**BC Energy Regulator**

# 2025/26
# Annual Service Plan Report

**August 2026**

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# Board Chair's Accountability Statement

The BC Energy Regulator 2025/26 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2025/26 – 2027/28 Service Plan published in 2025. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

Natascha Kiernan
Board Chair, BC Energy Regulator
July 28, 2026

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# Letter from the Board Chair & CEO

We are pleased to present the BC Energy Regulator's 2025/26 Annual Service Plan Report.

This year marked a significant period of growth and transition for British Columbia's energy sector and for BCER as we continued to advance our role as the province's single-window lifecycle energy regulator. In a rapidly evolving environment, BCER remained focused on delivering timely, transparent, and effective regulation that supports energy security, economic growth, reconciliation with Indigenous peoples, and the transition to lower-carbon energy development.

Throughout the year, BCER continued to modernize and streamline permitting processes to support more responsive decision-making and durable regulatory outcomes. This included advancing regulatory frameworks for renewable energy projects, strengthening risk-informed regulatory approaches, and improving permitting efficiency while maintaining rigorous safety and environmental standards and strong public confidence in regulatory oversight.

BCER also maintained a strong focus on compliance and enforcement across the full life cycle of regulated activities. During the year, BCER completed more than 4,000 inspections, 120 planned audits, and 56 emergency management assessments to support safe, responsible, and accountable energy development throughout the province.

Advancing meaningful reconciliation with Indigenous peoples remained foundational to BCER's work. Throughout the year, BCER continued to strengthen consultation and permitting processes, support collaborative land use planning initiatives, and advance partnerships that support more transparent, inclusive, and effective regulatory outcomes.

At the same time, BCER continued to strengthen organizational capacity through investments in leadership development, succession planning, workforce modernization, and employee learning to position the organization to meet the demands of a rapidly evolving energy sector and deliver on its expanding mandate.

We thank our staff, partners, First Nations, and the people of British Columbia for their continued collaboration and support. Together, we are helping build a safe, responsible, and resilient energy future for British Columbia.

Natascha Kiernan
Board Chair
BC Energy Regulator
July 28, 2026

Michelle Carr
Chief Executive Officer
BC Energy Regulator
July 28, 2026

# 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 2024 and the Board Chair's Mandate Letter from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BC Energy Regulator 2025/26 – 2027/28 Service Plan and the actual results reported on in this annual report.

# Purpose of the Organization

The BC Energy Regulator (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, the Geothermal Resources Act, and the Renewable Energy Projects (Streamlined Permitting) Act, along with their supporting regulations, set out the organization's mandate and authorities with current government direction for the organization articulated in  BCER's mandate letter.

Our regulatory responsibilities include oversight of oil and natural gas, liquefied natural gas (LNG), geothermal, carbon capture and storage, hydrogen, ammonia, methanol, wind and solar projects, and specific transmission lines designated by the Province. We lead robust, predictable, timely, and transparent regulatory processes focused on critical issues, resulting in durable decisions and oversight for the life of activities.

# Economic Statement

Economic activity in British Columbia advanced in 2025, after modest growth in 2024, despite facing notable headwinds. Last year, homebuilding activity in the province continued at a steady pace, and lower interest rates and easing inflation supported household spending. Meanwhile, high uncertainty around the impacts of U.S. tariffs and significantly lower population growth tempered economic activity in B.C., and across many provinces. Overall, B.C.'s real GDP rose by 2.0 per cent in 2025, up from 1.2 per cent growth in 2024. B.C. was one of only two provinces that saw an increase in the rate of real GDP growth from 2024 to 2025. On an industry basis, B.C.'s economic growth in 2025 was led by real estate, rental and leasing; health care and social assistance services; mining, quarrying, and oil and gas extraction; and construction.

