

British Columbia Energy Regulator

2024/25 Annual Service Plan Report

August 2025



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Board Chair's Accountability Statement



The British Columbia Energy Regulator 2024/25 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2024/25 – 2026/27 Service Plan published in 2024. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in blue ink, reading "Natascha Kiernan", followed by a horizontal line.

Natascha Kiernan
Board Chair, BC Energy Regulator
Date: August 21, 2025

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.....	8
Economic Statement	9
Report on Performance: Goals, Objectives, and Results	10
Financial Report.....	21
Appendix A Progress on Mandate Letter Priorities	26
Appendix B Auditor's Report and Audited Financial Statements	29

Letter from the Board Chair & CEO

We are pleased to present the BC Energy Regulator's Annual Service Plan Report for 2024/25.

This year has been a critical period for British Columbia. Facing global uncertainty and changing economic conditions, BCER has focused on supporting the province's energy sector with clear, efficient, and responsible regulation.

Our priorities this year have been to advance responsible regulation across all energy sectors, including oil and gas as well as clean energy projects. We have worked to improve regulatory processes to reduce delays, maintain rigorous safety and environmental standards, and strengthen partnerships with Indigenous communities. These efforts help ensure British Columbia's energy system remains reliable, sustainable, and supports good jobs throughout the province.

In line with the province's broader goals, BCER is helping to remove barriers to growth and speed up project approvals, including acting as a "one window" regulator for major infrastructure projects. We remain committed to high safety and environmental standards while supporting economic development.

We thank our staff, partners, and the people of British Columbia for their ongoing support. Together, we are working to build a stronger, cleaner, and more resilient energy future for everyone in the province.

Sincerely,



Natascha Kiernan
Board Chair, BC Energy Regulator
August 21, 2025



Michelle Carr
CEO, BC Energy Regulator
August 21, 2025

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 2023 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [BC Energy Regulator's 2024/25 - 2026/27 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 and Climate Solutions. 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, enhance lifecycle oversight and restoration, 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 [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 First Nations, local governments, land owners and rights holders, 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 2024-25, the BCER operated within an evolving regulatory landscape shaped by an expanding provincial energy agenda and upcoming legislative changes. While BCER's core mission remains overseeing the lifecycle of oil, gas, geothermal, and related energy resource activities, the Province announced in February 2025 its intention to expand BCER's mandate to include [renewable energy projects such as wind and solar](#). This authority is expected to be granted once new legislation is brought into force, marking a significant evolution in BCER's regulatory role.

Throughout 2024-25, BCER continued to prioritize public safety, environmental protection, and strong partnerships with First Nations and Indigenous peoples, embedding reconciliation principles consistent with the [United Nations Declaration on the Rights of Indigenous Peoples Act](#) and applicable treaties.

Energy sector trends during this period saw growing momentum toward renewable energy development and critical infrastructure expansion, including high-voltage transmission lines. BCER maintained its focus on regulatory oversight, compliance, and stakeholder engagement to support responsible development and safeguard social and environmental outcomes.

The operating environment was further shaped by broader geopolitical factors such as global energy market shifts, international trade considerations, and climate policy developments. These dynamics reinforced the need for reliable, low-carbon energy sources and positioned British Columbia to contribute strategically to the clean energy economy. BCER's approach continues to incorporate these external influences to ensure provincial energy development aligns with both national interests and global sustainability commitments.

Economic Statement

After several years of strong growth, economic activity in British Columbia moderated in 2024 amid high interest rates, persistent price pressures, and ongoing global economic uncertainty. B.C.'s real GDP increased by 1.2 per cent in 2024 and ranked 8th (tied with Ontario) among the provinces following growth of 2.4 per cent in 2023. Last year, economic growth was driven by B.C.'s service-producing industries such as real estate, rental and leasing; health care and social assistance services; transportation and warehousing; public administration; and educational services. Output for goods-producing industries declined in 2024 due to lower construction and manufacturing activity, which was partly offset by growth in the mining, quarrying and oil and gas extraction; utilities; and agriculture, forestry, fishing and hunting sectors.

B.C.'s labour market continued to expand in 2024. Employment in B.C. increased by 66,100 jobs (+2.3 per cent), supported by high immigration, and wages and salaries rose by 6.3 per cent. B.C.'s unemployment rate averaged 5.6 per cent in 2024, up from 5.2 per cent in 2023 as strong population and labour force growth outpaced job gains. Elevated interest rates, rising construction costs, and ongoing labour shortages weighed on the construction sector last year. Housing starts totaled 45,828 units in 2024, down 9.2 per cent from the record high in 2023, but remained above the ten-year historical average. B.C. home sales increased by 2.1 per cent and the average home sale price increased by 1.0 per cent compared to 2023. Price pressures in B.C. continued to broadly moderate last year, but shelter price growth remained elevated. Overall, B.C.'s inflation rate averaged 2.6 per cent in 2024, down from 3.9 per cent in 2023. Despite strong population growth, nominal retail sales increased by just 0.6 per cent in 2024, following a 0.1 per cent decline in 2023. On the trade front, weak global demand and lower commodity prices (primarily natural gas and coal prices) last year contributed to a 2.7 per cent decline in B.C.'s merchandise exports relative to 2023 despite increased exports to non-U.S. destinations including China, South Korea, and Australia.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2024/25 – 2026/27 service plan. For forward-looking planning information, including current and future performance targets, please see the [British Columbia Energy Regulator 2024/25 - 2026/27 Service Plan](#).

Goal 1: A Progressive & Trusted Life Cycle Energy Regulator

We are a progressive and trusted life cycle energy regulator. We demonstrate regulatory excellence across the full life cycle of energy resources 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

- Supported the co-development of [Land Use Planning with Treaty 8 First Nations](#) and facilitated the operational implementation of two government land use plans—[Blueberry River First Nations](#) and [Halfway River First Nation](#).
- Implemented a cumulative effects framework for the application review process and ensured alignment with the co-developed Treaty 8 First Nations - Planning and Mitigation Measures.
- The BCER holds \$170.7 million in security deposits for permit holder restoration obligations through the Permittee Capability Assessment program which mitigates liability risks with the continued goal of minimizing pressure on the Orphan Site Reclamation Fund.

