

Quarterly Annual Compliance Plan Summary

First Quarter 2024/25 (April - June)



Role of the

British Columbia Energy Regulator

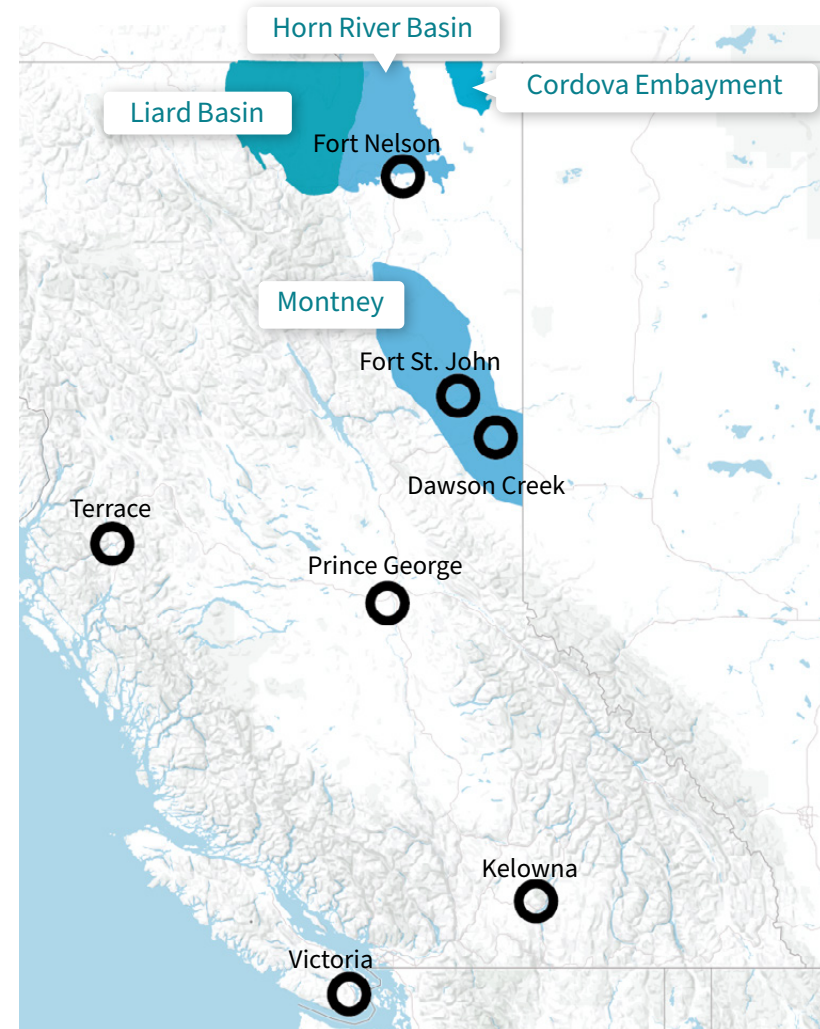
The British Columbia Energy Regulator oversees the full life cycle of energy resource activities in B.C., from site planning to restoration. We ensure activities are undertaken in a manner that protects public safety and the environment, supports reconciliation with Indigenous peoples, conserves energy resources and fosters a sound economy and social well-being. Our role includes the management of natural gas, hydrogen, ammonia, methanol, oil and aspects of geothermal resources, with an expanded role in carbon capture and storage (CCS).

We regulate energy resources through the [Energy Resource Activities Act \(ERAA\)](#) and other associated laws related to heritage conservation, roads, land and water use, forestry, and other natural resources. We work closely with [land owners, rights holders](#), local government, industry, academia and other regulators to gather skills, knowledge and multiple perspectives to evolve our regulatory model. We respect

Indigenous values and seek learning opportunities as we co-develop new processes that we put into practice in all facets of our business and decision-making. We are focused on [advancing reconciliation and building trust](#) and apply this in our work with First Nations and Indigenous communities as partners in building B.C.'s energy resource future.