B.C.'s labour market moderated in 2025, amid slower population growth and trade-related economic uncertainty. Total employment rose by 1.1 percent (+32,200 jobs), while wages and salaries rose by 3.1 percent. The unemployment rate averaged 6.2 percent in 2025, up from 5.6 percent in 2024, as labour force growth outpaced job creation. Despite rising last year, B.C.'s unemployment rate remained below the national average of 6.8 percent. B.C. housing starts totalled 44,193 units in 2025, down 3.6 percent from 2024, but remained above the 10-year historical average. Meanwhile, B.C. home sales activity declined by 5.7 percent compared to 2024, with muted demand contributing to a 2.9 percent decrease in the average home price. Inflationary pressures continued to moderate in 2025, reflecting slower price growth for services and subdued inflation for goods. Shelter inflation was the largest contributor to headline inflation last year but slowed substantially for both rented and owned accommodation compared to recent years. Lower gasoline prices, partly due to the removal of the B.C. consumer carbon tax, also helped ease headline inflation. Overall, B.C.'s consumer price inflation averaged 2.1 percent in 2025, down from 2.6 percent in 2024. Lower inflation and easing interest rates supported robust retail sales, which grew by 6.4 percent in 2025. On the trade front, B.C.'s merchandise exports remained relatively flat as markets adjusted to shifting global trade conditions. Overall, the value of B.C.'s goods exports edged down 0.1 percent compared to 2024 as increased exports to non-U.S. destinations were offset by a continued decline in goods exports to the U.S.

# Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2025/26 – 2027/28 BCER Service Plan. For forward-looking planning information, including current and future performance targets, please see the latest Service Plan.

## Goal 1: A Progressive & Trusted Life Cycle Energy Regulator

BCER is 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

BCER uses 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 landowners, Indigenous knowledge, community well-being, and contributes to B.C.'s competitive investment climate.

#### Key results

- Advanced collaborative partnerships with government agencies, First Nations, and industry to support coordinated, inclusive, and effective environmental stewardship and regulatory outcomes as part of a multi-year effort.
- Achieved Liquified Natural Gas (LNG) Leave to Construct (LTC) and Leave to Operate (LTO) application timeline targets while maintaining the highest level of safety oversight.
- Successfully completed 120 external planned audits, 56 operator emergency management assessments, and 4,188 risk and data informed inspections as part of the Annual Compliance Plan, exceeding planned targets

#### Summary of progress made in 2025/26

BCER is committed to advancing collaborative environmental stewardship with First Nations by working closely with provincial and federal partners including the Environmental Assessment Office, the Ministry of Water, Land and Resource Stewardship, and the Canada Energy Regulator to support coordinated and effective stewardship. These collaborations, alongside ongoing engagement with First Nations and industry, have strengthened adaptive regulatory processes and advanced reconciliation.

LNG project approvals progressed on schedule, with key regulatory milestones achieved across major projects. Leave to Construct authorizations, required before construction can begin, were issued in alignment with project timelines. Leave to Operate approvals, granted once facilities were verified as safe and compliant for operations, were also successfully completed. Together, these approvals demonstrate that a risk-based, timely review process is enabling projects to advance from construction to operation efficiently, while maintaining strong safety oversight, environmental protection, and regulatory compliance.

In Fiscal 2025/26 the Annual Compliance Program successfully delivered on its planned activities, completing 100 per cent of planned audits, emergency management assessments, and inspections. This reflects the effective implementation of a risk informed approach, targeting high priority areas to proactively identify and address potential non-compliance. Through timely follow-up, the program ensured that corrective actions were addressed within regulatory timelines, reinforcing public safety, environmental protection, and overall regulatory accountability.

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

BCER collaboratively works with Governments, First Nations, 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

- Established the Energy Development, Restoration & Sustainability Department through a phased hiring process, assembling strong leadership, decision-makers, and subject matter experts.
- Enhanced staff expertise related to the energy transition through targeted learning opportunities for key decision makers and subject matter experts, as well as organization wide information sessions.
- Collaborated with the Ministry of Energy and Climate solutions (ECS) to support development of a new regulatory framework for wind and solar energy projects.
- Developed the Renewable Energy Projects Regulation that established regulatory requirements for wind and solar energy projects.

### Summary of progress made in 2025/26

During Fiscal 2025/26, BCER established the Energy Development, Restoration & Sustainability Department to support electrification efforts and enhance cross government collaboration on restoration and cumulative effects management. Interagency structures and work teams were implemented to advance this collaboration. This positions BCER to support the Province's efforts to address cumulative effects and advance the electrification mandate, improve permitting efficiency, and strengthen investor confidence through timely delivery of major projects, including the North Coast Transmission Line (NCTL).