Summary of progress made in 2024/25

During FY 2024/25, the BCER advanced collaborative stewardship of the environment, land, and resources by working with government ministries and agencies to support [Action 2.6 of the Declaration Act Action Plan](#). Efforts included co-developing land use planning with Treaty 8 Nations and implementing two government land use plans—Blueberry River First Nations and Halfway River First Nation. These initiatives align with the objectives of Action 2.6 to co-develop

strategic-level policies, programs, and initiatives that address cumulative effects, respect Indigenous Knowledge, and promote collaborative stewardship through forums, guardian programs, land use planning, and innovative partnerships supporting integrated land and resource management.

The BCER further demonstrated its commitment to enhancing regulatory process through collaboration with Indigenous peoples, industry, stakeholders and academia. This year, significant progress included implementing a cumulative effects framework and integrating co-developed Planning and Mitigation measures into application reviews, ensuring alignment with Treaty 8 First Nations land management objectives.

Additionally, the BCER strengthened financial oversight of permit holders through comprehensive liability management including the [Permittee Capability Assessment \(PCA\)](#) program which mitigates liability risks and reduces pressure on the Orphan Site Reclamation Fund (OSRF). The PCA assesses financial risk by identifying companies requiring corrective actions, targeting those with moderate or high risk to reduce liabilities associated with dormant, inactive, and marginal sites. By ensuring permit holders remain financially viable while securing restoration obligations, the BCER exemplifies Operational Excellence & Stewardship in the Public Interest.

Performance measure(s) and related discussion

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[1a] Hectares of restored dormant wells as a percentage of total disturbed dormant area ¹	9%	22%	40%	43%

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

¹PM [1a] targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 43% and 46%, respectively.

This performance measure has been exceeded by 3 per cent, reflecting permit holders' strong adherence to the 2024 restoration milestone under the [Dormancy and Shutdown Regulations \(DSR\)](#). Notably, the DSR was the first regulation in Western Canada to include legislative timelines, which has been instrumental in achieving such strong performance. Progress is measured in hectares restored, with industry reports remaining an essential source of site restoration data. Oversight is maintained through comprehensive monitoring, including notification processes, internal reviews, field inspections, and audits. This performance underscores significant progress in dormant site restoration, supporting land healing and regulatory compliance.

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[1b] Percentage of high-priority corrective action plans outstanding within allocated timelines ¹	<1%	0%	<1%	0%

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

¹PM [1b] targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as <1% and <1%, respectively.

This performance measure has been met, highlighting the successful and timely completion of high-priority corrective action identified through compliance audits. These actions are crucial for ensuring pipeline and facility integrity management programs align with BCER's mandate to uphold public safety and environmental responsibility. By holding permit holders accountable for addressing gaps in core integrity processes, the BCER reinforces public trust and demonstrates its commitment to maintaining stringent safety and environmental standards in the energy sector.

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

We work collaboratively with government, Indigenous peoples, environmental groups and industry, to share regulatory policy and technical expertise, provide operational leadership, and evolve our regulatory model to support B.C.'s energy transition to a low-carbon economy that meets future energy needs.

Key results

- Finalized ahead-of-schedule regulations integrating hydrogen, ammonia, and methanol into the BCER's regulatory framework.
- Provided comprehensive training and development opportunities to staff across the organization, enhancing knowledge and preparedness for the energy transition for hydrogen, methanol, ammonia, geothermal and carbon storage.

Summary of progress made in 2024/25

The BCER advanced its expanded mandate and supported the transition to low-carbon energy by finalizing ahead-of-schedule regulations for hydrogen, ammonia, and methanol. These included a standalone regulation for the application, construction, and operation of small and medium-scale hydrogen facilities, as well as comprehensive amendments for large-scale hydrogen manufacturing and co-located production facilities, establishing a strong regulatory foundation for sustainable energy development.

Additionally, the BCER supported employees with targeted training, resources and experiential activities to enhance knowledge of the energy transition and maintain regulatory frameworks. Initiatives included technical training in-house programs, informative articles and site tours. These efforts demonstrated BCER's commitment to fostering a collaborative approach to regulatory excellence in support of B.C.'s energy transition.

Performance measure(s) and related discussion

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[1c] Progress of oil and gas industry targets in reducing methane emission from 2014 levels identified in the CleanBC Roadmap to 2030 ¹	15%	53%	45%	54%

Data source: Federal Government – Environment and Climate Change Canada (ECCC), National Inventory Report, published March 21, 2025 and reflects data from the 2023 reporting year for the Upstream Oil and Gas Sector.

¹PM [1c] targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 55% and 60%, respectively.

This performance measure has been exceeded by 9 per cent. Upstream Oil and Gas Methane Emissions in 2023 were 2,119 kt CO₂ equivalents, reflecting strong progress toward the [CleanBC Roadmap to 2030](#) target of reducing methane emissions by 75 per cent from 2014 levels (4,653 kt CO₂) by 2030, with near elimination by 2035.

The BCER continued to integrate newly available regulatory tools to strengthen data collection and reporting processes. These enhancements enable more accurate and timely measurement of methane emissions providing a solid foundation for evidence-based reduction strategies. This achievement highlights industry alignment with provincial climate goals and the impact of effective regulatory measures.

Objective 1.3: Build Public Trust & Provide Energy Information

The public trusts and understands our role as an energy life cycle regulator, including the safety, environmental, social and governance factors applied in decision making.

Key results

- Collaborated with provincial agencies to support the implementation of an effective cumulative effects framework, including its integration into the application review process.
- Undertook an assessment of opportunities to integrate environmental, social, governance (ESG) principles and standards into the BCER's operations, aligning organizational practices with sustainability and accountability goals.
- Launched two data narratives¹, enhancing transparency and access to critical information.

