sector conversations. In addition, BCER initiated discussions and preliminary work with various [Treaty 8 First Nations](#) on new cumulative effects assessment tools and approaches. Concurrently, improvements in site reclamation certification processes, driven by the [Dormancy & Shutdown](#)

[Regulation](#), led to a notable rise in Certificate of Restoration (COR) submissions. The fiscal year concluded with testing the improved COR process for wellsite reclamation and will be expanded into testing the process for pipelines and facilities, aimed at enhancing efficiency and accessibility. Furthermore, streamlining the COR audit procedures via risk-based assessments optimized resource allocation and regulatory compliance. The leak detection survey facilitated the annual evaluation of decommissioning practices and the maintenance of well integrity in remote and challenging-to-access areas. These strategies affirm our commitment to operational excellence and public interest stewardship.

Objective 1.2: Advance B.C.'s Energy Transition & Low-Carbon Economy

We work collaboratively across government and industry to share regulatory and technical expertise, provide operational leadership, and evolve our regulatory model to support B.C.'s energy transition, low-carbon economy, and meet future global energy needs.

Key results

- Incorporated [Environmental, Social, and Governance \(ESG\)](#) focused actions into the BCER's Three-Year Strategy.
- Developed enhanced methane emission reduction regulatory policy for the [Drilling and Production Regulation](#) (DPR) through collaborative efforts with government, industry stakeholders, and environmental non-government organizations (ENGO).
- Successfully implemented changes to the [Fee, Levy, and Security Regulation](#), expanding its scope to include hydrogen, ammonia, and methanol manufacturing.
- Developed and published a comprehensive [carbon dioxide storage application guideline](#).

Summary of progress made in 2023/24

The integration of ESG-focused initiatives into the Three-Year Strategy aligns with the [Ministry of Energy, Mines and Low Carbon Innovation \(EMLI\)](#) mandate objectives. This plan aims to support ESG goals by facilitating reductions in methane emissions from the upstream oil and gas sector, aligning with [CleanBC Roadmap to 2030](#) targets. The ongoing development of the Drilling and Production Regulation highlights the organization's commitment to collaboration in achieving provincial methane targets. Furthermore, the successful implementation of the Fee, Levy, and Security Regulation marks significant progress in establishing a robust regulatory framework for hydrogen, ammonia, and methanol manufacturing. The BCER's subject matter experts provided technical expertise to EMLI in support of the Province's tenure policy, [Petroleum and Natural Gas Storage Reservoir Regulation](#), and draft Carbon Capture and Storage Offset Protocols. The new Carbon Dioxide Storage application guide offered clarity on regulatory expectations for storage proposals. These milestones signify a pivotal step in advancing the energy transition and fostering a low-carbon economy.

Objective 1.3: Build Public Trust & Provide Energy Information

Public trust begins with improving the public’s understanding of our expanded role as a regulator, including the safety, environmental, social and governance factors the BCER applies when making regulatory decisions about energy resource activities.

Key results

- Enhanced the Compliance Management Information System, by developing compelling data narratives¹, upgraded to Power Business Intelligence (BI) infrastructure to strengthen the Data Governance Program.
- Delivered two regulatory and technical design sessions on pipelines at the University of B.C. Pipeline Integrity Institute, which enhanced public understanding of energy development and regulatory oversight.
- Implemented rebranding initiatives to communicate the transition from BC Oil and Gas Commission to BC Energy Regulator and the new mandate.

Summary of progress made in 2023/24

The BCER has actively enhanced transparency and built public trust through increased information sharing and collaboration with the B.C. government's open data platforms. Various initiatives, including new data narratives and infrastructure improvements, further contributed to transparency and trust. The BCER received positive outcomes from pipeline engineering design sessions at the University of B.C. increased outreach efforts during the transition under the new mandate. Additionally, the shift to becoming the BC Energy Regulator included developing new web pages, fact sheets, and banners, alongside communicating these changes through engagement efforts such as a news release, social media, and targeted advertising campaigns, demonstrated our commitment to public trust and comprehensive energy information sharing.

Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[1a] Hectares of restored dormant sites as a percentage of total disturbed dormant area ¹	9%	25%	22%

Data source: Identification of the dormant sites are confirmed through submissions of restoration declarations from permit holders' data retrieved from an internal database. The hectares are calculated with a standard assumption area of 1.44 ha per site.

¹PM [1a] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 40% and 45%, respectively.

¹ Data narratives refer to the practice of using storytelling techniques to interpret and convey insights derived from data. Rather than presenting raw numbers or statistics alone, data narratives weave together context, analysis, and visualization into a coherent and compelling story.

The performance target was narrowly missed, by 3 per cent, likely due to permit operators that cancelled planned work because of an intense wildfire season. Despite this, it did not indicate a non-compliance. Progress is tracked through hectares restored, with industry reports providing essential data on site restoration. The BCER monitored notification processes, completed internal reviews, field inspections, and audits, ensuring continuous oversight. The BCER plan involved enhancing evaluation of industry plans and implementing proactive measures to identify and communicate setbacks to maintain progress. Continuous improvement in assessing plans, regulatory oversight, and proactive measures based on analyzed data remain the BCER's key focus. Despite challenges, the BCER remains unwavering in fulfilling its mandate, ensuring consistent progress towards ensuring that dormant sites are restored while upholding operational excellence and stewardship in the public interest.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[1b] Percentage of high-priority corrective action plans outstanding within allocated timelines ¹	0%	<1%	0%

Data source: Corrective Action Data, contained within a spreadsheet in TEAMS.

¹PM [1b] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as <1% and <1%, respectively.

BCER has successfully achieved its performance target, with all external audit corrective action plans addressed within the allocated timelines, reflecting the effectiveness of industry's corrective measures and the BCER's commitment to public safety and environmental responsibility. Central to BCER's mandate is ensuring public safety, particularly through pipeline and facility integrity management programs which are integral components of the BCER's regulatory framework. Audits for compliance are conducted, and high-priority corrective actions are assigned to permit holders where deficiencies are identified. This performance measure focuses on completing identified corrective actions within allocated timelines, fostering public trust in the energy sector's adherence to stringent standards of safety and environmental protection.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[1c] Progress of oil and gas industry targets in reducing methane emissions from 2014 levels identified in CleanBC's Roadmap to 2030 ¹	40%	35%	42%

Data source: Ministry of Environment industrial greenhouse gas reporting. Additionally, the Actual Data for FY 2022/23 corresponds to Calendar Year (CY) 2021, and FY 2023/24 Actual corresponds to CY 2022. The discrepancy arises due to time required to analyze data from various inputs.

¹PM [1c] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 45% and 55%, respectively.

