



Quarterly Financial Report For the quarter ended June 30, 2022

Statement outlining results, risks and significant changes in operations, personnel, and program

Introduction

This quarterly financial report has been prepared by management as required by [Section 65.1 of the Financial Administration Act \(FAA\)](#) and in the form and manner prescribed by the Treasury Board in accordance with the special purpose financial reporting framework described in the [Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Reports](#). It should be read in conjunction with the [Main Estimates](#) and [Supplementary Estimates](#). This quarterly report has not been subject to an external audit or review.

A summary description of the Canada Energy Regulator (CER)'s core responsibilities can be found in [Part II of the Main Estimates](#).

The CER receives its funding through annual Parliamentary authorities. Nearly all expenditures are subsequently recovered from the companies regulated by the CER and the funds are deposited to the Consolidated Revenue Fund of the Government of Canada.

Basis of Presentation

The quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the CER's spending authorities granted by Parliament, and those used by the CER, consistent with the Main Estimates and Supplementary Estimates for the fiscal year ending March 31, 2023. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The CER uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.



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Highlights of the Fiscal Quarter and the Fiscal Year to Date Results

This section highlights any significant items that affected the year-to-date results and/or contributed to the net change in resources available for the year and actual expenditures. It should be read in conjunction with the [Statement of Budgetary Authorities](#) and the [Departmental Budgetary Expenditures by Standard Object](#), which can be found at the end of this report.

Budgetary authorities analysis

As reflected in the [Statement of Budgetary Authorities](#) and the [Departmental Budgetary Expenditures by Standard Object](#), the department's total authority available for use in the fiscal year as at March 31, 2023 is \$100.27 million, as compared to \$108.09 million as at March 31, 2022. The decrease of \$7.82 million is due to:

- a decrease of \$3.01 million mainly related to a Budget 2020 initiative to improve the CER's ability to interpret and make data available digitally to Canadians;
- a decrease of \$1.76 million related to Budget 2017 Indigenous Advisory and Monitoring Committees;
- a decrease of \$1.04 million related to a Budget 2018 initiative to transition to new impact assessment and regulatory processes;
- a decrease of \$0.59 million related to travel reduction;
- an increase of \$0.66 million related to the employee benefit plan; and
- a net decrease of \$2.08 million related to compensation allocations as a result of adjustments made to terms and conditions of service or employment in the federal public administration.



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Expenditures analysis

As reflected in the [Departmental Budgetary Expenditures by Standard Object](#), the department's authority used in the quarter ended June 30, 2022, is \$24.13 million, as compared to \$24.54 million as at the quarter ended June 30, 2021. The decrease of \$0.41 million is due to:

- a decrease of \$0.23 million related to Budget 2017 Indigenous Advisory and Monitoring Committees;
- a decrease of \$0.21 million related to compensation adjustments to reflect changes to terms and conditions of service or employment in the federal public administration;
- a decrease of \$0.17 million related to employee benefit plan costs;
- a decrease of \$0.06 million mainly related to a Budget 2020 initiative to improve the CER's ability to interpret and make data available digitally to Canadians; and
- an increase of \$0.26 million related to a Budget 2018 initiative to transition to new impact assessment and regulatory processes.

Risks and Uncertainties

The CER's work is shaped by emerging energy trends and by the proactive consideration of safety, environmental, societal, and economic trends that may influence both the volume of adjudicative matters that come before the CER in any given year, and our ability to carry out responsibilities that represent the ever-changing interests and concerns of Canadians. Due to the nature of its mandate, the CER's expenditures are influenced by planned and unplanned events (internal and external) that create uncertainty in expenditure and resource pressures.

In 2021, the CER implemented an Enterprise Risk Management (ERM) Framework as the next step in maturing the organization's processes for managing risks in the context of the current governance model and new Strategic Plan. ERM is a holistic approach to identify, assess, prepare for, and manage organization-wide strategic risks. Through providing a framework to identify enterprise level risk events, ERM enables the CER's Board of Directors and senior management to strategically manage events that might stand in the way of organizational success and to identify mitigations to these risks.



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As we deliver on our mandate, safety remains steadfastly at the core of what we do. With the COVID-19 pandemic continuing to impact the lives of Canadians this past year, that meant taking additional precautions both for our staff and the communities where our regulated infrastructure is present. CER continued to successfully deliver virtual hearings and undertake comprehensive inspections. During the historic floods in British Columbia (BC), our staff were on the ground to ensure the facilities we regulate stayed safe.

The COVID-19 pandemic continued to impact the world. For the CER, this meant that most of its staff continued to work from their homes. When the COVID-19 cases lowered and restrictions started to lift, some staff returned to the office. However, following multiple pandemic waves, almost all staff returned to working from home. A core group of staff requiring access to equipment and facilities continued to work from the office and our field operations staff continued to conduct compliance and enforcement activities in the field, following strict protocols, and we are so appreciative of their efforts and commitment. The CER follows federal guidance as a federally-regulated workplace, limiting in-person meetings and travel to protect staff, Indigenous peoples, and the public. Work has been ongoing to launch a Hybrid Workplace Pilot early in the new fiscal year, alongside significant efforts to modernize other aspects of our internal operations.

Even with the pandemic's uncertainty, CER staff continued to get the job done, reviewing applications, engaging with Indigenous peoples and stakeholders, and compiling, analyzing, and publishing energy trends. Oversight of energy projects and existing infrastructure evolved and adapted as required. Using learnings from the previous pandemic year, CER staff established new procedures for how to safely conduct inspections, compliance verification activities, and emergency response activities. These measures helped ensure the public, and workers were protected from the hazard of COVID-19.