Summary of progress made in 2024/25

The BCER advanced cumulative effects management by collaborating with provincial agencies and Treaty 8 First Nations to further implementation of an effective framework into the application review process. As work continues to address the cumulative effects of oil and gas

¹ Data narratives are stories that use data to explain, support, or enhance a particular insight, trend, or conclusion.

activities, the BCER will maintain collaboration with Treaty 8 First Nations to develop and implement meaningful strategies that align with their culture and address concerns related on their land base.

Additionally, the BCER explored opportunities to integrate environmental, social, and governance (ESG) principles into its regulatory approach to ensure alignment with public interests. Efforts included consulting with oil and gas companies to gain insights on supporting provincial ESG goals and potential opportunities to improve access to regulatory data, facilitating the analysis of key ESG measures within regulated sectors.

During the 2024/25 fiscal year, the BCER focused on increasing transparency in its regulatory framework by sharing information about regulated activities through data and analytics. This included launching two new data narratives, bringing the total to 10 available on the BCER website, and updating the Water Allocation and Use data narrative to reflect the most current information. These efforts help the public better understand and trust the BCER's role as a life cycle regulator.

Performance measure(s) and related discussion

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[1d] Satisfaction level on how well the BCER is engaging stakeholder groups ¹	88%	86%	88%	95.5%

Data source: Survey of a range of landowner and local government stakeholders conducted by an external third party. The results are tracked and analyzed internally.

¹PM [1d] this performance measure has been replaced by a new measure in future Service Plans.

This performance measure was exceeded by 7.5 per cent, reflecting BCER's commitment to meaningful engagement with landowners, local governments, and stakeholders. The result reflects the success of ongoing efforts to foster collaboration, address concerns, and increase awareness of the BCER's mandate while mitigating potential impacts on quality of life.

Goal 2: Meaningful Reconciliation & Partnership with Indigenous Peoples

We seek to have meaningful reconciliation and partnerships with Indigenous peoples. We honour Indigenous rights, titles, and values as foundational in our decision-making to apply this in all facets of our work with First Nations and Indigenous communities as partners in building B.C.'s energy resource future.

Objective 2.1: Effective Government to Government Relations with First Nations.

We work in partnership with First Nations to advance solutions and increase community well-being.

Key results

- Maintained quarterly meetings of the "Embrace Reconciliation Committee" and shared key findings from an all-staff survey to advance cultural competency and integrate Indigenous interests into business practices.
- Transformations to referral, consultation, and permitting processes, achieving significant progress for Treaty 8 Nations to meaningfully exercise their rights.

- Strengthened existing relationships with First Nation partners,² federal and provincial government agencies³ to deliver administrative and operational oversight to the Aboriginal Liaison Program (ALP).

² Blueberry River First Nations, Carrier Sekani First Nations, Doig River First Nation, Fort Nelson First Nation, Haisla Nation, Lake Babine Nation, Nisga'a Lisims Government, Prophet River First Nation, Saluteau First Nations, and West Moberly First Nations.

³ Canada Energy Regulator, Ministry of Water, Land and Resource Stewardship, Ministry of Emergency Management and Climate Readiness, Ministry of Environment and Parks, Ministry of Forests, Ministry of Indigenous Relations and Reconciliation, and Ministry of Mining and Critical Minerals.

Summary of progress made in 2024/25

The BCER advanced its Indigenous Learning and Development Plan by utilizing the all-staff survey to establish a baseline for measuring employees' understanding of the history of Indigenous peoples in Canada. This initiative helped supervisors and staff to identify knowledge gaps, create targeted learning opportunities, and foster ongoing growth in cultural competencies. It also highlighted ways to integrate Indigenous interests into business practices throughout the regulatory lifecycle.

The BCER collaborated with Treaty 8 Nations to advance transformation of application referral, consultation, and permitting processes, supporting their ability to meaningfully exercise their rights. Key achievements include refining processes to protect First Nations' rights and introducing a consultation bucketing approach, which aligns the level of consultation with the level of impact and streamlines the process. Collaboration with Treaty 8 Nations equips the BCER with the tools to implement these processes across B.C. for other First Nations.

The Aboriginal Liaison Program (ALP) celebrated its 10th anniversary in fiscal 2024/25, highlighting a decade of collaboration with Indigenous communities. All existing relationships with First Nation partners were sustained, and a new partnership was formed with the Ministry of Mining and Critical Minerals. Key meetings hosted by the Nisga'a Lisims Government and Saulteau First Nations emphasized inclusivity and respect for traditional territories, reflecting the program's commitment to meaningful engagement and strategic collaboration. This progress underscores the organization's dedication to strengthening relationships with Indigenous communities and advancing collaborative efforts.

Performance measure(s) and related discussion

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[2a] Percentage of BCER staff who have participated in learning opportunities to improve their understanding of Indigenous peoples ¹	79%	98.9%	98%	99%

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 275.

¹PM [2a] targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 100% and 100%, respectively.

This performance measure has been exceeded by 1%. This highlights the success of the Spring Lecture Series, which engaged staff in meaningful reconciliation discussions through diverse topics presented by internal and external speakers. The outcome is derived through an internal audit of employee participation, the initiative supports BCER's commitment to expanding Indigenous knowledge within the organization. Through the Indigenous Learning and Development Plan, BCER aims to deepen understanding of the history of Indigenous peoples in Canada and ensure their interests are respectfully incorporated into business practices across the regulatory life cycle.

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[2b] Percentage of expenditures under the Orphan Site Reclamation Fund directed to Indigenous owned or partnered service providers ¹	17%	26%	10%	21%

Data source: Internal audit documents.

¹PM [2b] targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 10% and 10%, respectively.