BCER developed information resources, tools and documentation that enables staff to effectively navigate the complexities of the changing energy landscape and make informed decisions. Ongoing training and experiential activities have enhanced the expertise of operational and technical staff in clean energy technologies, equipped them to effectively develop, implement, and enforce regulatory frameworks.

In addition, BCER collaborated closely with the Ministry of Energy and Climate Solutions to develop and implement a new regulatory framework for wind and solar energy projects and streamline permitting for prescribed Transmission Lines under the Renewable Energy Projects (Streamlined Permitting) Act. Through a coordinated, whole-of-government approach, legislation, regulation, and policy were aligned to create a single-window permitting model that improved efficiencies and supported timely project decisions while upholding strong environmental and safety standards.

Aligned with government's low-carbon policies, BCER established the Renewable Energy Projects Regulation, creating clear regulatory requirements for wind and solar projects. This regulation supports full lifecycle oversight from application and construction through to operations and restoration in alignment with government regulations. Ongoing collaboration with the provincial government ensures energy resource activities support emission reduction targets while maintaining alignment with federal regulatory standards.

## Objective 1.3: Build Public Trust & Provide Energy Information

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

### Key results

- Supported implementation of the Northeast District Cumulative Impacts (Treaty 8) Order and advanced the development and implementation of collaborative land use planning initiatives with Treaty 8 Nations and the Province.
- Completed a review of the applicability of Environmental, Social, Governance (ESG) principles and standards.
- Strengthened transparency by publishing data and analytics on BCER's website to improve public understanding of oil and gas site restoration and dormant site managed under current legislation, and by maintaining clear and current publications.

### Summary of progress made in 2025/26

Responsible decision making required a cumulative perspective that considered not only the effects of individual projects, but also the broader impacts on human and environmental systems. BCER remained committed to advancing cumulative effects management to limit environmental impacts and protect First Nations and Treaty rights. BCER supported the implementation of the Northeast District Cumulative Impacts Order; participated in collaborative land use planning tables co-led by the Province and First Nations and worked with First Nations to refine policy and guidance to support effective pre-engagement and mitigation measures. These efforts helped ensure that the rights and interests of First Nations were meaningfully considered.

BCER recognizes ESG principles create opportunities for innovation and resilience in today's global economy. In Fiscal 2025-26, BCER completed a review of the applicability of ESG principles and standards, identifying opportunities for BCER to align with broader ESG initiatives across government and the sectors it regulates. These opportunities were considered in the context of BCER's broader business priorities.

BCER continued to enhance transparency by expanding public access to clear, data-driven information on regulated activities through BCER's website. This included launching the interactive "Restoring B.C.'s Land: Accountability for Oil & Gas Cleanup" feature to demonstrate how inactive sites are responsibly restored at industry's expense; rebuilding the Dormant Sites Map to provide improved visibility on site status, cleanup progress, and accountability; and refreshing key public content areas such as Water Allocations and Incidents, collectively strengthening public understanding of regulatory processes and oversight.

## Performance measure(s) and related discussion

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [1a] Hectares of restored dormant wells as a percentage of total disturbed dormant area[1] | 43% | 43% | 49% |

Data source: Identification of the restored type A dormant wells are confirmed through submissions of restoration declarations from permit holders' data retrieved from BCER database. The hectares are calculated with a standard assumption area of 1.44 ha per site.
[1]This performance measure has been replaced by a new measure in future service plans.

Target met; industry exceeded the expected restoration milestones under the Dormancy and Shutdown Regulation by 6 per cent, demonstrating strong adherence to regulatory timelines. The increasing percentage of restored hectares reflects meaningful progress in reclaiming disturbed land and advancing environmental outcomes. Ongoing evaluation of industry reported restoration activities supported by internal reviews, technical validation, and field inspections continues to confirm compliance and reinforces confidence that restoration efforts will continue to improve.

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [1b] Percentage of high-priority corrective action plans outstanding within allocated timelines[1] | 0% | <1% | 0% |

Data source: Corrective Action Data, contained within a spreadsheet in BCER TEAMS.
[1]PM [1b] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as <1% for both fiscal years.

Target met; high-priority integrity management program corrective action plans were completed and closed within the allocated timelines. This demonstrates strong adherence to regulatory requirements and reinforces the effectiveness of BCER's audit and compliance framework. Timely resolution of high-priority actions supports safe and environmentally responsible operations, strengthening public confidence that energy activities are managed to a high standard of safety and accountability.

