

British Columbia Energy Regulator

2023/24 – 2025/26 Service Plan

February 2023



For more information on the British Columbia Energy Regulator contact:

PO Box 9331,
Stn Prov Govt,
Victoria, B.C.
V8W 9N3
250-794-5200
Toll free: 1-800-663-7867

Or visit our website at:

bc-er.ca

Published by British Columbia Energy Regulator

Board Chair's Accountability Statement



The 2023/24 – 2025/26 British Columbia Energy Regulator Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been captured and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of Jan. 31, 2023, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, British Columbia Energy Regulator's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of the organization's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'Chris Hayman', with a long, sweeping horizontal line extending to the right.

Chris Hayman
Board Chair, British Columbia Energy Regulator
February 17, 2023

Table of Contents

Board Chair's Accountability Statement	3
Strategic Direction.....	5
Purpose of the Organization and Alignment with Government Priorities.....	5
Operating Environment.....	6
Performance Planning.....	8
Financial Plan	16
Appendix A: Mandate Letter from the Minister Responsible	18

Strategic Direction

In 2023/24, public sector organizations will continue working to make life better for people in B.C., improve the services we all rely on, and ensure a sustainable province for future generations. Government will focus on building a secure, clean, and fair economy, and a province where everyone can find a good home – whether in a rural area, in a city, or in an Indigenous community. B.C. will continue working toward true and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in an inclusive and sustainable province. The policies, programs and projects developed over the course of this Service Plan period will focus on results people can see and feel in four key areas: attainable and affordable housing, strengthened health care, safer communities, and a secure, clean, and fair economy that can withstand global economic headwinds.

This 2023/24 Service Plan outlines how the British Columbia Energy Regulator (BCER) will support the government's priorities and selected action items identified in the most recent BCER [Mandate Letter](#) (dated June 2, 2021 as per previous organization name, BC Oil and Gas Commission).

Purpose of the Organization and Alignment with Government Priorities

The BCER is the provincial agency responsible for regulating energy resource activities in British Columbia. As a provincial Crown Corporation, the organization reports to the provincial government through the Minister of Energy, Mines and Low Carbon Innovation. The [Oil and Gas 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. In 2022, the provincial legislature passed the *Energy Statutes Amendment Act*. When fully in force, the mission outlined in this paragraph will be reflected in legislation as the organization's purpose.

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

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

The organization works closely with those affected by the activities it regulates and dedicates significant resources to its relationships and engagement with Indigenous Peoples. Its commitment to supporting provincial reconciliation efforts is integrated throughout its business utilizing an integrative management approach that considers the objectives of the United Nations Declaration on the Rights of Indigenous Peoples, 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 Indigenous Nations as part of its decision-making processes.

Throughout the regulatory process the BCER engages with local governments, land owners and rights holders, First Nations, industry, and various other 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 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

The BCER's operating environment is shifting considerably and changes to it impact all the organization's operations.

The *Energy Statutes Amendment Act* supports implementation of the CleanBC roadmap to 2030 and ensures energy resource development, including a growing hydrogen industry, is regulated in a manner that benefits British Columbians.

The legislation also provides the BCER with a modernized and inclusive Board structure, expands the organization's jurisdiction to include the production of hydrogen, methanol, and ammonia, and provides the BCER with authority to regulate the safe and effective storage of carbon dioxide from any source.

The organization will retain its regulatory responsibilities for oil, natural gas, and geothermal resources.

Amendments to legislation also expand authority to hold those engaged in energy resource activities (such as wells, facilities, and pipelines) responsible for cleanup, restoration and other obligations associated with that activity.