This performance measure has been exceeded by 11 per cent, highlighting the strong engagement of Indigenous-owned or partnered service providers in the restoration of orphan sites. This achievement underscores BCER's commitment to supporting First Nations through restoration efforts, contributing to the economic well-being and sustainability of Indigenous communities. The continued increase in contracts and spending exceeds expectations, with ample opportunities for Indigenous involvement remaining high. BCER will monitor this trend to assess its sustainability and adjust targets as necessary.

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[2c] Number of orphan sites per fiscal year reclaimed with ecologically suitable species following engagement with local Indigenous communities ^{1,2}	25	24	30	31

Data source: Internal audit of documents.

¹PM [2c] This performance measure has been replaced by a new measure in future Service Plans.

This performance measure, exceeded by one, demonstrates progress in reclaiming orphan sites in natural areas using ecologically appropriate species. This achievement was facilitated through engagement with local Treaty 8 First Nations. BCER's pilot projects have formed positive partnerships with First Nations, providing opportunities for Indigenous communities to lead reclamation initiatives. These efforts have strengthened relationships and support reconciliation by reflecting Indigenous peoples' deep ties to the land, inherent environmental values and ongoing use.

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

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 are valued for their expertise, diverse perspectives and lived experience, and are empowered with the leadership, training, technologies, and tools to work effectively and collaboratively in advancing the work of the BCER.

Key results

- Completed Phase 1 and 2 of the BCER's Human Capital Management System (HCM) to enhance the employee experience and enable data driven decision-making.
- Facilitated and supported learning opportunities, for equity, diversity, and inclusion (EDI) through various sessions and initiatives, supported by the EDI committee.
- Advanced the multi-year policy renewal project, aligning policies with strategic goals to foster an inclusive and empowered workforce.

Summary of progress made in 2024/25

The BCER continued to implement its Workforce Plan, pursuing opportunities to strengthen analysis and decision-making from the insights of existing and new data. A key outcome was the implementation of a modernized Human Capital Management (HCM) system, a foundational aspect of the Workforce Plan. This system supports employee development, recruitment and retention, occupational health and safety, learning and performance planning, and succession, reinforcing the organization's commitment to fostering a healthy, modern, and empowered workforce.

The BCER also prioritized equity, diversity, and inclusion (EDI) training to cultivate an inclusive and supportive workplace. Learning opportunities included allyship training, accessibility sessions, book clubs, blog posts, fireside chats supporting men's mental health, meditation and wellness sessions, and reconciliation-focused learning through the Spring Lecture Series, promoting cultural awareness and engagement.

Additionally, the BCER has made significant progress on its multi-year policy renewal project, aligning policies with its strategic initiatives to strengthen governance and accountability. Guided by its policy framework and informed by diverse team input, this effort ensures clear and consistent structures that drive operational excellence and inclusivity. This approach reinforces the organization's commitment to a healthy, empowered and inclusive workforce.

Performance measure(s) and related discussion

Performance Measure	2022/23 Baseline	2023/24 Actual	2024/25 Target	2024/25 Actual
[3a] Voluntary staff turnover rate ^{1,2}	≤ 10%	1.7%	≤ 10%	2.7%

Data source: Internal database.

¹PM [3a] targets for 2025/26 and 2026/27 were stated in the 2025/26 service plan as ≤ 10% and ≤ 10%, respectively.

This performance measure has been exceeded by 7.3 per cent. This reflects ongoing success in retaining talent and fostering organizational stability. It demonstrates BCER's commitment to

transitioning into a modern workplace and positioned itself to be selected for [BC's Top Employers](#). The measure tracks progress by maintaining a staff turnover rate below 10 per cent, based on voluntary departures, aligning with targets consistent with other public service agencies.

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 deficit of \$22.7 million in 2024-25 compared to a break-even budget and surplus of \$3.1 million in 2023/24. This includes a surplus from operations of \$4.0 million and deficit from the Orphan Site Reclamation Fund (OSRF) of \$26.8 million.

Revenue from operations increased from \$79.1 million in 2023-24 to \$81.4 million in 2024-25 and resulted in the surplus from operations. This was primarily due to stronger production levies, application fees, and infrastructure levies offset by lower remediation recoveries.

Expenses from the OSRF included \$33.0 million recognized as obligatory orphan site designations & estimates which resulted in the deficit from operations. This was due to new orphan designations and changes in estimates.

Financial Summary

(\$000s)	2023/24 Actual	2024/25 Budget	2024/25 Actual	2024/25 Variance
Operations				
Revenues				
Industry Levies	\$56,523	\$58,328	\$60,375	\$2,047
Application Fees	12,811	8,870	16,132	7,262
Interest and Other	3,176	2,600	3,145	545
Remediation Recoveries	6,583	-	1,756	1,756
Total Revenue from Operations	79,093	69,798	81,408	11,610
Expenses				
Salaries and Benefits	37,394	40,375	40,360	15
Other Operating	29,556	23,533	30,395	(6,862)
Indigenous Funding	6,357	5,890	6,612	(722)
Total Expenses from Operations	73,307	69,798	77,367	(7,569)
Net Surplus from Operations	5,786	-	4,041	4,041
Orphan Site Reclamation Fund (OSRF)				
Revenues				
Orphan Site Restoration Levy	15,000	15,000	15,000	-
Remediation Recoveries	-	-	3,938	3,938
Interest	1,323	200	768	568
Total Revenue from OSRF	16,323	15,200	19,706	4,506
Expenses				
Obligatory Orphan Site Designations & Estimates ¹	9,006	5,000	33,014	(28,014)
Discretionary Reclamation	8,821	8,650	11,581	(2,931)
Salaries and Administration	1,202	1,550	1,873	(323)
Total Expenses from OSRF	19,029	15,200	46,468	(31,268)
Net (Deficit) from OSRF	(2,706)	-	(26,762)	(26,762)
Total Annual Surplus/(Deficit)	3,080	-	(22,721)	(22,721)

Additional Information				
Total Liabilities	100,825	92,154	125,002	(32,848)
Capital Expenditures	5,633	5,000	4,571	429
Accumulated Surplus/(Deficit)	\$10,636	\$7,556	\$(12,085)	\$(19,641)

Note: The above financial information was prepared based on Canadian public sector accounting standards.