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [1c] Progress of oil and gas industry targets in reducing methane emissions from 2014 levels identified in the CleanBC Roadmap to 2030[1] | 54% | 55% | 58% |

Data source: Ministry of Energy and Climate Solutions industrial greenhouse gas reporting and methane emissions forecasting.
[1]PM [1c] BCER targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 60% and 65% respectively.

Target met; modeled reductions recognized as conservative indicate that industry is making meaningful progress towards methane reduction targets set under the CleanBC Roadmap to 2030The BCER target is to support achievement of the 2030 equivalency agreement with the Federal methane regulations and the CleanBC 2030 target. Enhancements to regulatory tools and data collection processes have been implemented to improve the accuracy and timelines of emissions tracking, supporting effective oversight. Continued monitoring through the provincial ministry greenhouse gas inventory will further validate progress and ensure alignment with long-term reduction goals.

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [1d] Reduce the number of facility technical amendment application decisions year-over-year, compared to a defined baseline, while ensuring safety and compliance are maintained[1] | N/A | 20% | 21% |

Data source: Baseline calculated as the median of Fiscal Years 2022–2024.
[1]PM [1d] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 25% and 30%, respectively.

Target met; the number of facility technical amendment application decisions decreased by 21 per cent from the established baseline, demonstrating successful efforts to reduce lower risk administrative workload. This reduction reflects a shift toward more efficient regulatory processes, enabling resources to be focused on higher-risk, higher-value activities while maintaining safety and compliance over the full life cycle of the regulated infrastructure. The outcome supports BCER's commitment to a more effective and responsive regulatory framework.

# Goal 2: Meaningful Reconciliation & Partnership with Indigenous Peoples

BCER honours Indigenous rights, titles, and values as foundational in our decision-making and 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 wellbeing.

### Key results

- Engaged with eight First Nations to gather feedback on their experiences and perspectives, assessing whether BCER's reconciliation efforts are advancing and strengthening trust.
- Implemented refinements to impact-based consultation categorization and engaged industry and First Nations on new proposed permitting service standards.
- Advanced the co-development of the Aboriginal Liaison Program (ALP) through agreements with First Nations, supporting collaborative compliance and enforcement.

### Summary of progress made in 2025/26

Reconciliation is complex and cannot be fully captured through a single measure. To support meaningful progress, BCER implemented targeted engagement strategies and measures, including direct conversations with eight[1] First Nations that extended beyond formal regulatory processes. These discussions focused on listening to and understanding First Nations' perspectives and experiences, and on seeking candid feedback regarding BCER's government-to-government relationships and reconciliation efforts. The insights gathered informed ongoing efforts to strengthen trust and advance a more responsive and relationship-based approach to reconciliation.

BCER continued to refine and streamline application referral, consultation, and permitting processes to better support First Nations' ability to meaningfully exercise their rights, while increasing predictability and transparency of the permitting process. Through the introduction of impact-based consultation categorization and defined service standards, BCER modernized its approach, resulting in more efficient processes, reduced timelines, and enhanced opportunities for meaningful, rights-respecting participation by First Nations.

The Aboriginal Liaison Program continued to strengthen government-to-government relationships with First Nations through regular quarterly meetings with BCER compliance and enforcement staff and partner agencies[2]. In addition, two gatherings were held, one hosted by Doig River First Nation and one by BCER.

[1] Nak'azdli Whuten First Nation, Haisla Nation, Kitsumkalum First Nation, Kwikwetlem First Nation, McLeod Lake Indian Band, Squamish Nation, Halfway River First Nation, Saulteau First Nation

[2] Partner agencies include Canada Energy Regulator, Ministry of Emergency Management and Climate Readiness, Ministry of Environment and Parks, Ministry of Forests, Ministry of Indigenous Relations and Reconciliation, Ministry of Mining and Critical Minerals, and Ministry of Water, Land and Resource Stewardship.

The ALP team also collaborated with industry to deliver a three-day pipeline construction training program in Northeastern B.C., combining classroom instruction and field experience at active sites to build practical knowledge of regulatory requirements, safety practices, and responsible energy development. The program demonstrated BCER's commitment to meaningful reconciliation, fostering partnerships and supporting capacity building with Indigenous peoples.