The target for reducing methane emissions under CleanBC's Roadmap to 2030 was exceeded by 7 per cent underscoring our commitment to addressing climate change. Ongoing efforts to monitor regulation of methane emissions effectively and accurately has driven continual advancements in precision-enhancing tools. Refining these tools enables industry to identify

emissions sources and implement targeted solutions, strengthening overall methane reduction initiatives. The performance measure tracked industry’s progress toward CleanBC’s methane reduction target of 75 per cent from 2014 levels by 2030 and near elimination by 2035. Baseline methane emissions from the oil and gas sector in 2014 were 2.75 million tonnes of CO2 equivalent. While other provincial reports may not align with the same percentage output, suggesting potential disparities in the base calculation year or the data source, the BCER has maintained our data source with Ministry of Environment to ensure consistency in BCER’s reporting. Through collaborative efforts across government and industry, the BCER demonstrated its commitment to a low-carbon economy and in meeting future global energy needs by sharing regulatory and technical expertise.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[1d] Satisfaction level on how well the BCER is engaging stakeholder groups ^{1,2}	88%	88%	86%

Data source: Survey of a wide range of land owner and local government stakeholders throughout the province, conducted every year by an external third party. The results are tracked and analyzed internally.

¹PM [1d] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 88% and 88%, respectively.

²PM [1d] Stakeholder refers to groups who are impacted by the work BCER regulates and the decisions it makes-but who may not necessarily have regular contact with the Regulator. This includes land owners who live directly in or adjacent to areas where oil and gas activity is taking place (or is planned to take place) and local government officials.

The Stakeholder Survey resulted in 2 per cent shortfall in meeting the target satisfaction rate. The accuracy of the survey results is +/-4.4 per cent with changes of 6 per cent being considered statistically significant. This feedback will be instrumental in enhancing existing initiatives and exploring strategies to better engage stakeholders. With a focus on achieving high levels of stakeholder satisfaction, these efforts aim to provide comprehensive information about the BCER’s mandate and mitigate potential negative impacts on stakeholders’ quality of life. Active involvement with stakeholders, particularly those directly affected by regulated activities, is a cornerstone of our operational framework. Recognizing the complex dynamics of our engagement initiatives, we have set 88 per cent as a benchmark target for our service standard commitment. This is considered reasonable, acknowledging the inherent variability in stakeholder participation and awareness levels within our surveyed demographic.

Goal 2: Meaningful Reconciliation & Partnership with Indigenous Peoples

We honour Indigenous rights, title, and values as foundational in our decision making and apply these in all facets of our work, with Indigenous communities as partners in building British Columbia’s energy resource future.

Objective 2.1: Effective Government to Government Relations with First Nations

We work in partnership with Indigenous Peoples to advance solutions and increase community wellbeing.

Key results

- Delivered on sharing a newsletter with First Nation communities on how the BCER responded to feedback received from First Nation Partners² to strengthen government to government relations, and subsequently engaged in in-person discussions with individual communities to foster open dialogue and mutual understanding.
- Launched a [new guideline](#) to include Indigenous Knowledge into BCER decision-making processes.
- Implemented multifaceted Indigenous learning opportunities for staff, which included training on reconciliation and trauma informed training, to foster a deeper understanding how trauma impacts relationships and communication.
- Collaborating with Treaty 8 First Nations, the BCER led restoration initiatives on orphan sites, coordinating reclamation plans and projects while engaging the community and community-owned and partnered service providers.

Summary of progress made in 2023/24

The BCER actively engaged with First Nations partners to measure effective government-to-government relations, fostering transparent discussions, and enhancing accountability and trust. Through the launch of Indigenous Knowledge decision-making process, the BCER closed the fiscal year with a project charter, and training sessions on ownership, control, access and possession (OCAP). First Nation partners have been informed and communication channels remain opened for their input, ensuring transparency and collaboration throughout the project. Including Indigenous Knowledge into decision-making requires broad awareness among subject matter experts to establish best practices and support respectful relationships. Through new training programs the BCER is building internal expertise to equip employees with the knowledge to build trust and advance relationships with First Nations' partners and, contributing to meaningful reconciliation efforts. Additionally, by expanding partnerships with Indigenous communities in the restoration sector, the BCER collaborated on capacity-building initiatives and fostered a shared sense of ownership in successful outcomes, further strengthening government-to-government relations with First Nations.

² **First Nations Partners** who received the newsletter: Blueberry River First Nations, Doig River First Nation, Fort Nelson First Nation, Halfway River First Nation, Mcleod Lake Indian Band, Prophet River First Nation, Saulteau River First Nation, West Moberly First Nation, Lax Kw'alaams Band, Metlakatla First Nation- Metlakatla Development Corporation, Kitsumkalum First Nation, Kitselas First Nation, Ya'tsalkas/ Dark House, Gitga'at First Nation, Saik'uz First Nation, Stellat'en First Nation, Lheidli T'enneh Nation, Skin Tye First Nation, Tl'azt'en Nation, Squamish Nation, Musqueam Indian Band, Lil'wat Nation (Mount Currie), Stk'emlupsemc te Secwepemc Nation (SSN), Ktunaxa Nation Council/ Ktunaxa Lands & Resources, Wet'suwet'en First Nation, Nisga'a Lisims Government, Nee Tahi Buhn Indian Band, Haisla Nation, Yekooche First Nation, and Tseil-Waututh Nation.

Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[2a] Percentage of BCER staff who have participated in learning opportunities to improve their understanding of Indigenous Peoples ¹	71%	95%	98.9%

Data source: Internal tracking of annual Individual Development Plans and attendance at the BCER's learning events. Targets are based on an employee count of 288.

¹PM [2a] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 98% and 100%, respectively.

The BCER surpassed its performance measure by 3.9 per cent, which is based on an internal audit of employees' participation in individual and organizational learning about Indigenous Peoples. The BCER anticipates that continuous expanded learning will contribute to advancing solutions for building trusting relationships with Indigenous Peoples.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[2b] Agreements with Indigenous communities to participate in compliance and enforcement programs (e.g., the Aboriginal Liaison Program (ALP)) ^{1,2,3}	10	10	11

Data source: Internal documentation records.

¹PM [2b] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as TBD and TBD, respectively.

²PM [2b] This performance measure was replaced by a new measure in the latest service plan.

³PM [2b] First Nations who participate in the ALP are: Prophet River, Blueberry River, Doig River, Fort Nelson, Saulneau, West Moberly, Lake Babine, Carrier Sekani, along with Haisla Nation and Nisga's Lisims Government.

The target was exceeded by one with the signing of a new Interagency Compliance and Enforcement Management Framework for the Eagle Mountain - Woodfibre Gas Pipeline project. This signifies fostering collaboration between key stakeholders, including BCER, Squamish Nation, and the [Environmental Assessment Office](#), along with maintaining the 10 [Aboriginal Liaison Program](#) agreements previously in place. The performance measure underscores direct engagement of First Nations in compliance and enforcement, reflecting BCER's commitment to meaningful partnerships with these First Nations. The Aboriginal Liaison Program facilitates relationship-building, fosters understanding of Indigenous values and Indigenous Knowledge for the BCER and provides Liaisons' participation in training and oversight of natural resource development while amplifying their community voices. This performance measure contributed to meaningful reconciliation by monitoring development activities and impacts, fostering collaboration with Indigenous peoples, and building partnerships to solutions and advancing community wellbeing.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[2c] Number of orphan sites per fiscal year reclaimed with ecologically suitable species following engagement with local Indigenous Nations ^{1,2}	3	25	24

Data source: Internal audit of documents.