We currently have over 280 employees operating out of seven locations: Fort Nelson, Fort St. John, Dawson Creek, Terrace, Prince George, Kelowna and Victoria. The largest number of employees are in the Fort St. John office.

BC Energy Regulator Office Locations Throughout B.C.



We acknowledge and respect the many First Nations, each with unique cultures, languages, legal traditions and relationships to the land and water, on whose territories the British Columbia Energy Regulator's work spans.

Vision

A resilient energy future where B.C.'s energy resource activities are safe, environmentally leading and socially responsible.

Mission

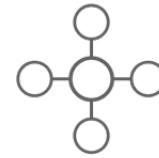
We regulate the life cycle of energy resource activities in B.C., from site planning to restoration, ensuring activities are undertaken in a manner that:



Protects public safety and the environment



Supports reconciliation with Indigenous peoples and the transition to low-carbon energy



Conserves energy resources



Fosters a sound economy and social well-being

Values

Respect is our commitment to listen, accept and value diverse perspectives.

Integrity is our commitment to the principles of fairness, trust and accountability.

Transparency is our commitment to be open and provide clear information on decisions, operations and actions.

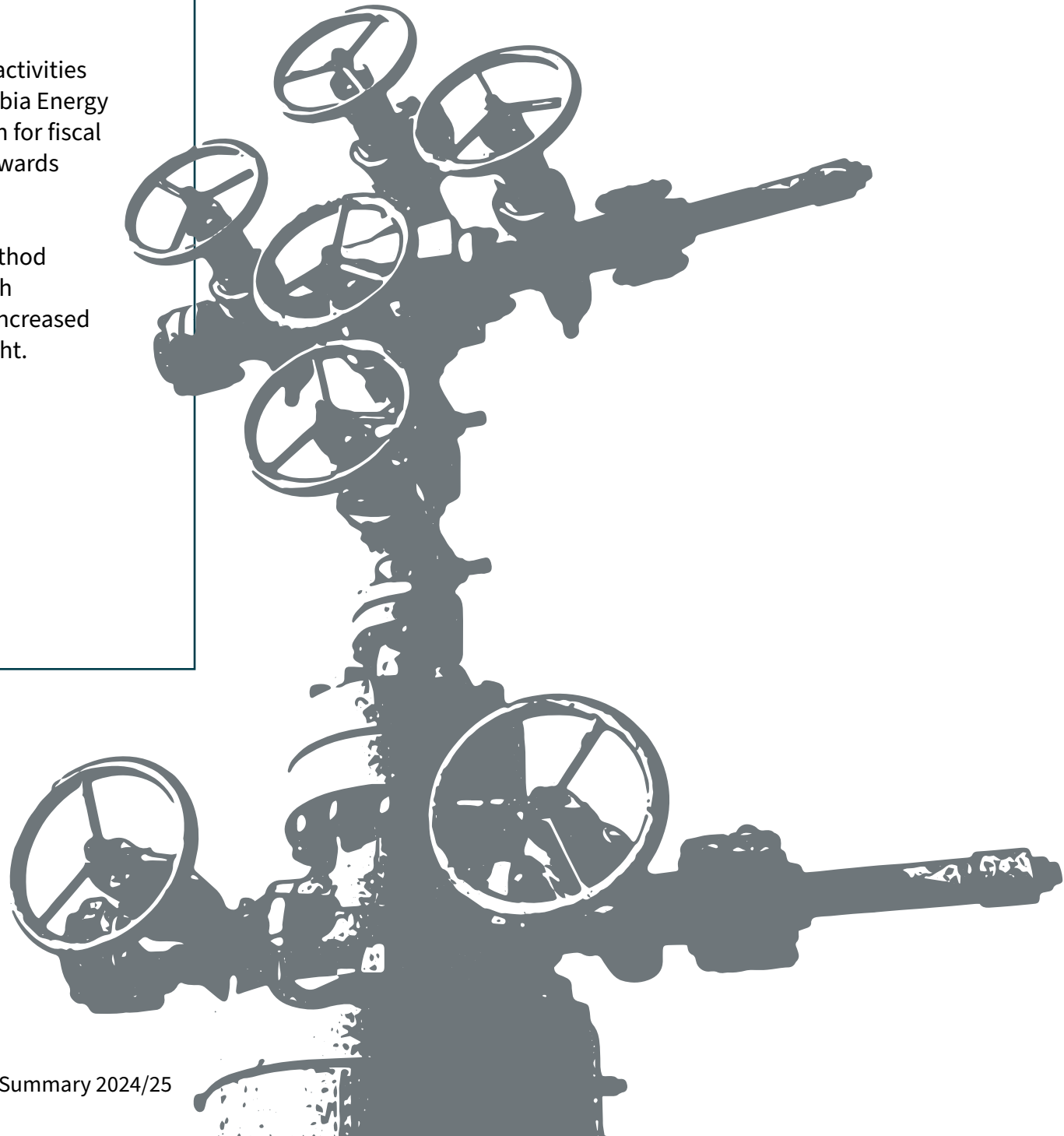
Innovation is our commitment to learn, adapt, act and grow.