¹ The BCER's liability for orphan sites policy is to accrue the obligatory estimated costs to protect the environment and public when the BCER accepts responsibility for restoration upon orphan designation. Discretionary reclamation costs, used to restore land to a standard, are expensed as incurred and are separate from obligatory estimates.

Variance and Trend Analysis

The BCER is reporting an annual deficit of \$22.7 million compared to a break-even budget. Revenue from operations is \$11.6 million higher than budget due to stronger production volumes, application volumes, remediation recoveries, and higher interest rates.

Production levies account for 65 per cent of revenue from operations and in 2024/25 natural gas production volumes increased by 5 per cent over the prior year and 2 per cent higher than budget. The increases reflect strong drilling activity and improved completion techniques. As a result, total production levies were \$1.3 million higher than budget. Along with infrastructure levies which were \$0.7 million higher than budget, total industry levies were \$2.0 million higher than budget.

Application fees account for 20 per cent of revenue from operations. Well application submissions were higher than budget by \$4.9 million. The budget had reflected uncertainty over application volumes as the BCER continued to transform the application referral, consultation and permitting processes to address First Nations' ability to meaningfully exercise their rights. Redesigned permitting processes allowed progress on application reviews and the recognition of deferred revenue totalling \$0.8 million. Along with other application variances of \$1.6 million, total application fees were \$7.3 million higher than budget.

Expenses from operations were \$7.6 million higher than budget primarily due to higher other operating expenses which included unanticipated bad debts and remediation costs. Other operating expenses were \$30.4 million compared to budget of \$23.5 million. This variance included a higher allowance for bad debts and remediation costs offset by savings with professional services. Indigenous funding was higher as variable capacity payments were higher due to increased application volumes.

The Orphan Site Reclamation Fund (OSRF) incurred a deficit of \$26.8 million compared to a break-even budget. During the year, significant changes in the liability estimate totalling \$3.8 million were recognized as additional information was identified to define site contamination and the remediation required. New liability for orphan sites of \$29.2 million was recognized during the year as 53 new orphan sites were designated due to an insolvent permit holder. As insolvency proceedings related to the permit holder remained underway as at March 31, 2025, 331 remaining sites were recognized as a contingent liability and designated to the OSRF subsequent to year-end. As well, additional discretionary reclamation of \$2.9 million was completed during fiscal 2024/25 to utilize unspent OSRF funds from fiscal 2023/24.

Capital expenditures of \$4.6 million were completed below budget of \$5.0 million as projects were delivered more efficiently.

Total liabilities as of March 31, 2025 of \$125.0 million were higher than budgeted primarily due to amounts recognized as obligatory orphan site designations and estimates.

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 provides annual funding to the OSRF. Current planning and projections for the orphan site restoration levy are expected to be sufficient to complete closure and restoration goals.

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 2023 Mandate Letters from the Minister Responsible.

2023 Mandate Letter Priority	Status as of March 31, 2025
<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 Declaration on the Rights of Indigenous Peoples Act, and the recently signed Treaty 8 and Blueberry River First Nations Agreements in conjunction with First Nations.</p>	<p>Land Use Planning and Cumulative Effects Framework</p> <ul style="list-style-type: none"> • Co-developed Land Use Planning with Treaty 8 Nations. • Implemented two government land use plans for Blueberry River First Nations and Halfway River First Nations. • Integrated a cumulative effects framework into the application review process. • Ensured alignment with co-developed Treaty 8 Planning and Mitigation Measures. <p>Collaboration and Partnerships</p> <ul style="list-style-type: none"> • Worked with provincial agencies and Treaty 8 First Nations to enhance cumulative effects management. • Addressed concerns regarding cumulative impacts on Treaty 8 lands through meaningful collaboration. • Transformations to referral, consultation, and permitting processes to support Treaty 8 Nations in exercising their rights. • Introduced a consultation bucketing approach, streamlining processes and aligning consultation levels with impact levels. <p>Indigenous Learning and Development</p> <ul style="list-style-type: none"> • Maintained quarterly meetings of the Embrace Reconciliation Committee. • Conducted an all-staff survey to measure cultural competency and understanding of Indigenous history in Canada. • Used survey findings to identify knowledge gaps and create targeted learning opportunities for staff. • Advanced cultural competency and integrated Indigenous interests into business practices throughout the regulatory life cycle. <p>Regulatory Transformation</p> <ul style="list-style-type: none"> • Supported Treaty 8 Nations in meaningful rights exercises by refining consultation and permitting processes. • Developed tools and frameworks to expand these improved processes across B.C. for other First Nations.

2023 Mandate Letter Priority	Status as of March 31, 2025
<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>Finalized Regulations for Low-Carbon Energy:</p> <ul style="list-style-type: none"> • Completed ahead-of-schedule regulations for hydrogen, ammonia, and methanol integration. • Developed standalone regulation for small and medium-scale hydrogen facilities. • Introduced comprehensive amendments for large-scale hydrogen and co-located production facilities. • Completed methane emission reduction regulations to support meeting the CleanBC targets of 75 per cent reduction by 2030. <p>Enhanced Staff Training and Development:</p> <ul style="list-style-type: none"> • Delivered training on hydrogen, methanol, ammonia, and carbon storage. • Provided in-house technical training, informative articles, and site tours. • Strengthened organizational knowledge and preparedness for the energy transition. • Delivered guidance on new methane regulations to support operations and compliance management. <p>Integrated ESG Principles into Operations:</p> <ul style="list-style-type: none"> • Assessed opportunities to embed ESG principles and standards into regulatory frameworks. • Consulted with oil and gas companies to align with provincial ESG goals. • Explored ways to improve access to regulatory data for ESG measure analysis.