¹PM [2c] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 30 and 35, respectively.

²PM [2c] Local Indigenous First Nations refers to Treaty 8 First Nations.

The target was missed by one, despite encountering setbacks caused by delays from wildfires. The performance measure focused on reclaiming orphan sites in natural areas using ecologically suitable species, following engagement with local Treaty 8 First Nation communities. With 24 orphan sites reclaimed, a significant proportion of orphan reclamation activity occurred within natural areas. Strengthening relationships with Treaty 8 First Nations is integral to collaborating on the development of final orphan site goals. These engagements were crucial for understanding Indigenous peoples’ connections to the land, environmental values, ongoing use, and reconciliation efforts. The BCER has been actively completing ongoing pilot projects and forming partnerships with Indigenous Nations to develop reclamation programs and provide communities with opportunities to lead reclamation initiatives. The BCER is not only promoting environmental sustainability but also fostering stronger government-to-government relations with First Nations.

Goal 3: A Healthy, Empowered, Inclusive, and Modern Workplace

We are a safe, diverse, and modern workplace of choice that embraces collaboration and continuous improvement, and where our people are engaged and empowered.

Objective 3.1: Empowerment, Diversity of Thought, & Collaboration

Our people have the training, technologies, and tools to work effectively and collaboratively in advancing the work of the BCER.

Key results

- Established the Equity, Diversity, and Inclusion (EDI) Committee, defined terms of reference, and initiated organization-wide unconscious bias training to foster diversity and inclusion within the BCER.
- Developed a new comprehensive governance manual to support the newly appointed Board and leadership in setting out the Board’s mandate, accountabilities, and key relationships in governing the organization.

- Developed a new BCER policy framework that will ensure BCER policies are inclusive and effective in holding employees accountable to high ethical standards in the work we do supporting the BCER’s mandate.
- Launched new and improved Business Intelligence Link (BIL) reports, as well as new online, interactive maps and other GIS-based tools, enhancing the accuracy of data information for informed decision making.

Summary of progress made in 2023/24

The BCER implemented a comprehensive training program encompassing Equity, Diversity, and Inclusion (EDI) to provide clarity on issues impacting the organization. The committee proactively engaged in training initiatives provided by Bystandard and Alliedship, ensuring our staff received the most up-to-date information to enhance capacity in EDI. Further, the revitalization of corporate governance practices with a new manual and policy framework, ensured alignment with the Board's mandate and supported staff to advance the BCER’s mission. The BCER also moved towards enhancements to data utilization and sharing capabilities, offering improved BIL reports and GIS-based tools, fostering informed decision-making and collaboration, fulfilling our goal of empowering staff and promoting diversity of thought.

Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
[3a] Voluntary staff turnover rate ^{1,2}	8.3%	≤10%	1.7%

Data source: Internal database.

¹PM [3a] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as ≤10% and ≤10%, respectively.

The BCER exceeded this performance target by 8.3 per cent, demonstrating a decrease in voluntary departures from the organization. The BCER commitment to transitioning into a modern workplace and positioning itself as an employer of choice was validated by its recognition within [B.C.’s Top 100 Employers](#). Key factors contributing to this success included a flexible work environment, positive vacation schedules, participation in the “We Care” program facilitating employee support, and a comprehensive benefits plan. Tracking progress with a goal of maintaining staff turnover rate below 10 per cent aligns with practices observed in other public service agencies. This commitment underscores BCER’s dedication to talent retention and our goal to foster a safe, diverse, and modern workplace of choice.

Financial Report

For the auditor's report and audited financial statements, see [Appendix B](#). These documents can also be found on the BCER website.

Discussion of Results

The BCER had a total annual surplus of \$3.1 million in 2023/24 compared to a break-even budget and surplus of \$11.7 million in 2022/23. This includes a surplus from operations of \$5.8 million and deficit from the Orphan Site Reclamation Fund (OSRF) of \$2.7 million.

Revenue from operations increased from \$73.4 million in 2022/23 to \$79.1 million in 2023/24 primarily due to stronger production levies, remediation recovery, and infrastructure levies offset by lower application fee revenue.

Financial Summary

(\$000s)	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance
Operations				
Revenues				
Industry Levies	\$53,685	\$58,350	\$56,523	\$(1,827)
Application Fees	17,362	8,200	12,811	4,611
Interest and Other	2,340	1,400	3,176	1,776
Remediation Recovery	-	-	6,583	6,583
Total Revenue from Operations	73,387	67,950	79,093	11,143
Expenses				
Salaries and Benefits	31,592	34,500	37,394	(2,894)
Other Operating	22,350	27,850	29,556	(1,706)
Indigenous Funding	6,890	5,600	6,357	(757)
Total Expenses from Operations	60,832	67,950	73,307	(5,357)
Annual Surplus from Operations	12,555	-	5,786	5,786
Orphan Site Reclamation Fund (OSRF)				
OSRF Revenues				
Orphan Site Restoration Levy	\$15,000	\$15,000	\$15,000	\$ -
Government Transfers ²	25,065	-	-	-
Interest and Remediation Recoveries	368	300	1,323	1,023
Total Revenue from OSRF	40,433	15,300	16,323	1,023
OSRF Expenses				
Obligatory Orphan Site Estimates	3,200	3,400	9,006	(5,606)
Discretionary Reclamation	37,188	10,800	8,821	1,979
Salaries and Administration	888	1,100	1,202	(102)
Total Expenses from OSRF	41,276	15,300	19,029	(3,729)
Annual Deficit from OSRF	(843)	-	(2,706)	(2,706)
Total Annual Surplus	11,712	-	3,080	3,080

Additional Information				
Capital Expenditures	4,927	5,000	5,633	(633)
Total Liabilities	117,258	105,000	100,825	4,175
Accumulated Surplus	\$7,556	\$7,556	\$10,636	\$3,080

¹ The above financial information was prepared based on current Generally Accepted Accounting Principles. Refer to the Statement of Operations and Note 20 of the audited financial statements for details of revenue and expenses summarized in the above table.

²Government transfers in fiscal 2022/23 included federal pandemic stimulus funding received through the Ministry of Energy, Mines and Low Carbon Innovation. Additional funding was received, and orphan reclamation work completed in 2022/23.

³Certain budget classifications reported in the 2023/24 Service Plan were reclassified to align with the approved Audited Financial Statements contained in Appendix A.

Variance and Trend Analysis

The BCER is reporting an annual surplus of \$3.1 million compared to a break-even budget.

Revenue from operations was \$11.1 million higher than budget due to a higher volume of application fees, higher interest rates and the recovery of remediation costs offset by a lower volume of industry levies.

Production levies account for 63 per cent of revenue from operations and in 2023/24 natural gas production volumes increased by 7 per cent over the prior year. The year over year increase was 2 per cent lower than budget as production was impacted by wildfires, facility maintenance, and lower prices. Total production levies were \$1.2 million lower than budget and infrastructure levies were \$0.6 million lower than budget. In total, industry levies were \$1.8 million lower than budget.