Responsiveness is our commitment to listening and timely and meaningful action.

PURPOSE

This report provides a summary of activities carried out under the British Columbia Energy Regulator’s Annual Compliance Plan for fiscal year 2024/25 and progress made towards achieving our associated targets.

The BCER’s Plan, Do, Check, Act method provides certainty that our approach continuously improves, leading to increased effectiveness of compliance oversight.



COMPLIANCE MANAGEMENT AND OVERSIGHT

The BCER's mandate to regulate oil and gas activities in B.C. is provided through the Energy Resource Activities Act (ERAA). It is part of a comprehensive regulatory framework governing energy resource operations and the assessment of compliance within that framework is a critical element in fulfilling the BCER's mandate.

The BCER's Compliance Management System (CMS) includes the principles, roles, responsibilities, requirements, and methodologies - established in a Compliance Management Policy - through which the BCER assures compliance of energy resource activities with the regulatory framework.

Compliance Principles

All compliance management processes under the BCER's CMS are designed, planned, carried out and evaluated in accordance with the following principles:

- **Fair:** Compliance activities afford all affected parties a fair process and compliance decisions are made by objective, competent decision-makers.
- **Defensible:** Compliance activities and supporting intelligence are accurate and support activities undertaken by the BCER.
- **Predictable:** Enforcement outcomes from compliance activities are fair and predictable under clearly understood conditions.
- **Risk-informed:** Compliance management processes are informed by risk, ensuring resources are used to the maximum effect.
- **Responsive:** All identified potential situations of non-compliance are examined and non-compliances are met with appropriate action and tracked until corrected.
- **Collaborative:** Business areas work together, share information and engage stakeholders, to ensure the CMS achieves performance expectations.
- **Adaptive:** Knowledge gained from compliance management processes, independent third-party observations and other sources will be used to systematically improve the CMS through a continuous improvement process.



Compliance Verification Activities

The BCER carries out several activities and business processes every year to assess whether or not regulatory requirements have been met by energy resource permit holders. These activities include, but are not limited to, audits, inspections, administrative monitoring, as well as permit holder self-assessments. Annual Compliance Plan (ACP) documents include annual plans for audits and inspections, the results of which may inform adjustments or improvements to other verification processes.

- **Audit:** An independent, systematic and documented process to obtain and evaluate evidence to determine the extent to which audit criteria are fulfilled.
- **Inspection:** An on-site, compliance verification activity or process that involves the methodical examination and assessment of regulated activities or operations against requirements. May occur at any time during the life of a project.
- **Administrative Compliance Monitoring:** An office-based compliance verification procedure which may include any activity to track or assess compliance associated with operational submissions that must be provided to the BCER, including data, notices, reports or any other information required to be submitted. Some administrative monitoring mechanisms may consist of or be aided by automated tools to identify alleged non-compliances, such as reports.
- **Permit holder self-assessment:** A compliance verification method carried out by permit holders, which uses a standardized approach pre-defined or sanctioned by the BCER to assess and/or report on compliance with a requirement.