2023 Mandate Letter Priority	Status as of March 31, 2025
<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>Collaboration with the Environmental Assessment Office (EAO)</p> <ul style="list-style-type: none"> Reviewed the Memorandum of Understanding (MOU) with the EAO. Implemented project-specific compliance agreements with the EAO. Developed mechanisms with the EAO to apply learnings from past projects with shared responsibilities. <p>Interagency Coordination</p> <ul style="list-style-type: none"> Established through ongoing committee meeting mechanisms to share best practices and tools among Natural Resource Sector Compliance and Enforcement (C&E) agencies. <p>Enforcement Tools and Processes</p> <ul style="list-style-type: none"> Reviewed the suite of enforcement tools available to BCER C&E; identified and addressed gaps (e.g. Administrative Monetary Penalties (AMP) under Water Sustainability Act (WSA) and Environmental Management Act (EMA)). <p>Performance and Reporting</p> <ul style="list-style-type: none"> Improved performance tracking and data quality, through the continuous development of new modules and custom reports for the Compliance Management System. Developed new Key Performance Indicators (KPIs) for the Risk Data Informed Inspection Selection Model.

Appendix B Auditor's Report and Audited Financial Statements



BC Energy Regulator Financial Statements

March 31, 2025



Statement of Management Responsibility

The financial statements of the British Columbia Energy Regulator (BCER) for the year ended March 31, 2025 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, Doane Grant Thornton, 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



Michelle Carr, Commissioner &
Chief Executive Officer



Dean Skinner, CPA, CMA
Chief Financial Officer, Executive Vice
President, People & Transformation

June 12, 2025

Doane Grant Thornton LLP

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Independent auditor's report

To the Board of Directors of the British Columbia Energy Regulator, and
To the Ministry of Energy and Climate Solutions, Province of British Columbia

Opinion

We have audited the financial statements of the British Columbia Energy Regulator ("the Entity"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the British Columbia Energy Regulator as at March 31, 2025, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other matter

The financial statements of the Entity for the year ended March 31, 2024 were audited by another practitioner who expressed an unmodified opinion on those financial statements on August 9, 2024.

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

Management is responsible for the preparation and fair presentation of these 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 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 a going concern and using

the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

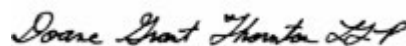
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for 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.
- 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.



Victoria, Canada
July 14, 2025

Chartered Professional Accountants

Statement of Financial Position

(Amounts in thousands of dollars)

As at March 31, 2025

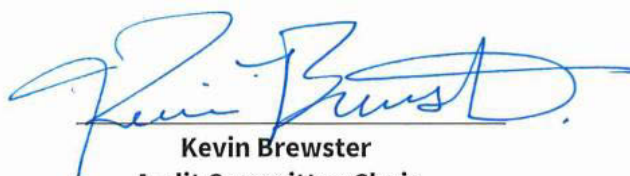
	Note	2025	2024
Financial assets			
Cash		\$ 11,052	\$ 7,170
Investments	3	58,011	55,206
Accounts receivable	4	8,940	12,998
Due from government	5	14,533	14,132
		<u>92,536</u>	<u>89,506</u>
Liabilities			
Accounts payable & accrued liabilities	6	8,576	9,508
Employee future benefits	7	1,311	1,151
Due to government	8	1,059	941
Deferred revenue	9 & 15	3,396	4,820
Deferred lease inducements		-	91
Liability for orphan sites	10 & 15	81,294	54,277
Security deposits	11	29,366	30,037
		<u>125,002</u>	<u>100,825</u>
Net financial debt			
		<u>(32,466)</u>	<u>(11,319)</u>
Non-financial assets			
Tangible capital assets	12	17,864	20,042
Prepaid expenses		2,517	1,913
		<u>20,381</u>	<u>21,955</u>
Accumulated (deficit)/surplus			
		<u>\$ (12,085)</u>	<u>\$ 10,636</u>
Contractual obligations	13		
Contingent liabilities	14		
Measurement uncertainty	15		

The accompanying notes are an integral part of these statements.

Approved on behalf of the Board



Natascha Kiernan, J.D, ICD.D
Board Chair



Kevin Brewster
Audit Committee Chair

Statement of Operations and Accumulated Deficit

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

	Note	Budget (Note 19)	2025	2024
Revenues				
Production levies		\$ 51,628	\$ 52,976	\$ 50,370
Orphan site restoration levy		15,000	15,000	15,000
Application fees		8,870	16,132	12,811
Infrastructure levies		7,550	7,399	6,153
Interest		2,800	3,591	3,887
Other		-	322	328
Remediation recoveries		-	5,694	6,867
		85,848	101,114	95,416
Expenses				
Operations	18	70,648	77,367	73,307
Orphan site reclamation fund	18	15,200	46,468	19,029
		85,848	123,835	92,336
Annual (deficit)/surplus		-	(22,721)	3,080
Accumulated surplus, beginning of year		10,636	10,636	7,556
Accumulated (deficit)/surplus, end of year		\$ 10,636	\$ (12,085)	\$ 10,636

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Financial Debt

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

	Budget (Note 19)	2025	2024
Annual (deficit)/surplus	\$ -	\$ (22,721)	\$ 3,080
Acquisition of tangible capital assets	(5,000)	(4,571)	(5,633)
Disposals of tangible capital assets	-	194	90
Amortization of tangible capital assets	6,500	6,555	6,598
	1,500	2,178	1,055
Acquisition of prepaid expense	-	(604)	(182)
(Decrease)/increase in net financial assets	1,500	(21,147)	3,953
Net financial debt, beginning of year	(11,319)	(11,319)	(15,272)
Net financial debt, end of year	\$ (9,819)	\$ (32,466)	\$ (11,319)