The B.C. Supreme Court ruling in *Yahey v. British Columbia* found the Province had infringed upon Blueberry River First Nations' Treaty 8 rights due to the cumulative impacts of decades of industrial development. The court prohibited the provincial government from authorizing further activities, which unjustifiably infringe Blueberry River First Nations' rights, and directed the parties to negotiate a collaborative approach to land management and natural resource development that protects the Nations' treaty rights. On January 18, 2023, the B.C. Government and Blueberry River First Nations reached a historic agreement that will guide them forward in a partnership approach to land, water and resource stewardship that ensures Blueberry River members can meaningfully exercise their Treaty 8 rights and provide stability and predictability for industry in the region. The Province has additionally negotiated with seven other Treaty 8 Nations and on January 20, 2023, announced agreement with four Treaty 8 First Nations (Fort Nelson, Saulteau, Halfway River and Doig River First Nations) on a collaborative approach to land and resource planning, and to advance regional solutions to benefit everyone living in Northeastern B.C. and Treaty 8 territory. The Province continues to pursue agreements with the remaining three Nations (Prophet River and West Moberly First Nations, and McLeod Lake Indian Band). The BCER is working closely with government on implementation details.

Protecting the environment and tackling climate change continue to be pressing public and provincial priorities. The BCER works to support the CleanBC plan through its ongoing implementation of methane emission regulations and reporting mechanisms. The BCER continues to work internally to build capacity to support the energy transition and the greenhouse gas (GHG) reduction targets identified in CleanBC's Roadmap to 2030. The organization will enhance its expertise in emerging energy technologies such as hydrogen production, and carbon capture and storage.

Operational workload and revenues for the organization can be affected by fluctuations in energy markets and industry activity levels. In 2023/24, the organization will continue to monitor global trends that might affect energy prices (including post pandemic and geopolitical context). It will also continue to adapt to the new needs triggered by its mandate expansion and the implementation of the Blueberry River First Nations and Treaty 8 agreements.

Through its Comprehensive Liability Management Plan and Permittee Capability Assessment, the organization continues to mitigate risks associated with permit holder insolvency and orphan and dormant sites. An orphan site is a well, facility, pipeline, and associated area where an oil and gas company is declared bankrupt or cannot be located.¹

Several factors are impacting the current and future workforce needs, including shifting demographics, social expectations, and a changing economy. Competition from industry and

¹ A site becomes dormant when it does not meet a threshold of activity for five consecutive years or does not produce for at least 720 hours a year. The *Dormancy & Shutdown Regulation* requires permit holders to increase decommissioning and restoration activity within defined timelines.

The orphan levy is fully phased-in and paired with security surrendered by insolvent operators, ensuring industry funding is sufficient to complete the reclamation of orphan sites on a timely basis.

government for qualified candidates with specific skills require a renewed focus on recruitment and retention for the workforce we need now and into the future.

Performance Planning

The BC Energy Regulator has been undergoing organizational change related to the *Energy Statutes Amendment Act*, the B.C. Supreme Court ruling in *Yahey v. British Columbia* and associated negotiated agreements, and the Declaration Act Action Plan. This Service Plan reflects the organizational change with new goals, objectives, and performance measures to position the BCER as a trusted full life cycle regulator.

Goal 1: A Progressive & Trusted Life Cycle Energy Regulator

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

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

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

Key Strategies

- Increase effectiveness of regulatory processes by collaborating with Indigenous Peoples, industry, stakeholders, and academia to develop new assessment processes, tools, and application review procedures.
- Continue to work with other provincial agencies to redesign the management of cumulative effects to ensure the meaningful exercise of Indigenous rights.
- Improve site reclamation certification processes by developing innovative approaches, from regulations to permittee performance.
- Assure protection of public safety and the environment through diligent solutions for compliance inspections using a risk-based model, monitoring, and audits of the full life cycle of regulated activities.

Discussion

The BCER will seek to maintain public trust over the life cycle of regulated energy activities through effective regulations for the protection of public safety and the environment and expanded communication programs with those affected by energy activities. Drivers for this objective include the B.C. Supreme Court ruling in *Yahey v. British Columbia* and associated negotiation outcomes, the Declaration Act Action Plan, growing recognition of permit holder liability, and impacts of dormant and orphaned energy resource activity sites.

As we evolve in Operational Excellence and Stewardship, our strategies are to increase inclusiveness in decision making by connecting with parties affected, with an enhanced lens for Indigenous Peoples' input. Other strategies include working with partners on best practices for cumulative effects management and maintaining excellence in compliance management.

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

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

Key Strategies

- Engage with stakeholders to identify the scope of Economic Social Governance (ESG) information that will inform regulatory requirements and align with public interests.
- Collaborate with government to reduce methane emissions in the oil and gas industry by 75 per cent from 2014 levels by 2030.
- 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.