## Performance measure(s) and related discussion

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [2a] Percentage of BCER staff who have participated in learning opportunities to improve their understanding of Indigenous peoples[1] | 99% | 100% | 92% |

Data source: Internal tracking of annual Individual Development Plans and attendance at BCER's learning events. Targets are based on an employee count of 299.
[1]PM [2a] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 100% and 100%, respectively.

Target missed; participation in Indigenous learning opportunities reached 92 per cent of the annual target, with 275 staff participating in learning opportunities. The slight gap reflects increased hiring during the year, which expanded the overall staff count. This represents strong uptake and meaningful progress in building awareness and understanding of Indigenous histories and perspectives across the organization. Continued implementation of the Indigenous Learning and Development Plan is expected to close this gap and further strengthen the integration of Indigenous considerations into BCER's regulatory practices.

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [2b] Percentage of expenditures under the Orphan Site Reclamation Fund directed to Indigenous owned or partnered service providers[1] | 21% | 10% | 19% |

Data source: Internal audit documents.
[1]PM [2b] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 10% for both fiscal years.

Target met; expenditures under the Orphan Site Reclamation Fund directed to Indigenous-owned or partnered service providers exceeded the target by 9 per cent, reflecting strong participation and uptake within the restoration program. This outcome demonstrates meaningful progress in advancing economic reconciliation by supporting Indigenous businesses and fostering collaborative approaches to site restoration. Continued focus on engagement, barrier reduction, and improved tracking supports sustained participation and alignment with broader environmental and socio-economic objectives.

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [2c] Cumulative number of orphan sites reclaimed[1] | N/A | 290 | 284 |

Data source: Internal audit of documents.
[1]PM [2c] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 350 and 410, respectively.

Target missed; reclamation outcomes remained strong, with the number of orphan sites reclaimed coming within 6 of the annual target. While winter reclamation efforts progressed as planned, some fall activities could not be completed due to unfavourable site conditions, as proceeding would have risked site integrity and regulatory closure outcomes. The remaining sites are expected to be addressed through continued reclamation efforts in the following year, supporting long-term environmental restoration objectives.

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

BCER strives to be 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 BCER.

## Key results

- Delivered key actions under BCER Workforce Plan, including implementation of the Human Capital Management system and launched Phase 1 of the Leadership Development Plan.
- Supported the organization by providing guidance and training through the Equity, Diversity and Inclusion (EDI) Advisory Committee.
- Delivered a modern and inclusive Policy Framework.

## Summary of progress made in 2025/26

BCER advanced its commitment to cultivating a healthy, empowered, inclusive, and modern workforce by valuing the expertise, varied perspectives, and real-world experiences of its employees. A new Human Capital Management system was successfully implemented, introducing enhanced capabilities for recruitment, succession, performance management, and learning and development. Key actions identified in the Workforce Plan, including Human Capital Management, Leadership Development, Succession Planning, and Recruitment were delivered and informed by data and employee feedback, strengthening organizational capacity and supporting alignment with strategic objectives.

The EDI Advisory Committee strengthened organizational capacity by supporting workforce development and empowerment, including leading events and advancing direct actions for BCER's Accessibility Report. It continues to serve as a key resource for learning, leadership development, and succession planning.

BCER completed implementation of its modern and inclusive Policy Framework, including a comprehensive review of existing policies against the new standards. The Framework ensures policies align with BCER's values, purpose, and strategic direction, while promoting consistency, transparency, and accountability. This multi-year initiative reflects BCER's commitment to strong corporate governance practices.

## Performance measure(s) and related discussion

| Performance Measure | 2024/25 Actual | 2025/26 Target | 2025/26 Actual |
|---|---|---|---|
| [3a] Voluntary staff turnover rate[1] | 2.7% | ≤10% | 3.9% |

Data source: Internal database.
[1]PM 3a targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as ≤10%  for both fiscal years..

Target met; the annualized voluntary staff turnover rate remained 6.1 per cent below target, indicating strong employee retention. This outcome reflects progress toward fostering a modern, supportive workplace and positioning BCER as an employer of choice. Maintaining a low turnover rate supports organizational stability, continuity of expertise, and alignment with broader public service benchmarks.

