

Quarterly Annual Compliance Plan Summary

Fourth Quarter 2022/23 (Jan.-March)



PURPOSE

This report provides a summary of activities carried out under the British Columbia Energy Regulator's Annual Compliance Plan for fiscal year 2022/23 and progress made towards achieving our associated targets.

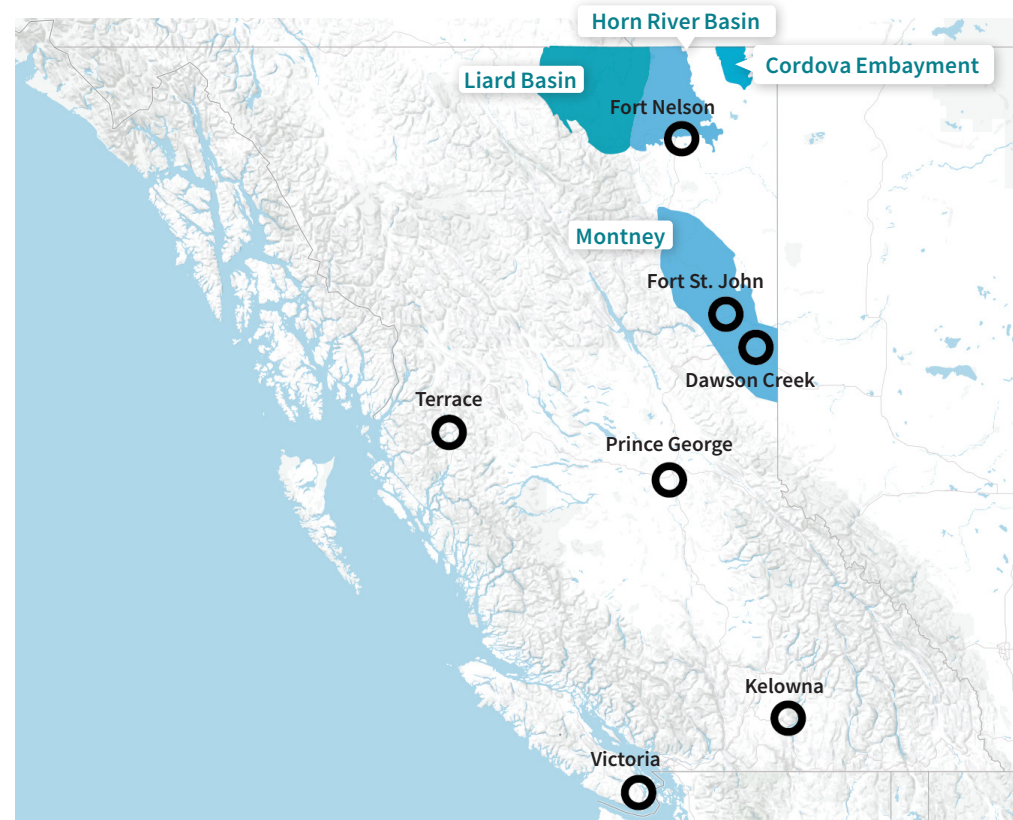
The BCER's Plan, Do, Check, Act method provides certainty that our approach continuously improves, leading to increased effectiveness of compliance oversight.

British Columbia Energy Regulator

The [British Columbia Energy Regulator](#) (BCER) is the provincial regulatory agency with responsibilities for regulating oil, gas and geothermal activities in British Columbia, including exploration, development, pipeline transportation and reclamation. We protect public safety and safeguard the environment while balancing a broad range of environmental, economic, and social considerations.

From exploration through to final reclamation, we respect those affected by oil and gas activities, cooperating with partner agencies while working closely with communities, First Nations, and land owners, and confirming industry compliance with provincial legislation. We are committed to advancing reconciliation and establishing close working relationships with Indigenous peoples throughout the energy life cycle.

BCER Office Locations Throughout B.C.



Territorial Acknowledgement

We acknowledge and respect the many Indigenous Territories and Treaty areas, each with unique cultures, languages, legal traditions and relationships to the land and water, which the British Columbia Energy Regulator's work spans. We also respectfully acknowledge the Métis and Inuit people living across B.C.

COMPLIANCE MANAGEMENT AND OVERSIGHT

The Oil and Gas Activities Act, provides the BCER's mandate to regulate oil and gas activities in B.C. A comprehensive regulatory framework governing oil and gas operations has been developed by the Province and the BCER. The assessment of compliance within that framework is a critical element in fulfilling the BCER's mandate.

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

Operation and continuous improvement of the BCER's CMS is led by a Compliance Management Steering Committee, consisting of senior leadership from several operational and technical business units and is led by the BCER's Executive Vice President, Safety & Compliance.

Compliance Principles

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

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



Compliance Verification Activities

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

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



Natural Resource Aboriginal Liaison Program

Established in 2014, the Aboriginal Liaison Program (ALP) is a partnership between Indigenous communities, the BCER, the BC Oil and Gas Research and Innovation Society (BCOGRIS) and other natural resource agencies. Through this partnership, participating Indigenous communities and agencies work to develop collaborative compliance oversight processes that incorporate Indigenous land values, interests and perspectives while fostering opportunities for two-way information sharing.

The ALP provides training and mentoring opportunities to improve Liaisons' knowledge and understanding of development activities and impacts, as well as enabling them to inform their community members with reliable and sound information about development activities on their traditional territories. By working directly with Liaisons, BCER staff are provided with opportunities to deepen their understanding of Indigenous peoples' values and traditional knowledge in relation to energy resource development and learn about the communities and cultures of the people they work with.