Discussion

The BCER will be the regulator of hydrogen, methanol, and ammonia production once relevant provisions of the *Energy Statutes Amendment Act* are brought into force. The organization is preparing for these changes and will build a comprehensive regulatory framework once the relevant provisions are in place.

The BCER has made considerable progress in the reduction of methane emissions from oil and gas production with the expectation of reducing methane emissions by 75 per cent by 2030.

British Columbia has established legislated targets for greenhouse gas emissions reductions and the BCER is positioned well to expand our authority in regulating carbon. The production and use of fossil fuels is the main source of greenhouse gas emissions in B.C.

Objective 1.3: Build Public Trust & Provide Energy Information

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

Key Strategies

- Build public trust by increasing transparency, sharing information, and building confidence in how decisions are made by developing new data and information tools for ease of understanding and use.
- Strengthen public understanding of energy development and how it is regulated.

- Leverage the opportunity to communicate our regulatory role comprehensively through the transition from the BC Oil and Gas Commission to the British Columbia Energy Regulator.

Discussion

Building on the momentum created from passage of the *Energy Statutes Amendment Act* will allow the organization to improve public understanding of how the energy sector is regulated, through several external channels and activities. These include technical and information updates, news releases, social media platforms, the BCER website and in-person engagements.

To build trust, it will be important for the BCER to foster relationships with partner ministries, agencies, and Indigenous governments, along with local, provincial, and national stakeholders to share information and provide access to clear data about industry performance.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[1a] Hectares of restored dormant sites as a percentage of total disturbed dormant area	9%	25%	40%	45%

Data source: Identification of the dormant sites 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.

Discussion [1a]

The performance measure is a targeted expectation for industry's restoration of certain dormant sites under the *Dormancy and Shutdown Regulation (DSR)*.

The number of hectares of disturbance that will be restored is a measurement of industry's adherence to the restoration timelines under Section 15(3)(a) of the DSR, with the percentage growing significantly as milestones are met. Industry annual reports of restoration activities are evaluated to identify the number of sites restored which in turn provides the total disturbance of dormant area restored.

As a trusted full life cycle energy regulator, the BCER monitors industry compliance on an ongoing basis through processes such as: notification processes, internal report reviews, field inspections and the Certificate of Restoration Audit Program.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[1b] Percentage of high-priority corrective action plans outstanding within allocated timelines	<1%	<1%	<1%	<1%

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

Discussion [1b]

Public Safety is at the core of BCER's mandate. Pipeline and facility integrity management programs are a key component of the BCER's regulatory framework ensuring pipelines and facilities are operated in a manner that is safe and environmentally responsible. The BCER conducts audits for compliance. High-priority corrective actions are assigned to permit holders where an audit has identified a core integrity management process has not been developed or fully implemented by the permit holder.

This performance measure focusses on pipeline and facility integrity management by demonstrating identified corrective actions have been completed within the allocated timeline.

The target fosters public trust that energy activities are being held to a high standard of public safety and environmental responsibility.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[1c] Progress of oil and gas industry targets in reducing methane emission from 2014 levels identified in CleanBC's Roadmap to 2030	15%	35%	45%	55%

Data source: Ministry of Environment industrial greenhouse gas reporting.

Discussion [1c]

Methane is a greenhouse gas and increased concentrations of methane in the atmosphere contribute to climate change. Reducing methane emissions from oil and gas operations is recognized as one of the most effective ways to reduce greenhouse gases.

The performance measure tracks how industry meets the CleanBC target of methane reduction by 75 per cent from 2014 levels by 2030. Baseline methane emissions in 2014 were 2.9 million tonnes of CO₂ equivalent. New regulatory tools will provide an effective and efficient method to record data as well as improve accuracy in the measurement of industry methane emissions.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[1d] Satisfaction level on how well the BCER is engaging stakeholder groups	88%	88%	88%	88%

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

Discussion [1d]

The performance measure reflects the effectiveness of the BCER's engagement efforts with land owners and local government. Engaging with stakeholders, particularly those directly affected by regulated activities, is a key aspect of our work.