# 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

BCER had a total annual surplus of $31.3 million in 2025/26 compared to a break-even budget and deficit of $22.7 million in 2024/25. This includes a surplus from operations of $10.6 million and surplus from the Orphan Site Reclamation Fund (OSRF) of $20.7 million.
Revenue from operations increased from $81.4 million in 2024/25 to $85.9 million in 2025/26, contributing to the operating surplus. This was primarily due to stronger production levies, application fees, and other revenue.

The surplus from the OSRF resulted from additional revenue due to an increased orphan site restoration levy and recoveries as well as lower than budgeted expenses primarily due to a net $5.1 million reversal from obligatory orphan site designations & estimates. This was due to sites transferred out of the OSRF to a new permit holder offset by new orphan designations and changes in estimates. The OSRF also carried out increased discretionary reclamation and incurred additional administration costs.

# Financial Summary

| ($000s) | 2024/25 Actual | 2025/26 Budget | 2025/26 Actual | 2025/26 Variance |
|---|---|---|---|---|
| **Operations** | | | | |
| **Revenues** | | | | |
| Industry Levies | $60,375 | $61,585 | $62,553 | $968 |
| Application Fees and Other | 19,277 | 12,900 | 23,391 | 10,491 |
| Remediation Recoveries | 1,756 | - | - | - |
| **Total Revenue from Operations** | **81,408** | **74,485** | **85,944** | **11,459** |
| **Expenses** | | | | |
| Salaries and Benefits | 40,360 | 44,270 | 44,334 | (64) |
| Other Operating | 30,395 | 23,955 | 23,038 | 917 |
| Indigenous Funding | 6,612 | 6,260 | 7,947 | (1,687) |
| **Total Expenses from Operations** | **77,367** | **74,485** | **75,319** | **(834)** |
| **Net Surplus from Operations** | **4,041** | **-** | **10,625** | **10,625** |
| **Orphan Site Reclamation Fund (OSRF)** | | | | |
| **Revenues** | | | | |
| Orphan Site Restoration Levy | 15,000 | 15,000 | 24,000 | 9,000 |
| Recoveries | 3,938 | - | 6,217 | 6,217 |
| Interest | 768 | 500 | 602 | 102 |
| **Total Revenue from OSRF** | **19,706** | **15,500** | **30,819** | **15,319** |
| **Expenses** | | | | |
| Obligatory Orphan Site Estimates | 33,014 | 4,900 | (5,139) | 10,039 |
| Discretionary Reclamation | 11,581 | 9,000 | 11,849 | (2,849) |
| Salaries and Benefits | 1,246 | 1,300 | 1,297 | 3 |
| Other Administration | 627 | 300 | 2,152 | (1,852) |
| **Total Expenses from OSRF** | **46,468** | **15,500** | **10,159** | **5,341** |
| **Net Surplus from OSRF** | **(26,762)** | **-** | **20,660** | **20,660** |
| **Total Annual (Deficit)/ Surplus** | **(22,721)** | **-** | **31,285** | **31,285** |

| **Additional Information** | | | | |
|---|---|---|---|---|
| **Total Liabilities** | **125,002** | **123,476** | **124,979** | **(1,503)** |
| **Capital Expenditures** | **4,571** | **6,000** | **5,905** | **95** |
| **Accumulated (Deficit)/Surplus** | **$(12,085)** | **$14,797** | **$19,200** | **$4,403** |

Note: The above financial information was prepared based on Canadian public sector accounting standards.
[1] BCER's liability for orphan sites policy is to accrue the obligatory estimated costs to protect the environment and public when 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.

# Variance and Trend Analysis

BCER is reporting an annual surplus of $10.6 million compared to a break-even budget. Revenue from operations is $11.5 million higher than budget due to stronger application volumes, stronger production volumes, certificate recoveries, and additional interest.

Production levies account for 64 per cent of revenue from operations and in 2025/26 natural gas production volumes increased by 4 per cent over the prior year and 2 per cent higher than budget. The increases reflect strong drilling activity and reactivations supplying LNG Canada's startup. As a result, total production levies were $0.8 million higher than budget. Along with infrastructure levies which were $0.2 million higher than budget, total industry levies were $1.0 million higher than budget.