Oversight of CER-regulated energy infrastructure continues, as the CER adapted how it conducted its compliance verification activities - including inspections - to protect the health and safety of CER staff, regulated companies, and all those with whom it works closely. As the CER considered COVID-19 a hazard that companies needed to identify and manage, the organization worked to verify that companies were taking all steps required to protect their workers from the impacts caused by the pandemic. Most importantly, all of this work and these modified processes are carried out without compromising safety, oversight or environmental monitoring.

The Commission of the Canada Energy Regulator continues to fulfill its mandate and responsibilities to Canadians by building upon the previous year's learnings. The second-year experience of assessing energy projects in a virtual environment resulted in the successful adjudication of a wide range of proceedings within established legislated time limits. The Commission appreciated the understanding and flexibility shown by all participants in its adjudicative proceedings. This allows the Commission to continue to conduct processes that are fair, timely, transparent and accessible, while also respecting public health measures.



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The CER is ever vigilant in working to prevent a cybersecurity breach to CER systems which could lead to unauthorized disclosure of protected CER data; and/or unauthorized alteration or destruction of CER data, IT systems or digital services; and/or disruption of CER system and inability to carry out daily operations. CER has several mitigations, including compliance with governance instruments and cybersecurity best practices and guidance from Canadian Centre for Cyber Security and continual improvement of CER cybersecurity posture.

The CER is committed to the ongoing process of Reconciliation with the Indigenous peoples of Canada and will continue to take meaningful actions in that direction. The CER delivers Crown consultation activities with the guiding principle of advancing reconciliation with Indigenous peoples. For the CER, this means emphasizing early and collaborative exchanges with Indigenous peoples based on a recognition of rights and enhancing the transparency of the Crown consultation process.

The CER has temporary funding expiring (Budget 2017 Indigenous Advisory and Monitoring Committees funding: 2021–22, Budget 2018 CER Implementation funding: 2022–23, Data and Information Innovation Initiative funding: 2021–22). The CER sought and received additional funding in previous years for transitioning to new impact assessment and regulatory processes, Indigenous Advisory and Monitoring Committees, as well as supports for making data available digitally to Canadians to implement sustained change stemming from implementing the CER Act and from the internal and external operational context. This funding was allocated on a temporary basis while all these requirements exist as part of a modern, well-functioning regulatory organization. Canadian Energy Regulator would benefit from a renewal and rollover of temporary funding for these efforts into ongoing and stable funding.

People are the CER's most critical asset, but the risk does exist that the CER may not be able to adequately attract, retain, and develop a diverse, inclusive and modernized workforce which could result in an erosion of CER culture and decreased productivity. As such, the CER is examining its own workplace practices to ensure that it is building a culture that is diverse and inclusive, where all staff feel valued and respected. In support of its people, the CER also enhanced employee engagement opportunities, internal communications and training, while continuing to deliver staffing, compensation, training, awards and recognition programs.

Significant Changes in Relation to Operations, Personnel and Programs

The Government of Canada announced that as of June 20, 2022, the Policy on COVID-19 Vaccination for the Core Public Administration (CPA) Including the Royal Canadian Mounted Police will be suspended. This follows a review of the current public health situation, notably the evolution of the virus and vaccination rates in Canada. The CER will correspondingly suspend its Policy on Covid-19 Vaccination according to the same



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timeline. While restrictions have eased, CER will continue to follow the federal COVID-19 guidance to protect employees, Indigenous peoples, and the public.

Approval by Senior Officials

The original version was approved by,

The original version was approved by,

Gitane De Silva
Chief Executive Officer

Mark Power
Chief Financial Officer

Calgary, Canada
26 August 2022



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STATEMENT OF AUTHORITIES
(unaudited)

(in thousands of dollars)

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year to date used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended June 30, 2021	Year to date used at quarter-end
Vote 1 - Program Expenditures	90,160	21,604	21,604	97,322	21,842	21,842
Statutory Authority	10,107	2,527	2,527	10,771	2,693	2,693
Total Budgetary authorities	100,267	24,131	24,131	108,093	24,535	24,535
Non-budgetary authorities						
Total authorities	100,267	24,131	24,131	108,093	24,535	24,535

More information is available in the attached table.

* Includes only Authorities available for use and granted by Parliament at quarter-end.



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DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended June 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end
Expenditures:						
Personnel	77,487	20,835	20,835	83,548	20,965	20,965
Transportation and communications	2,580	366	366	3,916	245	245
Information	286	27	27	428	30	30
Professional and special services	14,160	2,409	2,409	14,452	2,594	2,594
Rentals	582	46	46	572	208	208
Repair and maintenance	1,081	112	112	1,138	304	304
Utilities, materials, and supplies	445	40	40	604	16	16
Acquisition of land, building and works	264	-	-	132	-	-
Acquisition of machinery and equipment	1,018	13	13	939	30	30
Transfer payments	2,364	278	278	2,364	68	68
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	5	5	-	75	75
Total gross budgetary expenditures	100,267	24,131	24,131	108,093	24,535	24,535
Less						
Total Revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	100,267	24,131	24,131	108,093	24,535	24,535

* Includes only Authorities available for use and granted by Parliament at quarter-end.