The BCER targets a high-level of stakeholder satisfaction and will continue to work with local government officials, land owners and affected stakeholders to take meaningful actions that mitigate negative impacts on their quality of life.

Goal 2: Meaningful Reconciliation & Partnership with Indigenous Peoples

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

Objective 2.1: Effective Government to Government Relations with First Nations

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

Key Strategies

- Engage with Indigenous Peoples on how we should measure performance regarding effective government-to-government relations.
- Incorporate Traditional Indigenous Knowledge into our decisions and processes.
- Continue to transform the application referral, consultation and permitting processes in consultation with Indigenous Nations to address the Nation's ability to meaningfully exercise treaty rights.
- Deliver new training programs that continue to build our employees' understanding of the history of Indigenous Peoples in Canada, by expanding meaningful awareness training to all staff and by utilizing our experts within the organization.
- Expand partnerships with Indigenous communities on capacity building and opportunities in the restoration sector.

Discussion

The organization supports provincial reconciliation efforts and ensures meaningful ability for Indigenous Peoples to exercise treaty rights. As such, the organization is committed to building trust with Indigenous Peoples through stronger government-to-government relations.

The BCER's Partnership Program drives several initiatives that serve to build trust with Indigenous Peoples through partnership opportunities, including capacity funding, Memorandums of Understanding, and other strategic arrangements. The program supports Indigenous communities' participation across the energy regulatory life cycle in areas such as

development planning and permitting, compliance and enforcement, emergency management, and restoration. The BCER will continue to transform its processes to support implementation of agreements with Blueberry River First Nations and other Treaty 8 members.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[2a] Percentage of BCER staff who have participated in learning opportunities to improve their understanding of Indigenous Peoples	79%	95%	98%	100%

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.

Discussion [2a]

The performance measure will be based on internal audit of employees' participation in individual and organizational learnings on Indigenous Peoples' traditional knowledge and experiences. The BCER expects the expanded learning will advance solutions in building trusting relationships with Indigenous Peoples.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[2b] Agreements with Indigenous communities to participate in compliance and enforcement programs (e.g., the Aboriginal Liaison Program)	10	TBD	TBD	TBD

Data source: Internal documentation records.

Discussion [2b]

The performance measure refers to direct engagement of Indigenous Nations in compliance and enforcement to honour the BCER's commitment to meaningful partnerships with those Nations. It measures the amount of multi-agency compliance and enforcement-focused programs developed and delivered with Indigenous communities.

The Aboriginal Liaison Program provides opportunities for Liaisons to build relationships, for the BCER to understand Indigenous peoples' values and traditional knowledge, and for Liaisons to participate in training and oversight of natural resource development while ensuring their community's voices are heard.

The performance measure supports meaningful reconciliation by monitoring development activities and their impacts, working with Indigenous Peoples, as well as providing Indigenous community members with objective, reliable and sound information.

These collaborative agreements maintain the importance of building trust and positive relationships with Indigenous Peoples. Aligned with action 2.6 of the Province's Declaration Act Action Plan², targets for future participation in these programs will be co-developed with Indigenous Peoples.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[2c] Number of orphan sites per fiscal year reclaimed with ecologically suitable species following engagement with local Indigenous Nations	25	25	30	35

Data source: Internal audit of documents

Discussion [2c]

The performance measure identifies how many orphan sites in natural areas³ will be reclaimed using ecologically suitable species, following engagement with local Indigenous communities.

The BCER expects to reclaim approximately 50 orphan sites in 2023/24. Half of orphan reclamation activity may occur within natural areas.

Relationships with Indigenous Nations are strengthened by collaborating in the development of the final orphan site goals. These engagements in the execution of reclamation activities are fundamental to understanding Indigenous Peoples' ties to the land, inherent environmental values, ongoing use, and reconciliation.

The organization has been completing ongoing pilot projects and building partnerships with Indigenous Nations in developing reclamation programs, as well as providing opportunities for communities to lead reclamation initiatives.

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

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

² Action 2.6 is to "Co-develop strategic-level policies, programs, and initiatives to advance collaborative stewardship of the environment, land, and resources, that address cumulative effects and respects Indigenous Knowledge. This will be achieved through collaborative stewardship forums, guardian programs, land use planning initiatives, and other innovative and evolving partnerships that support integrated land and resource management."