Application fees account for 17 per cent of revenue from operations. Well application submissions were higher than the budget by \$3.8 million. The budget had reflected uncertainty over application volumes as the BCER implemented the details of recently signed Treaty 8 and Blueberry River First Nations Agreements. Redesigned application referral, consultation and permitting processes allowed progress on application reviews and the recognition of deferred revenue totalling \$1.0 million. These items were offset by other application variances of \$0.2 million for total application fee revenue \$4.6 million higher than budget.

Other operating expenses were \$29.6 million compared to budget of \$27.9 million. This variance included higher amortization, allowance for bad debts, and remediation costs offset by savings with professional services.

Expenses from operations were \$5.3 million higher than budget due to higher salaries and benefits, other operating, and Indigenous funding expenses. The BCER successfully recruited vacant positions and maintained lower turnover rates leading to lower than anticipated vacancy rates. As well, new positions were created to support the implementation of agreements with Treaty 8 nations and mandate expansion. The Orphan Site Reclamation Fund (OSRF) incurred a deficit of \$2.7 million compared to a break-even budget. During the year, significant changes in the liability estimate totalling \$9.0 million were recognized as additional contamination was discovered at several sites during the completion of the restoration work. This impact was mitigated by higher interest rates and lower discretionary reclamation completed.

Capital expenditures of \$5.6 million were completed above budget of \$5.0 million due to increased information system development focusing on compliance management.

Total liabilities, as of March 31, 2024, of \$100.8 million were lower than budgeted primarily due to obligatory orphan restoration work completed.

Risks and Uncertainties

The BCER's main financial risk exposure is due to the potential insolvency of industry permit holders. If insolvencies occur among industry permit holders, the recognition of obligatory orphan site expenses may be greater than budgeted OSRF revenues can absorb, and a deficit would be absorbed. Accounting standards require the liability for orphan sites to be recognized in the year the permit holder becomes insolvent and while this can impact the BCER's ability to balance its budget on an annual basis, industry funding through the orphan site restoration levy is expected to be sufficient to fund future OSRF costs.

The BCER monitors industry market forces and permittee financial health to determine whether the risk of a deficit exists. The liability for orphan sites is estimated and measurement uncertainty disclosed in the audited financial statements and supporting notes.

Financial risk to operations is primarily from industry market forces on production volumes and well applications. The ability of the BCER to set levy rates, within an approved range, reduces the risk that regulatory costs will exceed industry revenues.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2022/23 Mandate Letters from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2024
<p>Continue to build and strengthen relationships with Indigenous Nations through flexible approaches to consultation and supporting partnership initiatives.</p>	<p>This fiscal year the BCER continued implementation of procurement strategies which resulted in significant support from some Treaty 8 Nation owned and partnered service providers on orphan sites. Overall, across the province, the BCER continued to provide funding for partnership opportunities to support First Nations and Indigenous organizations involvement across the regulatory life cycle, as well as to meet reconciliation commitments.</p>

2021/22 Mandate Letter Priority	Status as of March 31, 2024
<p>Continue to modernize liability management programs; ensure operators complete reclamation activities for dormant sites in accordance with the Dormancy and Shutdown Regulation; ensure reclamation activities for orphan sites occur within established timelines and reflect Indigenous peoples, community, and agricultural land priorities; and include the restoration of other legacy oil and gas disturbances to protect public safety and the environment.</p>	<p>This fiscal year work has significantly advanced towards the restoration of orphan sites with 536 decommissioning and restoration activities on 365 individual sites (more than three quarters of B.C.'s orphan population has been decommissioned, and one quarter reclaimed). Industry has completed significant decommissioning and restoration activities on dormant sites, with 22 per cent of sites defined as Type A in the Dormancy and Shutdown Regulation having been restored. Partnerships and contracting opportunities continue to be developed with Treaty 8 First Nations. The BCER's Permittee Capability Assessment (PCA) program has been expanded to include the liability of dormant pipelines and facilities in corrective action requirements. The PCA program continues to mitigate liability risk by requiring liability reduction restoration work or security deposits from permit holders. This mandate priority will be on-going while we continue to effectively regulate the full lifecycle of oil and gas activities in B.C.</p>
<p>Continued engagement with those affected by oil and gas development to ensure an ongoing dialogue, information and data is transparent and available, and there are opportunities to inform policies, guidelines and regulations that protect public interests.</p>	<p>Throughout this fiscal year, engagement initiatives were conducted via webinars and trade shows. Additionally, the organization released four new data narratives and updated seismicity and dormant sites maps on the BCER website. Successful rebranding efforts led to heightened awareness of the transition to the BC Energy Regulator and its expanded mandate. The establishment of regulatory development processes facilitated public, and First Nations input on new regulations. Moving forward, prioritizing this mandate will remain an ongoing focus.</p>

2021/22 Mandate Letter Priority	Status as of March 31, 2024
<p>Collaborate with other government ministries, agencies, and partners to help achieve B.C.'s methane emissions reduction targets from oil and gas operations, including by monitoring the effectiveness of new methane regulations, undertaking robust compliance and enforcement activities, and advancing research to improve the detection, measurement, and reduction of methane emissions.</p>	<p>This fiscal year the BCER collaborated with Ministry of Energy, Mines and Low Carbon Innovation (EMLI) and the Ministry of Environment and Climate Change Strategy and has partnerships through the BC Methane Emissions Research Collaborative for ongoing research into methane reduction. In 2023, the BCER worked with Government and engaged with ENGOs, industry, and First Nations who participate in the Regulator Affairs Quarterly to develop a new regulatory policy for Board approval that is reflective of current science and is designed to help ensure methane emissions from the upstream oil and gas sector in B.C meet reduction policy targets of the CleanBC Plan. We continue to maintain well established links and relationships with government ministries and agencies through working committees from Deputy Minister, Assistant Deputy Minister, and staff levels. This priority will be ongoing and each year we continually look for new initiatives to strengthen our partnerships further.</p>

2022/23 Mandate Letter Priority	Status as of March 31, 2024
<p>Continue to transform the BCER’s Indigenous engagement approach including the application referral, consultation and permitting processes to address the First Nations’ ability to meaningfully exercise their rights. These efforts will be guided by ongoing implementation of the <i>Declaration on the Rights of Indigenous Peoples Act</i>, and the recently signed Treaty 8 and Blueberry River First Nations Agreements in conjunction with First Nations.</p>	<p>This fiscal year the BCER continued to refine and enhance its consultation and engagement processes with Treaty 8 First Nations. This included actively participating in and piloting planning, cumulative effects, and restoration activities under the Treaty 8 agreements. The BCER continued its focus on building trusted relationships and shared processes with First Nation communities in northeast B.C. These changes have included new pre-engagement requirements for industry, consensus-seeking and the co-development of permit conditions and mitigation measures, and greater integration of treaty rights into the overall application review and decision-making process.</p>
<p>Build effective regulatory frameworks that enable British Columbians to transition into low-carbon emission sources of energy and that are responsive to a changing environment and continue engagement with those affected by energy resource development.</p>	<p>The BCER has undertaken significant strategic initiatives to adapt its regulatory framework to encompass low-carbon emission sources of energy such as hydrogen, ammonia, and methanol manufacturing, reflecting its expanded mandate. This involved development of a Carbon Dioxide Storage Application Guideline, amending key regulations such as the Fee, Levy, and Security Regulation and the Drilling and Production Regulation. Additionally, the BCER embarked on the development of a comprehensive regulatory framework, initiating broad engagement. Through a discussion paper and virtual engagement sessions targeting a diverse audience, including direct engagement with 113 First Nations particular in regions with potential industrial activity, industry, municipal governments, and the public, the BCER sought input on potential regulatory changes and considerations for integrating these energy resource activities.</p>