Natural Resource Aboriginal Liaison Program

Established in 2014, the Aboriginal Liaison Program (ALP) is a partnership between participating First Nations across northern B.C., the BC Energy Regulator, the Canada Energy Regulator (CER), the BC Oil & Gas Research and Innovation Society (BC OGRIS), as well as provincial natural resource and emergency management agencies.

Partnering First Nations hire a Liaison to report to their communities about resource activities and impacts on their traditional territories. The program supports training opportunities and field participation with agency staff to increase knowledge-sharing and understanding of various activities associated with compliance monitoring, stewardship and emergency management. The Liaison can then inform community members with sound, objective and reliable information. By working directly with Liaisons, BCER staff are provided with opportunities to deepen their knowledge of Indigenous Peoples cultural values and history in relation to resource development in the area as well as learn about the communities and people they work with.



ANNUAL COMPLIANCE PLAN DEVELOPMENT

The Annual Compliance Plan establishes the BCER's priorities and targets for inspections and audits for the coming fiscal year. The annual plan consists of an inspection plan and an audit plan, along with measurable targets against which quarterly and annual reporting can be carried out.

The Annual Compliance Plan is created using a cyclical Plan-Do-Check-Act process for continuous improvement.

Plan: Key inputs into the ACP are inspection selection and planning criteria and methodologies, audit planning schedules, results from previous ACP implementations, corporate-level risk registers and other strategic drivers.

Do: Includes the implementation of the annual inspection and audit plans.

Check: Includes quarterly and annual reporting related to the progress of plan implementation, identification of any key trends, and any recommended actions. This may also incorporate operational data and trends from the various compliance verification processes carried out at the business unit level.

Act: Involves responding to information obtained from the check phase – both quarterly and annually - to enhance performance to expectations. Some actions identified may be executed immediately upon observation, or as part of improvements prioritized within the next year's ACP.

ACP Component: Annual Inspection Plan

The Annual Inspection Plan sets a performance target for conducting data and risk-informed inspections within the fiscal year. These inspections constitute the foundation of our program and are determined through risk modeling processes that prioritize site inspections. Additionally, a random sample is included to validate the model and promote continuous improvement.

The following categories of inspections, triggered by operational events, external requests, or field observations, complement the overall inspections conducted within a fiscal year, significantly enhancing program efficiency.

- **Data and Risk-Informed:** This stream selects inspections based on site characteristics, observed compliance trends, and associated risk. Random sampling is also included to support validation processes.
- **Event-Driven:** This stream selects inspections after operational events at oil and gas sites (notice of construction, pressure test, Leave to Open notices, etc.).
- **Responsive:** These include inspections requested by a business area within the BCER or by an external party. This stream

provides responsiveness to specific stakeholder interests or concerns, and identification of potentially emergent compliance trends.

- **Officer Selected:** These inspections are selected by officers based on an evaluation of inspection frequency, inspection coverage within an area, local knowledge and response to seasonal access into remote areas. As these inspections are often conducted alongside other planned inspections, they positively influence inspection efficiency by rounding out daily activities in a particular area.

ACP Component: Annual Audit Plan

The BCER performs audits to assess the effectiveness of permit holders' program areas in accordance with specified audit criteria. Auditing is used to assess compliance with requirements, which are outside the scope of routine inspections and involves verifying adherence to specific criteria derived from requirements or regulations and looks at the overall method by which a risk is managed. Audits may also be broad-based, assessing industry trends or effectiveness of existing regulation.

The focus is on the processes and procedures used to meet specified criteria or requirements, and the overall effectiveness. The scale and scope of individual audits is based on the size and nature of the auditee as well as on the nature, functionality, complexity and the aspect of the area or system to be audited. This includes audits of single, multiple or integrated management system(s) or program areas conducted either separately or in combination.