³ Natural areas are those with native landscape and vegetation characteristics that are appropriate for reclamation prescriptions, typically without agricultural, commercial, or residential features.

Objective 3.1: Empowerment, Diversity of Thought, & Collaboration

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

Key Strategies

- Enhance diversity of thought amongst our staff through expanded training programs on diversity, inclusion, and reconciliation.
- Enhance corporate governance practices to deliver modern and transparent governance.
- Improve the way we use and share data to enable decision-making by our staff and to better inform our partners and stakeholders.

Discussion

The BCER is committed to creating an inclusive workplace that promotes and values diversity. Changing demographics and staff expectations require us to recommit to those goals and adapt to new realities.

As it works towards an environment of cultural safety, diversity and inclusion, the organization will continue implementation of Gender-based Analysis Plus, accommodation to reduce physical and mental barriers, and work to advance reconciliation with Indigenous Peoples.

Additional learning and development opportunities will build capacity and professional expertise across the organization to enhance the employee experience personally and professionally.

Key to collaboration is unlocking the BCER's extensive sets of data on regulated activities. This includes new tools that enable data visualization, linking datasets, and allowing staff to run analytical reports that foster robust decision-making.

Performance Measures

Performance Measure[s]	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[3a] Voluntary staff turnover rate	≤10%	≤10%	≤10%	≤10%

Data source: Internal database.

Discussion [3a]

The performance measure reflects our commitment to transition into a modern workplace that positions the BCER as an employer of choice. The performance measure tracks the progress by maintaining staff turnover rate below 10 per cent and will be based on voluntary departures from the organization. This target is consistent with other public service agencies.

Financial Plan

Financial Summary

\$000s	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
Operations				
Operating Revenue				
Industry Levies	53,145	58,350	59,550	59,250
Application Fees and Miscellaneous	18,806	9,600	9,400	9,400
Total Revenue from Operations	71,951	67,950	68,950	68,650
Salaries and Benefits	32,300	34,500	35,500	36,200
Indigenous Funding	6,510	5,600	5,600	5,600
Other Operating	21,185	27,850	27,850	26,850
Total Expenses from Operations	59,995	67,950	68,950	68,650
Net Surplus from Operations	11,956	-	-	-
Orphan Site Reclamation Fund (OSRF)				
OSRF Revenue				
Liability Levy	15,000	15,000	15,000	15,000
Government Transfer	14,600	-	-	-
Security, Interest	80	300	200	200
Total Revenue From OSRF	29,680	15,300	15,200	15,200
OSRF Expenses				
Obligatory Estimates and Administration	1,593	4,500	4,900	4,900
Reclamation (Note 2)	27,850	10,800	10,300	10,300
Total Expenses from OSRF	29,443	15,300	15,200	15,200
Net surplus from OSRF	237	-	-	-
Annual Consolidated Surplus	12,193	-	-	-
Additional Information				
Capital Expenditures	4,888	5,000	5,000	5000
Total Liabilities	105,000	105,000	105,000	105,000
Accumulated Surplus	8,037	8,037	8,037	8,037

Note: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 1: The BCER's policy is to accrue the obligatory estimated costs to protect the environment and public at time of orphan declaration.

Note 2: Reclamation costs, used to restore land to a standard, are expensed as incurred and are separate from obligatory estimates.

Key Forecast Assumptions, Risks and Sensitivities

The BCER's main revenue source is from industry levies, with a sizable portion coming from a gas production levy. Production volume forecasts, which are provided by the Ministry of Energy, Mines and Low Carbon Innovation, are projecting modest increases for the next three years over 2022/23 levels. The BCER also receives revenue from levies on pipelines and large LNG facilities and application fees.

The *Energy Statutes Amendment Act* passed in November 2022 will expand the regulatory mandate to include hydrogen, ammonia, and methanol. Work is underway to determine the costs associated with the new activities under this expanded mandate and to develop a sustainable funding model.