2022/23 Mandate Letter Priority	Status as of March 31, 2024
<p>Continue to improve BCER's compliance and enforcement activities to ensure that companies/operators meet their regulatory obligations, working in collaboration with the Environmental Assessment Office and other agencies.</p>	<p>The BCER undertook multiple initiatives in the fiscal year to improve compliance and enforcement activities. The BCER engaged professional services firm MNP to conduct a third-party review of the effectiveness of the Compliance Management System where the BCER was measured against comparable compliance and enforcement regulatory programs in Canada. The adoption of recommendations is still ongoing. The creation and implementation of a 'risk and data informed inspection selection model' was completed, acting as the primary driver of inspections on the land base. BCER meets regularly with the BC Environmental Assessment Office (EAO) at multiple levels, from front line officers to executive leadership, to collaborate on improvements to Compliance & Enforcement tools and processes in the natural resource sector. Recent advancements included the signing of a compliance framework agreement between Squamish Nation, EAO and BCER to guide compliance activities during construction of the Eagle Mountain – Woodfibre gas pipeline. The parties are also moving forward with drafting a similar agreement for the Woodfibre LNG project.</p>

Appendix B: Auditor's Report and Audited Financial Statements



BC Energy Regulator Financial Statements

March 31, 2024



Statement of Management Responsibility

The financial statements of the British Columbia Energy Regulator (BCER) for the year ended March 31, 2024 have been prepared by management, in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for the notes to the financial statements and ensuring this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements annually.

The external auditors, the Office of the Auditor General of British Columbia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the Audit Committee and management of the BCER and meet when required.

The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the British Columbia Energy Regulator



Sara Gregory on behalf of
Michelle Carr, Commissioner &
Chief Executive Officer



Dean Skinner, CPA, CMA
Chief Financial & Strategy Officer

August 7, 2024



Independent Auditor's Report

*To the Board of Directors of the British Columbia Energy Regulator, and
To the Minister of Energy, Mines and Low Carbon Innovation, Province of British Columbia*

Opinion

I have audited the accompanying financial statements of the British Columbia Energy Regulator (“the entity”), which comprise the statement of financial position at March 31, 2024, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2024, and the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Accompanying Information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the Annual Service Plan Report and the Financial Information Act Report, other than the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Independent Auditor's Report

British Columbia Energy Regulator

Prior to the date of my auditor's report, I obtained the Annual Service Plan Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

The Financial Information Act Report is expected to be made available to me after the date of my auditor's report. When I read this other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the entity will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

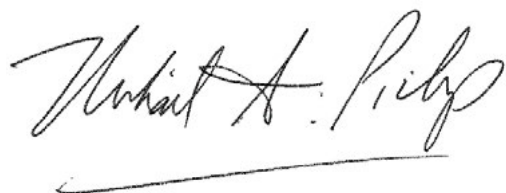
Independent Auditor's Report

British Columbia Energy Regulator

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Michael A. Pickup, FCPA, FCA
Auditor General

Victoria, British Columbia, Canada
August 9, 2024



BRITISH COLUMBIA ENERGY REGULATOR

Statement of Financial Position

(Amounts in thousands of dollars)

As at March 31, 2024

	Note	2024	2023
Financial assets			
Cash		\$ 7,170	\$ 28,207
Investments	4 & 5	55,206	52,758
Accounts receivable	6	12,998	7,021
Due from government	7	14,132	14,000
		<u>89,506</u>	<u>101,986</u>
Liabilities			
Accounts payable & accrued liabilities	8	9,508	22,636
Employee future benefits	9	1,151	1,026
Due to government	10	941	719
Deferred revenue	11 & 16	4,820	5,268
Deferred lease inducements		91	198
Liability for orphan sites	12 & 16	54,277	57,114
Security deposits	5	30,037	30,297
		<u>100,825</u>	<u>117,258</u>
Net financial debt		<u>(11,319)</u>	<u>(15,272)</u>
Non-financial assets			
Tangible capital assets	13	20,042	21,097
Prepaid expenses		1,913	1,731
		<u>21,955</u>	<u>22,828</u>
Accumulated surplus			
		<u>\$ 10,636</u>	<u>\$ 7,556</u>
Contractual obligations	14		
Contingent liabilities	15		
Measurement uncertainty	16		

The accompanying notes are an integral part of these statements.

Approved on behalf of the Board

Chris Hayman, CPA, CA
Board Chair

Kevin Brewster
Audit Committee Chair



BRITISH COLUMBIA ENERGY REGULATOR

Statement of Operations and Accumulated Surplus

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

	<i>Note</i>	Budget <i>(Note 21)</i>	2024	2023
Revenues				
Production levies		\$ 51,600	\$ 50,370	\$ 47,788
Orphan site restoration levy		15,000	15,000	15,000
Application fees		8,200	12,811	17,362
Infrastructure levies		6,750	6,153	5,897
Interest		1,700	3,887	2,466
Other		-	328	242
Remediation recoveries		-	6,867	-
Government transfers	18	-	-	25,065
		83,250	95,416	113,820
Expenses				
Operations	20	67,950	73,307	60,832
Orphan site reclamation fund	20	15,300	19,029	41,276
		83,250	92,336	102,108
Annual surplus		-	3,080	11,712
Accumulated surplus/(deficit), beginning of year		7,556	7,556	(4,156)
Accumulated surplus, end of year		\$ 7,556	\$ 10,636	\$ 7,556

The accompanying notes are an integral part of these statements.



BRITISH COLUMBIA ENERGY REGULATOR

Statement of Changes in Net Financial Debt

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

	Budget <i>(Note 21)</i>	2024	2023
Annual surplus	\$ -	\$ 3,080	\$ 11,712
Acquisition of tangible capital assets	(6,406)	(5,633)	(4,927)
Disposals of tangible capital assets	-	90	119
Amortization of tangible capital assets	5,750	6,598	5,753
	<u>(656)</u>	<u>1,055</u>	<u>945</u>
Acquisition of prepaid expense	-	(182)	(385)
	<u>(656)</u>	<u>3,953</u>	<u>12,272</u>
Increase in net financial assets	<u>(656)</u>	<u>3,953</u>	<u>12,272</u>
Net financial debt, beginning of year	<u>(15,272)</u>	<u>(15,272)</u>	<u>(27,544)</u>
Net financial debt, end of year	<u>\$ (15,928)</u>	<u>\$ (11,319)</u>	<u>\$ (15,272)</u>

The accompanying notes are an integral part of these statements.