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

	2025	2024
Operating transactions		
Cash generated from:		
Production levies	\$ 52,350	\$49,397
Orphan site restoration levy	14,486	14,960
Infrastructure levies	6,610	5,917
Application fees	14,710	12,010
Interest	3,641	3,887
Other	441	579
Remediation recoveries	4,843	284
Security deposits received	4,628	1,413
	101,709	88,447
Cash used for:		
Salaries and benefits	(41,045)	(38,604)
Payments to Indigenous communities	(6,439)	(6,328)
Operating expenses	(18,474)	(31,953)
Orphan site reclamation	(19,194)	(22,840)
Security deposits refunded	(5,299)	(1,678)
	(90,451)	(101,403)
Cash from operating activities	11,258	(12,956)
Capital transactions		
Cash used to acquire tangible capital assets	(4,571)	(5,633)
Investing transactions		
Cash (used for) investments	(2,805)	(2,448)
Increase/(decrease) in cash	3,882	(21,037)
Cash, beginning of year	7,170	28,207
Cash, end of year	\$ 11,052	\$ 7,170

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, 2025

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

Production levies are revenue transactions with no performance obligations. Production levies are authorized and collected under the *Energy Resource Activities Act* and are 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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

2. Significant accounting policies (continued)

Infrastructure levies

Infrastructure levies are revenue transactions with no performance obligations. Infrastructure levies are billed to permit holders of pipelines and Class C LNG Facilities owned, as at March 31 of the applicable fiscal year, and are recognized equally across all periods in the year.

Orphan site restoration levies

Orphan site restoration levies are revenue transactions with no performance obligations. Orphan site restoration levies are billed based on a permit holder's deemed liability for permitted wells and facilities, as at April 1 of the applicable fiscal year, and are recognized upon invoicing.

Application fees

Application fees are recognized as the BCER satisfies performance obligations by providing technical review and consultation services related to the associated permit. There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. 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.

Remediation recoveries

Remediation recoveries are recovered from permit holders when the BCER incurs remediation costs related to carrying out certain obligations. As revenue with no performance obligations, remediation recoveries are recognized when the BCER has the authority to claim the recovery either upon incurring the remediation costs or realize security.

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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

2. Significant accounting policies (continued)

Financial instruments

The BCER reports its financial instruments at cost or amortized cost, less any permanent impairment in value. The BCER does not hold any derivatives or equity investments that require fair value reporting and has not elected to record any other financial instruments at fair value. Financial instruments consist of cash, investments, accounts receivable, due from government, accounts payable & accrued liabilities, employee future benefits, and due to government.

A statement of remeasurement gains and losses is not presented as the BCER did not have remeasurement transactions to report.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. 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%
Other business systems	20%
Application management system	10%
Computer software	20 - 33%

When a capital asset no longer has any long-term service potential to the BCER, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the Statement of Operations and Accumulated Surplus.

Prepaid expenses

Prepaid expenses include subscriptions, insurance, 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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

2. Significant accounting policies (continued)

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, 2025 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.

3. 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:

	2025	2024
Operations	\$ 21,277	\$ 18,964
Orphan site reclamation fund (Note 10)	7,368	6,205
Security deposits (Note 11)	29,366	30,037
	\$ 58,011	\$ 55,206

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

4. Accounts receivable

	2025	2024
Infrastructure levies	\$ 7,400	\$ 6,153
Application fees	1,462	1,214
Other	711	1,192
Remediation recoveries	-	6,583
	9,573	15,142
Allowance for doubtful accounts	(633)	(2,144)
	\$ 8,940	\$ 12,998

5. Due from government

	2025	2024
Production levies	\$ 13,800	\$ 13,176
Recoveries and other	733	956
	\$ 14,533	\$ 14,132

Production levies are invoiced to and collected from industry by the Province and disbursed on to the BCER.

6. Accounts payable and accrued liabilities

	2025	2024
Trade payables and accrued liabilities - Operations	\$ 1,992	\$ 1,822
Trade payables and accrued liabilities - OSRF	3,667	5,170
Salaries and benefits	2,917	2,516
	\$ 8,576	\$ 9,508

Employee leave entitlements

As of March 31, 2025, 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 \$1,513 (2024: \$1,209). This amount is included in salaries and benefits payable.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

7. Employee future benefits

Employee benefit plan

The BCER and its employees contribute to the Public Service Pension Plan, a jointly trusteesd 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 75,821 active plan members, 56,528 retired plan members, and 25,337 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, 2025 for employer contributions was \$3,112 (2024: \$2,961).

Future retirement allowance liability

The BCER provides certain retirement allowances, as provided under the collective agreements and terms of employment. The liability is unfunded and is reported on the statement of financial position as follows:

Accrued retirement obligation

	2025	2024
Balance, beginning of year	\$ 1,151	\$ 1,026
Current benefit cost	75	72
Interest	70	64
Amortization of actuarial loss	32	32
Benefits paid	(17)	(43)
Balance, end of year	\$ 1,311	\$ 1,151

Actuarial retirement obligation

Accrued benefit obligation	\$ 1,579	\$ 1,397
Unamortized actuarial loss	(268)	(246)
Balance, end of year	\$ 1,311	\$ 1,151

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

7. Employee future benefits (continued)

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

	2025	2024
Discount rate	4.30%	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, 2025 (2024: 13 years).

8. 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.

9. Deferred revenue

Deferred revenue consists of 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	\$ 4,820	13,788	(15,212)	\$ 3,396

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

10. 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 orphan site restoration levies, interest, and security.

The OSRF has assets of \$8,821 (2024: \$10,070) to pay for costs associated with orphan sites. There were 53 new orphan sites designated in 2024/25, increasing the number of designated orphan sites to 872 (2024: 819). The sites were designated due to an insolvent permit holder and insolvency proceedings related to the permit holder remained underway as at March 31, 2025 with the 307 remaining sites recognized as a contingent liability. Subsequent to March 31, 2025, these remaining sites were designated to the OSRF increasing the number of designated orphan sites to 1,179.

A receiver was court appointed in May 2025 for the above assets designated to the OSRF. A purchase and sale agreement with a proposed purchaser was reached in July 2025 for 200 of the sites previously designated to the OSRF (Note 22).

Of the designated sites, 249 (2024: 203) 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 reassessed quarterly and 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 uncertainty note. Such estimated costs have been discounted to the present value using a discount rate of 3.60% per annum (2024 - nil).