ACP Component: Annual Emergency Management Evaluation Program

To assess the effectiveness of permit holders' emergency management programs and their compliance with emergency management regulations, the BCER conducts exercise evaluations in conjunction with a systematic review of each operator's emergency response plan. Upon submission, all emergency response plans undergo a thorough review to ensure compliance and completeness, detailing the processes and procedures permit holders will follow in responding to emergencies.

A fundamental operational aspect of the emergency management program is the completion of annual exercises. Conducted by permit holders, these exercises provide an optimal opportunity for the BCER to evaluate permit holders under real-life scenarios.

As such, the BCER's on site participation in exercises has been established as a core compliance operation, allowing the BCER to confirm the permit holder's knowledge, skills, and abilities to respond effectively to incidents relevant to their operations.

Exercise attendance is prioritized based on factors such as the type of exercise (tabletop or full-scale), past performance, the size and nature of the permit holder, as well as the complexity, area, and/or assets involved.

Through this process, the BCER provides assurance that permit holders have the necessary people, processes, and equipment in place to respond to emergencies effectively and efficiently.

ACP MONITORING AND RESULTS

The BCER tracks progress towards completion of planned activities in the ACP through preparation and review of quarterly and annual reports. These reports are reviewed by business unit leaders and all members of an internal Compliance Management Steering Committee.

After the completion of an ACP cycle, the BCER reviews and analyses audit and inspection results to identify trends or findings that may inform changes to criteria used in planning future ACP activities.

Audit program performance including planned audits and audit progress is presented in Table 1. At the end of Q1, 90 per cent of audits were in progress and the audit program is on track for successful completion before the end of the fiscal year. The audit schedule is influenced by multiple factors. These include seasonal factors such as vegetation assessment windows, timing of industry submissions and levelling workloads. The Ground Water Audit will start in the third quarter to align with annual permit holder water use report requirements.

Emergency management exercise reviews are presented in Table 2. As of the end of Q1, 43 per cent of planned exercise reviews were completed and it is expected that all planned activities will be completed prior to the end of the fiscal year. Permit holders are responsible for scheduling emergency response exercises in accordance with regulatory obligations.

Inspection program performance is presented in Table 3. In Q1, the BCER completed a realignment of inspector areas. This realignment resulted in temporary impacts to inspection types and numbers as inspectors completed their transition to new areas. At the end of Q1, the inspection program had completed 95 per cent of risk and data informed inspections, exceeding its target of 90 per cent. Fifty-six percent of inspections completed in Q1 were risk and data informed, slightly below the target of 60 percent. The BCER will continue to monitor the outcomes of the inspection program and will adjust inspection resources to ensure that targets are met.