BRITISH COLUMBIA ENERGY REGULATOR

Statement of Cash Flows

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

	2024	2023
Operating transactions		
Cash generated from:		
Production levies	\$ 49,397	\$ 46,864
Orphan site restoration levy	14,960	14,949
Infrastructure levies	5,917	5,889
Application fees	12,010	16,616
Interest	3,887	2,466
Government transfers	-	25,065
Other	579	(56)
Remediation recoveries	284	-
Security deposits received	1,413	4,209
	88,447	116,002
Cash used for:		
Salaries and benefits	(38,604)	(32,725)
Payments to Indigenous communities	(6,328)	(6,861)
Operating expenses	(31,953)	(18,078)
Orphan site reclamation	(22,840)	(31,702)
Security deposits refunded	(1,678)	(1,732)
	(101,403)	(91,098)
Cash from operating activities	(12,956)	24,904
Capital transactions		
Cash used to acquire tangible capital assets	(5,633)	(4,927)
Investing transactions		
Cash (used for) investments	(2,448)	(7,584)
(Decrease) / Increase in cash	(21,037)	12,393
Cash, beginning of year	28,207	15,814
Cash, end of year	\$ 7,170	\$ 28,207

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

1. The British Columbia Energy Regulator

The British Columbia Energy Regulator (the “BCER”), formerly the Oil and Gas Commission, is a Crown corporation of the Province of British Columbia (the “Province”), established under the *Oil and Gas Commission Act* on July 30, 1998, and continued in the *Oil and Gas Activities Act* which came into force Oct. 4, 2010.

The BCER is responsible for regulating the life cycle of energy resource activities in British Columbia from site planning to restoration, ensuring activities are undertaken in a manner that: protects public safety and the environment; supports reconciliation with Indigenous Peoples; supports transition to low-carbon energy; conserves energy resources; and fosters a sound economy and social well-being.

The *Energy Resource Activities Act*, which came into force September 1 2023, expands the BCER’s mandate to include a wider range of energy resource activities in British Columbia including oil, natural gas, geothermal, carbon capture, underground storage, hydrogen, methanol and ammonia.

The BCER is funded from fees charged in respect of permit applications, transfers, & amendments and through industry levies against permit holders on:

- Oil and gas production;
- Infrastructure, such as pipelines & Class C LNG facilities; and
- Total deemed liability.

The BCER is exempt from federal and provincial income taxes.

2. Significant accounting policies

Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards.

Revenue recognition

Revenues arising from transactions with performance obligations are recognized as the performance obligation is satisfied by providing the relevant services. Revenue from transactions with no performance obligations are recognized when there is an authority to claim or retain an inflow of economic resources and there is a past transaction or event that gives rise to an asset.

Production levies

All production levy revenue authorized and collected under the *Energy Resource Activities Act* is first paid to the Minister of Finance. The Province is required to transfer this amount of revenue to the BCER in full. This revenue source is calculated based on production of oil and gas and is also recognized as revenue at point of production.



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

2. Significant accounting policies (continued)

Infrastructure levies

Infrastructure levies are billed to permit holders of pipelines and Class C LNG Facilities owned, as at March 31 of the applicable fiscal year.

Orphan site restoration levies

Orphan site restoration levies are billed and recognized based on a permit holder's deemed liability for permitted wells and facilities, as at April 1 of the applicable fiscal year.

Application fees

There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied. General application fees are billed upon submission and recognized when associated review tasks are completed. Amendment application fees are billable and recognized upon completion of the review process. Fees for major projects are billable in installments and recognized over the estimated review period. All application fee revenue is recognized in the period it is earned.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year, is expensed. Grants are recorded as expenses when the payment is authorized, and eligibility criteria have been met by the recipient. Reclamation costs are estimated and accrued when determinable.

Financial instruments

The BCER reports its financial instruments at cost or amortized cost.

Tangible capital assets

Capital assets are recorded at cost. The costs, less estimated residual value, of the tangible assets, are amortized on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Capital assets	Rate
Tenant improvement	over the lease term
Furniture	10%
Computer hardware	33%
Operating equipment	10 - 20%
Vehicles	20%
Business systems development	10 - 33%
Computer software	20 - 33%

Computer software includes satellite imagery which is being amortized on a straight-line basis at an annual rate of 20 per cent.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

2. Significant accounting policies (continued)

Prepaid expenses

Prepaid expenses include, subscriptions, insurance, property taxes and other general expenses and are charged to expense when used, or over the periods expected to benefit from the expenditures.

Employee future benefits – employee benefit plan

The BCER and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pension Plans Act*. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable.

Employee future benefits – future retirement allowance liability

The BCER accrues for future retirement allowances, as provided under the collective agreements and terms of employment. The accrual as at March 31, 2024 is determined based on service and best estimates of retirement ages, expected future salary and wage increases, long term inflation rates and discount rates. The estimates are also based on assumptions about future events.

Liability for orphan sites

Orphan sites may be designated by the BCER where the permit holder is bankrupt or cannot be located. To account for contamination by a chemical, organic or radioactive material, or live organism that exceeds an environmental standard, being introduced into air, soil, water or sediment, a liability for restoration of orphan sites is recognized when the BCER accepts responsibility for the restoration of an orphan site, contamination at the orphan site exceeds the environmental standard and a reasonable estimate of the amount can be made. Uncertainty of a potential liability for orphan sites may exist when there are ongoing insolvency or court proceedings. The BCER may recognize a contingent liability prior to formal designation of an orphan site, where the outcome of proceedings is assessed to likely result in sites becoming orphaned.

Adoption of new accounting standards

Adoption of PS 3400 Revenue Standard

On April 1, 2023, the BCER adopted Canadian Public Sector Accounting Standard PS 3400, *Revenue* (“PS 3400”). The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied. As at March 31, 2024, the BCER determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

3. Correction of Prior Period Note Disclosure

During the year, management ascertained that its note disclosure in the prior period did not include amounts related to a trust under administration (Note 19). As a result, the comparative trust under administration disclosure for March 31, 2023 has been included and restated. This correction has no impact on the balances reported in the March 31, 2023 financial statements.

4. Investments

Investments consist of term deposits which are liquid short term investments with maturity dates of two years or less from the date of acquisition and are carried on the Statement of Financial Position at cost.

Investment funds are pooled from the following sources:

	2024	2023
Operations	\$ 18,964	\$ 22,296
Orphan site reclamation fund (Note 12)	6,205	165
Security deposits (Note 5)	30,037	30,297
	\$ 55,206	\$ 52,758

5. Security deposits

The purpose of BCER's Permittee Capability Assessment (PCA) program is to mitigate risk and focus on reducing liability while companies are financially viable. It assists the BCER in determining security deposits required of permit holders to protect against those who may not be capable of meeting closure obligations. Currently, the BCER holds \$183,566 (2023: \$195,044) in security deposits, of which \$30,037 (2023: \$30,297) is held in cash and investments and \$153,529 (2023: \$164,747) in the form of irrevocable letters of credit which are not recorded in these financial statements. Security deposits are restricted for use in settling potential permit holder restoration obligations. In fiscal 2024, the BCER recovered nil (2023: nil) from security deposits to help satisfy restoration obligations of permit holders.