	Balance, beginning of year	New designations & contingent liability	Change in estimates	Restoration completed	Balance, end of year
Liability for orphan sites	\$ 54,277	29,245	3,769	(5,997)	\$ 81,294

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 \$218,000 to \$334,000.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

11. 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 \$170,662 (2024: \$183,566) in security deposits, of which \$29,366 (2024: \$30,037) is held in cash and investments and \$141,297 (2024: \$153,529) 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 2025, the BCER recovered \$4,843 (2024: nil) from security deposits to help satisfy restoration obligations of permit holders.

12. Tangible capital assets

March 31, 2025	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total
Cost									
Opening balance	\$ 6,569	\$ 4,195	\$ 5,944	\$ 2,261	\$ 1,844	\$ 21,771	\$ 19,483	\$ 1,113	\$ 63,180
Additions	12	48	416	185	339	3,411	160	-	4,571
Disposals	(2,592)	(602)	(3,800)	(69)	(213)	(260)	-	(824)	(8,360)
Closing balance	\$ 3,989	\$ 3,641	\$ 2,560	\$ 2,377	\$ 1,970	\$ 24,922	\$ 19,643	\$ 289	\$ 59,391
Accumulated amortization									
Opening balance	\$ 5,732	\$ 3,650	\$ 4,817	\$ 1,780	\$ 701	\$ 10,929	\$ 14,592	\$ 937	\$ 43,138
Amortization	373	141	673	157	100	3,102	1,996	13	6,555
Disposals	(2,592)	(602)	(3,799)	(69)	(106)	(174)	-	(824)	(8,166)
Closing balance	\$ 3,513	\$ 3,189	\$ 1,691	\$ 1,868	\$ 695	\$ 13,857	\$ 16,588	\$ 126	\$ 41,527
Net book value	\$ 476	\$ 452	\$ 869	\$ 509	\$ 1,275	\$ 11,065	\$ 3,055	\$ 163	\$ 17,864

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

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

12. Tangible capital assets (continued)

Included in the net book value of other systems development are assets not being amortized of \$1,414 (2024: \$1,137) as they have not yet been completed and put into use.

13. Contractual obligations

The BCER has entered into multiple-year contracts for the delivery of services, building occupancy leases, and is committed to make certain payments under Indigenous capacity agreements. 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.

2026	2027	2028	2029	2030	Thereafter
\$ 7,964	\$ 6,711	\$ 4,399	\$ 4,379	\$ 3,897	\$ 982

14. 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 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.

The BCER is monitoring an insolvent permit holder in receivership proceedings. The associated permits hold restoration liabilities estimated to be \$5,734 and the BCER holds a security deposit of \$4,320. The outcome of the receivership proceedings is not determinable at this time as they are in preliminary stages. Accordingly, no amount has been recognized in these financial statements for any liability for orphan sites that may result.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

15. 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.

	<u>Reported</u>	<u>Low</u>	<u>High</u>
Liability for orphan sites	\$81,294	\$61,000	\$113,000

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	\$3,396	\$3,100	\$3,700

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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

16. 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:

	2025	2024
Revenues		
Interest	\$ 667	\$ 906
Other	91	26
	\$ 758	\$ 932
Expenses		
Salaries and benefits	\$ 2,024	\$ 1,069
Professional services and training	648	305
Building occupancy	167	171
Telecommunications and information systems	90	86
Travel and vehicle costs	73	67
Office supplies and equipment	28	32
Grants and Sponsorships	320	1
	\$ 3,350	\$ 1,731
Tangible capital assets		
Disposal proceeds	\$ (68)	\$ (90)

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 \$300K (2023: \$nil) 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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

17. 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, 2025, the balance of the trust funds under administration was \$2,670 (2024: \$2,555). 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.

18. Expense by Object

	Operations	Orphan Site Reclamation Fund	2025	2024
Salaries and benefits	\$ 40,360	\$ 1,246	\$ 41,606	\$ 38,465
Indigenous funding	6,612	-	6,612	6,357
Amortization and loss on disposal	6,681	-	6,681	6,598
Building occupancy	4,730	-	4,730	4,672
Professional services and training	4,686	10	4,696	3,467
Information systems and telecom	3,627	70	3,697	3,365
Grants and contributions	337	-	337	64
Travel and vehicle costs	1,742	33	1,775	1,902
Supplies and equipment	1,084	-	1,084	1,211
Bad debts	5,752	514	6,266	1,825
Remediation costs	1,756	-	1,756	6,583
Discretionary reclamation	-	11,581	11,581	8,821
Obligatory orphan site designations	-	29,245	29,245	-
Obligatory orphan site estimates	-	3,769	3,769	9,006
	\$ 77,367	\$ 46,468	\$ 123,835	\$ 92,336

19. 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 February 29, 2024. Amounts may differ from the preliminary budget, for the purposes of the Annual Service Plan.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

20. Comparative figures

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

21. 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 is exposed to credit risk related to cash, investments, accounts receivable, and security deposits held as irrevocable letters of credit.

The BCER manages credit risk by holding cash and investments at Canadian chartered banks and credit unions and by holding irrevocable letters of credit with Schedule I, II or III banks; Canadian credit unions; and government owned financial institutions. Exposure to credit risk related to the value of accounts receivable is managed by continually monitoring and managing the collection of receivables. The BCER's maximum exposure to credit risk is represented by the carrying amount of financial assets presented in the Statement of Financial Position.

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 and forecasting cash flows to identify potential financing requirements. The BCER does not believe that it will encounter difficulty meeting its obligations associated with financial liabilities.

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.

22. Subsequent event

Subject to court approval and the satisfaction of closing conditions, a purchase and sale agreement was reached in July 2025 between a proposed purchaser and receiver for 192 sites previously designated to the OSRF. The transaction is estimated to reduce the BCER's liability for orphan sites by \$12,304 upon closing in fiscal 2025/26.