Following the 2021 *Yahey v. British Columbia* decision, the Province and Blueberry River First Nations have concluded negotiations for natural resource activities that will balance treaty rights and incorporate cumulative impacts into decision-making. The BCER continues to assess any impact a final agreement may have on the organization's operating expenses.

The OSRF is funded from the Orphan Site Restoration Levy and the BCER remains on track to meet its goal to restore all orphan sites within 10 years of designation and the CleanBC Roadmap to 2030 commitment to clean up 100 per cent of orphan wells (designated as of October 2021), by 2030.

The BCER's three-year financial outlook is consistent with the financial information in the government's fiscal plan and is based on the key assumptions therein. The BCER has no major capital plans more than \$50 million as defined by the *Budget Transparency and Accountability Act*. Cash flow required to fund capital will be provided by operations. The BCER has zero debt and does not expect to incur any during the next three years.

Management's Perspective on Financial Outlook

The BCER's financial outlook with comparative revenues, expenses, and capital spending over the Service Plan years 2023/24 to 2025/26 is outlined in the financial summary table. Key assumptions influencing the financial position of the BCER are in line with risks, uncertainties and operational influences discussed within the Strategic Direction and Operating Environment sections.

Appendix A: Mandate Letter from the Minister Responsible

Date: June 2, 2021

Fazil Mihlar
Chair
BC Oil and Gas Commission
2950 Jutland Road
Victoria, BC V9T 5K2

Dear Mr. Mihlar:

On behalf of Premier Horgan and the Executive Council, I would like to extend my thanks to you and your board members for the dedication, expertise, and skills with which you serve the people of British Columbia.

Every public sector organization is accountable to the citizens of British Columbia. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and, through your work, you are supporting a society in which the people of this Province can exercise their democratic rights and trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our Province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens.

This mandate letter, which I am sending in my capacity as Minister responsible for Energy, Mines and Low Carbon Innovation, on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to the BC Oil and Gas Commission about priorities and expectations for the coming fiscal year.

I expect that the following five foundational principles will inform your agency's policies and programs:

- **Putting people first:** We are committed to working with you to put people first. You and your board are uniquely positioned to advance and protect the public interest, and I expect that you will consider how your board's decisions maintain, protect and enhance the public services people rely on, and make life more affordable for everyone;

- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey – one that all Crown agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate;
- **Equity and anti-racism:** Our Province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present day barriers that limit their full participation in their communities, workplaces, government, and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms, and every public sector organization has a role in this work. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of British Columbia will help achieve effective and citizen-centered governance;
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our Province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land, and water, and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation; and
- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of British Columbia within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social and governance factors and contribute to this future.

The Crown Agencies and Board Resourcing Office (CABRO), with the Ministry of Finance, will continue to support you and your board on recruitment and appointments as needed, and will be expanding professional development opportunities in 2021/22. The Governing in the Public Interest online certificate program is now available, and all board members are encouraged to complete this new offering.

As Minister Responsible for Energy, Mines and Low Carbon Innovation, I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives, and performance measures in your 2021/22 Service Plan:

- Continue to build and strengthen relationships with Indigenous Nations through flexible approaches to consultation and supporting partnership initiatives;
- Continue to modernize liability management programs; ensure operators complete reclamation activities for dormant sites in accordance with the Dormancy and Shutdown Regulation; ensure reclamation activities for orphan sites occur within established timelines and reflect Indigenous peoples, community and agricultural land priorities; and include the restoration of other legacy oil and gas disturbances to protect public safety and the environment;
- Continued engagement with those affected by oil and gas development to ensure an ongoing dialogue, information and data is transparent and available, and there are opportunities to inform policies, guidelines and regulations that protect public interests;
and
- Collaborate with other government ministries, agencies, and partners to help achieve BC's methane emissions reduction targets from oil and gas operations, including by monitoring the effectiveness of new methane regulations, undertaking robust compliance and enforcement activities, and advancing research to improve the detection, measurement, and reduction of methane emissions.

Each board member is required to sign the Mandate Letter to acknowledge government's direction to your organization. The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021. I look forward to continuing to work with you and your Board colleagues to build a better BC.

Sincerely,



Bruce Ralston
Minister

Date: June 02, 2021