6. Accounts receivable

	2024	2023
Infrastructure levies	\$ 6,153	\$ 5,897
Application fees	1,120	832
Other	882	292
Remediation recoveries	4,843	-
	\$ 12,998	\$ 7,021



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

7. Due from Government

	2024	2023
Production levies	\$ 13,176	\$ 12,203
Recoveries and other	956	1,797
	\$ 14,132	\$ 14,000

Production levies are collected and processed by the Province. At any point in time, a portion of levies receivable by the BCER is payable by industry, and a portion is payable by the Province.

8. Accounts payable and accrued liabilities

	2024	2023
Operating expenses	\$ 1,822	\$ 3,504
Orphan site reclamation	5,170	16,352
Salaries and benefits	2,516	2,780
	\$ 9,508	\$ 22,636

Employee leave entitlements

As of March 31, 2024, the value of employee entitlements to vacation, other leave and compensatory time off, plus related benefits, in accordance with collective agreements and terms of employment was \$1,209 (2023: \$1,272). This amount is included in salaries and benefits payable.

9. Employee future benefits

Employee benefit plan

The BCER and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. Basic pension benefits are based on a formula. The plan has approximately 70,780 active plan members, 55,267 retired plan members, and 24,163 inactive members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2023, indicated a funding surplus of \$4.5 billion for basic pension benefits. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore, there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The total amount paid into this pension plan by the BCER for the year ended March 31, 2024 for employer contributions was \$2,961 (2023: \$2,422).



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

9. Employee future benefits (continued)

Future retirement allowance liability

The liability as reported on the statement of financial position is as follows:

	2024	2023
Accrued retirement obligation		
Balance, beginning of year	\$ 1,026	\$ 1,002
Current benefit cost	72	67
Interest	64	35
Amortization of actuarial loss	32	13
Benefits paid	(43)	(91)
Balance, end of year	\$ 1,151	\$ 1,026
Actuarial retirement obligation		
Accrued benefit obligation	\$ 1,397	\$ 1,026
Unamortized actuarial loss	(246)	277
Balance, end of year	\$ 1,151	\$ 1,303

The significant actuarial assumptions adopted in measuring the BCER's accrued retirement obligations are as follows:

	2024	2023
Discount rate	4.90%	4.90%
Wages and salary escalation	2.75%	2.75%

Over time, changes in assumptions and actual experience compared to expected results will cause actuarial gains and losses in future valuations. The unamortized actuarial loss on future payments is amortized over the estimated average remaining years of service of the employee group which has been determined to be approximately 13 years at March 31, 2024 (2023: 13 years).

10. Due to government

Due to government includes management's best estimate of expected liability to a number of First Nation governments. The BCER works closely with First Nation governments and negotiates consultation agreements and Memoranda of Understanding to establish formal consultation processes for energy resource activities. These agreements provide resources for First Nation governments' capacity to participate in the consultation processes as well as set out responsibilities of the parties involved.



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

11. Deferred revenue

Deferred revenue consists of government transfers, unearned application fees, major projects application fees and other revenues. The change in the deferred revenue balance is as follows:

	Balance, beginning of year	Receipts during year	Transferred to revenue	Balance, end of year
Application fees and other	\$ 5,268	11,470	(11,918)	\$ 4,820

12. Liability for orphan sites

The BCER administers the Orphan Site Reclamation Fund (OSRF) as a means for industry to pay for restoration of orphaned oil and gas sites and for related costs. Revenue for the OSRF is derived from government transfers, orphan site restoration levies, interest, and security.

The OSRF has assets of \$10,070 (2023: \$13,295) to pay for costs associated with orphan sites. There were no new orphan sites designated in 2024. The number of designated orphan sites is 819.

Of the designated sites, 203 (2023: 189) have been reclaimed, with the remainder to undergo restoration as resources permit. The BCER continues to monitor other potential orphan sites.

The BCER determined the liability for orphan sites based on the BCER's obligation to ensure public and environmental safety. The liability reflects the costs required to bring the sites up to a standard where the environment and the public are protected. The liability for known orphan sites is estimated using expected abandonment and restoration costs for these specific sites, under expected conditions based on known characteristics of each site. Changes in the liability estimate are recognized when a site specific assessment of restoration costs is available. Additional potential liability for orphan sites could result from contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. These factors are estimated based on site characteristics and are disclosed in the measurement uncertainly note.

The estimation of the liability does not include discretionary reclamation costs. Full reclamation costs for orphan sites are estimated to be in the range of \$108,000 to \$169,000.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

13. Tangible capital assets

March 31, 2024	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total
Cost									
Opening balance	\$ 6,543	\$ 4,181	\$ 5,193	\$ 2,156	\$ 1,742	\$ 17,497	\$ 19,333	\$ 1,113	\$ 57,758
Additions	26	14	751	105	313	4,274	150	-	5,633
Disposals	-	-	-	-	(211)	-	-	-	(211)
Closing balance	\$ 6,569	\$ 4,195	\$ 5,944	\$ 2,261	\$ 1,844	\$ 21,771	\$ 19,483	\$ 1,113	\$ 63,180
Accumulated amortization									
Opening balance	\$ 5,330	\$ 3,407	\$ 4,156	\$ 1,597	\$ 676	\$ 8,108	\$ 12,547	\$ 840	\$ 36,661
Amortization	402	243	661	183	146	2,821	2,045	97	6,598
Disposals	-	-	-	-	(121)	-	-	-	(121)
Closing balance	\$ 5,732	\$ 3,650	\$ 4,817	\$ 1,780	\$ 701	\$ 10,929	\$ 14,592	\$ 937	\$ 43,138
Net book value	\$ 837	\$ 545	\$ 1,127	\$ 481	\$ 1,143	\$ 10,842	\$ 4,891	\$ 176	\$ 20,042
March 31, 2023									
March 31, 2023	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total
Cost									
Opening balance	\$ 6,513	\$ 4,157	\$ 4,574	\$ 2,136	\$ 1,803	\$ 13,733	\$ 19,227	\$ 823	\$ 52,966
Additions	30	24	619	20	19	3,819	106	290	4,927
Disposals	-	-	-	-	(80)	(55)	-	-	(135)
Closing balance	\$ 6,543	\$ 4,181	\$ 5,193	\$ 2,156	\$ 1,742	\$ 17,497	\$ 19,333	\$ 1,113	\$ 57,758
Accumulated amortization									
Opening balance	\$ 4,909	\$ 3,082	\$ 3,753	\$ 1,349	\$ 617	\$ 5,888	\$ 10,503	\$ 823	\$ 30,924
Amortization	421	325	403	248	75	2,220	2,044	17	5,753
Disposals	-	-	-	-	(16)	-	-	-	(16)
Closing balance	\$ 5,330	\$ 3,407	\$ 4,156	\$ 1,597	\$ 676	\$ 8,108	\$ 12,547	\$ 840	\$ 36,661
Net book value	\$ 1,213	\$ 774	\$ 1,037	\$ 559	\$ 1,066	\$ 9,389	\$ 6,786	\$ 273	

Included in the net book value of other systems development are assets not being amortized of \$1,137 (2023: \$595) as they have not yet been completed and put into use.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

14. Contractual obligations

The BCER has entered into a number of multiple-year contracts for the delivery of services, the construction of assets, and operating leases. These contractual obligations will become liabilities in the future when the terms of the contract are met. Disclosure relates to the unperformed portion of the contracts.