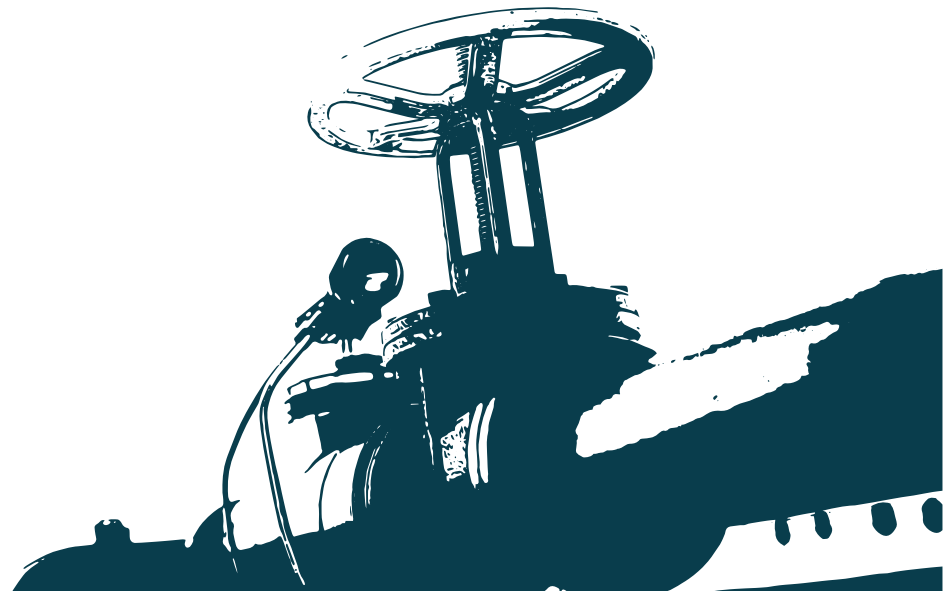


TABLE 1: QUARTERLY AUDIT PROGRAM PERFORMANCE

Audit Program	Total Audits	Q1					Q2					Q3					Q4					Total Number of Audits Completed
		Not Started	Cancelled	In Progress	Completed	Overall Status	Not Started	Cancelled	In Progress	Completed	Overall Status	Not Started	Cancelled	In Progress	Completed	Overall Status	Not Started	Cancelled	In Progress	Completed	Overall Status	
ALR Schedule B Audit	5	0	0	5	0	In Progress																0
Dam Safety Audit	4	0	0	4	0	In Progress																0
Dam prevention Program	11	0	0	11	0	In Progress																0
Facilities Integrity Management Program	11	0	0	11	0	In Progress																0
Ground Water Audit	10	10	0	0	0	Not Started																0
Methane Emissions	20	0	0	20	0	In Progress																0
Pipeline Environmental Audit Program	10	0	0	10	0	In Progress																0
Pipeline Integrity Management Program	11	0	0	11	0	In Progress																0
Restoration Verification Audit Program	10	0	0	10	0	In Progress																0
Road Permit Holder Inspection Program Self-assessment	10	0	0	10	0	In Progress																0
Total	102																					0

Legend
Cancelled = Audit program has been cancelled
Completed = Audit program objectives are complete (does not include corrective actions phase)
In Progress = Audit program has been initiated and is on track
Not Started = Audit program is planned but not yet initiated

TABLE 2: QUARTERLY EMERGENCY MANAGEMENT PERFORMANCE

Exercise Assessments	Total Assessments Planned (Fiscal)	Q1				Q2				Q3				Q4				Total Number of Assessments Completed
		Not Started	In Progress	Completed	Overall Status	Not Started	In Progress	Completed	Overall Status	Not Started	In Progress	Completed	Overall Status	Not Started	In Progress	Completed	Overall Status	
Operator Evaluation Program	30	16	1	13	In Progress													13
Total Assessments Planned	30																Total Assessments	13
																	43%	



TABLE 3: QUARTERLY INSPECTION PROGRAM PERFORMANCE

				Annual Compliance Plan Implementation vs. Targets									
				Q1 Reporting		Q2 Reporting		Q3 Reporting		Q4 Reporting		Year-to-Date Summary	
Inspection Program	Target	Annual Target	Quarterly Target	Number Completed	+/- Quarterly Target	Number Completed	+/- Quarterly Target	Number Completed	+/- Quarterly Target	Number Completed	+/- Quarterly Target	Number Completed	+/- Annual Target
Risk & Data Informed	Target	2,800	700	664	(36)							664	
Event Driven				7								7	
Officer Selected				511								511	
Responsive				3								3	
Quarterly Inspection Summary				1,185								1,185	

Risk & Data Informed Inspection Performance	Q1 Reporting		Q2 Reporting		Q3 Reporting		Q4 Reporting		Year-to-Date Summary	
Annual Performance Target: Greater than 90% completion of Risk & Data informed inspections	95%	On Target							95%	
Target of greater than 60% of the annual inspection plan will be Risk & Data Informed	56%	Behind Target							56%	

The Risk & Data Informed inspection plan is developed with a surplus of candidate inspection sites to address the variable nature of seasonal access in the Northeast. As a result, the inspection selection stream may deliver more than 100 per cent on annual inspection planning targets. Additionally, planned inspections may be added during a cycle increasing the number completed.

For specific questions or enquiries regarding this data, please contact: Communications@bc-er.ca