ANNUAL COMPLIANCE PLAN DEVELOPMENT

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

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

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

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

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

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

ACP Component: Annual Inspection Plan

The Annual Inspection Plan identifies target or benchmark numbers of inspections to be completed from each inspection selection stream. Targets are established for selection streams where inspections are pre-planned. Benchmarks have been established for selection streams that are triggered by operational events, external requests, etc. Overall, the BCER completes in excess of 4,500 inspections annually.

The BCER's inspection selection and planning methodology is made up of several selection streams based on several risk-based and

operational drivers.

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

stakeholder interests or concerns, and identification of potentially emergent compliance trends.

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

ACP Component: Annual Audit Plan

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

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

ACP MONITORING AND RESULTS

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

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



TABLE 1: QUARTERLY AUDIT PROGRAM PERFORMANCE

Audit Program	Total Audits Planned (Fiscal)	Q1				Q2				Q3				Q4				Total Number of Audits Completed
		Not Started	In Progress	Completed	Overall Status	Not Started	In Progress	Completed	Overall Status	Not Started	In Progress	Completed	Overall Status	Not Started	In Progress	Completed	Overall Status	
Certificate of Restoration (COR) Audit Program ¹	14	0	14	0	In Progress	0	14	0	In Progress	0	0	14	Completed					14
Dam Audit Program	4	0	4	0	In Progress	0	0	4	Completed									4
Emergency Management Competencies and Training	2	0	0	0	In Progress	0	0	0	Not Started	0	2	0	In Progress	0	0	2	Completed	2
Environmental Mitigation Strategy (Stage Two) ²		Deferred																
Facilities Integrity Management Program ³	17	8	8	0	In Progress	1	7	8	In Progress	0	4	12	In Progress	0	0	16	Completed	16
Fugitive Emissions	29	0	6	23	In Progress	0	2	27	In Progress	0	0	29	Completed					29
Heritage Conservation Audit Program ⁴		Deferred																
Pipeline Integrity Management Program ⁵	17	8	0	8	In Progress	0	8	8	In Progress	0	4	12	In Progress	0	0	16	Completed	16
Planning and Operational Measures (POMS)	6	6	0	0	Not Started	0	6	0	In Progress	0	6	0	In Progress	0	0	6	Completed	6
Water Licences	10	10	0	0	Not Started	0	10	0	In Progress	0	0	10	Completed					10
Total Audits Planned	99															Total Audits		97
																Successful		98%

¹Four additional sites added were added to the COR audit program.

²Due to changes with the BCER’s application approval process the core audit program is being reviewed, assessed, and potentially redeveloped during the next fiscal business planning.

³The number of Facility Integrity Management Program audits was reduced by one due to a permit holder ceasing operations.

⁴The audit program has been deferred due to work prioritization. Work is underway to ensure a complete program for next fiscal.

⁵The number of Pipeline Integrity Management Program audits was reduced by one due to a permit holder ceasing operations.

Audit Status	Description
Cancelled	Audit program has been cancelled
Completed	Audit program objectives are complete (does not include corrective actions phase)
Deferred	Audit Program has been deferred to next fiscal
In Progress	Audit program has been initiated and is on track
Not Started	Audit program is planned but not yet initiated
Under Review	Audit program is experiencing delays, resource constraints or other challenges

TABLE 2: QUARTERLY INSPECTION PROGRAM AREA PERFORMANCE

				Annual Compliance Plan Implementation vs Targets and Benchmarks									
				Q1 Reporting		Q2 Reporting		Q3 Reporting		Q4 Reporting		Year-to-Date Summary	
Inspection Program	Target / Benchmark	Annual Target / Benchmark	Quarterly Target / Benchmark	Number Completed	+/- Quarterly Target / Benchmark	Number Completed	+/- Quarterly Target / Benchmark	Number Completed	+/- Quarterly Target / Benchmark	Number Completed	+/- Quarterly Target / Benchmark	Number Completed	+/- Annual Target / Benchmark
Data & Risk Informed	Target	2,800	700	645	(55)	1,131	431	769	69	653	(47)	3,198	398
Event Driven	Benchmark	50	13	7	(6)	11	(2)	15	3	4	(9)	37	(13)
Officer Selected	Benchmark	1,500	375	252	(123)	391	16	187	(188)	329	(46)	1,159	(341)
Responsive	Benchmark	100	25	9	(16)	20	(5)	11	(14)	7	(18)	47	(53)
Quarterly Inspection Summary		-	1,113	913	(200)	1,553	441	982	(131)	993	(120)	4,441	

Data & Risk Informed Inspection Performance	Q1 Reporting		Q2 Reporting		Q3 Reporting		Q4 Reporting		Year-to-Date Summary	
Cumulative Year-to-Date Data & Risk Informed Inspection Summary	645		1,776		2,545		3,198		3,198	
Annual Inspection Planning Target: greater than 90% completion of Data & Risk Informed inspections	92.1%	Successful	161.6%	Successful	109.9%	Successful	93.3%	Successful	114%	Successful
Target of greater than 60% of the annual inspection plan will be Data & Risk Informed	70.6%	Successful	72.8%	Successful	78.3%	Successful	65.8%	Successful	72%	Successful

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



This report was published April 2023.

For specific questions or enquiries
regarding this data, please contact:

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