	2025	2026	2027	2028	2029	Thereafter
	\$ 4,541	\$ 3,038	\$ 2,890	\$ 2,601	\$ 2,593	\$ 3,408

The BCER is also committed to make certain payments under Indigenous capacity agreements.

15. Contingent liabilities

Litigation and claims

The BCER may become contingently liable with respect to pending litigation and claims in the normal course of operations. In the opinion of management, any liability that may arise from pending litigation would not have a material effect on the BCER’s financial position or results of operations.

Liability for orphan sites

The BCER administers the Orphan Site Reclamation Fund (OSRF). The BCER may become exposed to a contingent liability when a permit holder is involved in an ongoing insolvency or court proceedings. The associated restoration costs could have a material effect on the BCER’s financial position and results of operations.

The BCER’s Liability Management program monitors permit holders through various aspects of their operations to mitigate risk to the OSRF. In managements’ view, no contingent liabilities are required at this time.

16. Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to levy production volumes, revenue deferrals, rates for amortization, estimated orphan restoration and estimated employee future benefits. Actual results could differ from these estimates.



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

16. Measurement uncertainty (continued)

	<u>Reported</u>	<u>Low</u>	<u>High</u>
Liability for orphan sites	\$54,277	\$40,000	\$77,000

Liability for orphan sites is estimated using expected abandonment and restoration costs for these specific sites, under expected conditions based on known characteristics of each site. Changes in the liability estimate are recognized when a site specific assessment of restoration costs is available. The estimation of the liability does not include contingencies for delays due to weather, problematic plugging activities, or unforeseen sources of contamination. Additional potential liability for the designated sites resulting from these contingencies is also estimated based on site characteristics. Changes in this estimate would also affect orphan reclamation expenses and annual and accumulated surpluses.

	<u>Reported</u>	<u>Low</u>	<u>High</u>
Deferred revenue	\$ 4,820	\$ 4,300	\$ 5,300

Deferred revenue is estimated using the remaining technical reviews and First Nations consultation involved in the application review process and the average time to complete individual review tasks. Changes in this estimate would also affect application fee revenue, annual surplus, and accumulated surplus.



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

17. Related party transactions

The BCER is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity.

The financial statements include the following transactions with related parties of the Province:

	2024	2023
Revenues		
Interest	\$ 906	\$ 1,018
Other	26	16
Government transfers	-	25,065
	\$ 932	\$ 26,099
Expenses		
Salaries and benefits	\$ 1,069	\$ 1,282
Professional services and training	305	385
Building occupancy	171	154
Telecommunications and information systems	86	76
Travel and vehicle costs	67	72
Office supplies and equipment	32	34
	\$ 1,730	\$ 2,003
Tangible capital assets		
Disposal proceeds	\$ (90)	\$ -
	\$ -	\$ 5

In addition, the BCER is related to the BC Oil and Gas Research and Innovation Society (BC OGRIS) with a member of the BCER's senior management serving on the board of directors of BC OGRIS. During the year, grants of \$nil (2023: \$2,185) were provided to BC OGRIS.

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. Government transfers

Government transfers includes funding received from the Ministry of Energy, Mines and Low Carbon Innovation originating from the Government of Canada to clean up orphan and inactive oil and gas wells across the province under the Orphan Sites Supplemental Reclamation Program (the "Program"). Additional funding was received, and clean-up work completed under the Program during fiscal 2023.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

19. Trust under Administration

Under the terms of the Blueberry River First Nations Implementation Agreement, the Province agreed to implement a disturbance fee in respect to new oil and gas development applications submitted in high value areas. Applicant fees are to be paid to the Blueberry River First Nations Restoration Fund and/or Treaty 8 Restoration Fund once established. Prior to establishment of these entities, applicants paid required disturbance fees to a law firm holding the funds in trust for the BCER. As at March 31st, 2024, the balance of the trust funds under administration was \$2,555 (2023: \$3,413). These amounts are not included in the BCER's financial statements as the BCER has no equity in, or power of appropriation over, these trust funds. The BCER administers these trust funds according to the terms of the Implementation Agreement.

20. Expense by Object

	Operations	Orphan Site Reclamation Fund	2024	2023
Salaries and benefits	\$ 37,394	\$ 1,071	\$ 38,465	\$ 32,330
Indigenous funding	6,357	-	6,357	6,890
Amortization	6,598	-	6,598	5,753
Building occupancy	4,672	-	4,672	4,522
Professional services and training	3,458	9	3,467	3,575
Information systems and telecom	3,295	70	3,365	3,552
Grants and contributions	64	-	64	2,276
Travel and vehicle costs	1,870	32	1,902	1,810
Supplies and equipment	1,211	-	1,211	902
Bad debts	1,805	20	1,825	110
Remediation costs	6,583	-	6,583	-
Discretionary reclamation	-	8,821	8,821	37,188
Obligatory orphan site estimates	-	9,006	9,006	3,200
	\$ 73,307	\$ 19,029	\$ 92,336	\$ 102,108

21. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the final operating and capital budgets approved by the Board of Directors on March 22, 2023. Amounts may differ from the preliminary budget, for the purposes of the Annual Service Plan.

22. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.



BRITISH COLUMBIA ENERGY REGULATOR

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2024

23. Financial risk management

It is management's opinion that the BCER is not exposed to significant credit, liquidity or interest rate risks arising from its financial instruments.

Credit Risk - Credit risk is the risk of financial loss to the BCER if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The BCER's exposure to credit risk related to the value of accounts receivable in its normal course of business is managed by minimizing the amount of transactions which require recovery. The BCER continually monitors and manages the collection of receivables.

The BCER's cash and investments are held at Canadian chartered banks and credit unions and irrevocable letters of credit are held with Schedule I, II or III banks; Canadian credit unions; and government owned financial institutions. The BCER is not exposed to significant credit risk.

Liquidity Risk - Liquidity risk is the risk the BCER will have difficulty in meeting its financial obligations when they come due. The BCER manages liquidity risk by continually monitoring cash flows.

Interest rate risk - Interest rate risk is the risk the BCER's investments will change in fair value due to future fluctuations in market interest rates. The BCER's investments are measured at cost. Income they generate varies as market interest rates vary. All other financial instruments are non-interest bearing. The BCER mitigates this risk by monitoring interest rates.