Application fees account for 21 per cent of revenue from operations. Well application submissions were higher than budget by $4.6 million. The budget had reflected uncertainty over application volumes and additional applications were received as industry prepares for future activity and commitments. BCER has implemented improvements in application processing and streamlined consultation processes to support decision making which has allowed for the recognition of deferred revenue totalling $1.0 million. Including other application variances of $0.7 million, total application fees were $6.3 million higher than budget. Along with certificate recoveries of $2.8 million implemented to recover costs associated with the regulation of renewable energy projects and additional interest earned of $1.5 million, total application fees and other revenue was $10.6 million higher than budget.

Expenses from operations were $0.8 million higher than budget due to higher Indigenous funding expenses offset by lower other operating expenses. Indigenous funding was higher as variable capacity payments were higher due to increased application volumes. Other operating expenses were lower due to cost savings related to professional services.

The Orphan Site Reclamation Fund (OSRF) is reporting a surplus of $20.7 million compared to a break-even budget. The orphan site restoration levy was increased by $9.0 million compared to budget to support restoration activities required to address recent orphan designation. During the year, 192 sites were transferred to a new permit holder totalling $12.3 million and reversing liability previously recognized. New liability for orphan sites of $2.2 million were recognized during the year as 28 new orphan sites were designated due to insolvent permit holders. Significant changes in the liability estimate totalling $4.9 million were recognized as additional information was identified to define site contamination and the remediation required. As well, additional discretionary reclamation of $2.8 million was completed to utilize the increased orphan site restoration levy and complete abandonment work for recently designated sites.

Capital expenditures of $5.9 million were completed compared to budget of $6.0 million.

Total liabilities as of March 31, 2026, of $125.0 million remained consistent with the prior year.

# Risks and Uncertainties

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 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. The orphan site restoration levy was increased to $24 million in 2025/26 to ensure funding is sufficient to complete closure and restoration following recent orphan designations.

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 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 2025 Mandate Letter from the Minister Responsible.

| 2025 Mandate Letter Priority | Status as of March 31, 2026 |
|---|---|
| Build effective regulatory frameworks that are responsive to a changing environment, accelerate permitting decisions, and enable British Columbians to transition into low-carbon emission sources of energy. | • Successfully implemented the Hydrogen Facility Regulation, with updated permitting and compliance guidance; final system enhancements nearing completion.<br>• Supported the Province in expanding BCER's authority through delegated powers to regulate wind and solar during the interim regulatory development phase.<br>• Cabinet regulations under the Renewable Energy Projects (Streamlined Permitting) Act enabled a one-window regulatory approach, including exemptions from Environmental Assessment Act reviews for certain projects.<br>• Implemented comprehensive regulations for renewable energy following extensive engagement with industry, communities, and First Nations.<br>• Published guidelines for renewable energy project proponents seeking BCER permits and investigative use licences.<br>• Strengthened alignment with low-carbon energy transition goals by implementing faster, more efficient permitting processes for renewable energy development. |

| 2025 Mandate Letter Priority | Status as of March 31, 2026 |
|---|---|
| Continue to build and strengthen the BCER's Indigenous engagement approach, including the application referral, consultation and permitting processes, to address First Nations' ability to meaningfully exercise their rights. These efforts will be guided by ongoing implementation of the *Declaration of the Rights of Indigenous Peoples Act* and agreements with First Nations. | • Ongoing advancement of BCER's Indigenous engagement approach, aligned with the Declaration on the Rights of Indigenous Peoples Act and commitments under agreements with First Nations.<br>• Continued to refine and update the co-developed Treaty 8 Mitigation measures to better address cumulative impacts and support the meaningful exercise of Treaty rights.<br>• Released updated industry pre-engagement guidance to improve early, transparent, and respectful engagement with First Nations.<br>• Continued collaboration with Blueberry River First Nations and other Treaty 8 Nations to refine consultation processes.<br>• Implemented and advanced risk-based consultation and decision-making approaches to better align effort with potential impact.<br>• Streamlined consultation processes, contributing to reduced timelines, particularly for low-impact applications and activities on private land.<br>• Maintained focus on balancing efficient permitting with upholding First Nations' ability to meaningfully exercise their rights.<br>• Established a foundation for ongoing improvements to consultation, referral, and permitting processes through continued engagement and co-development with First Nations. |

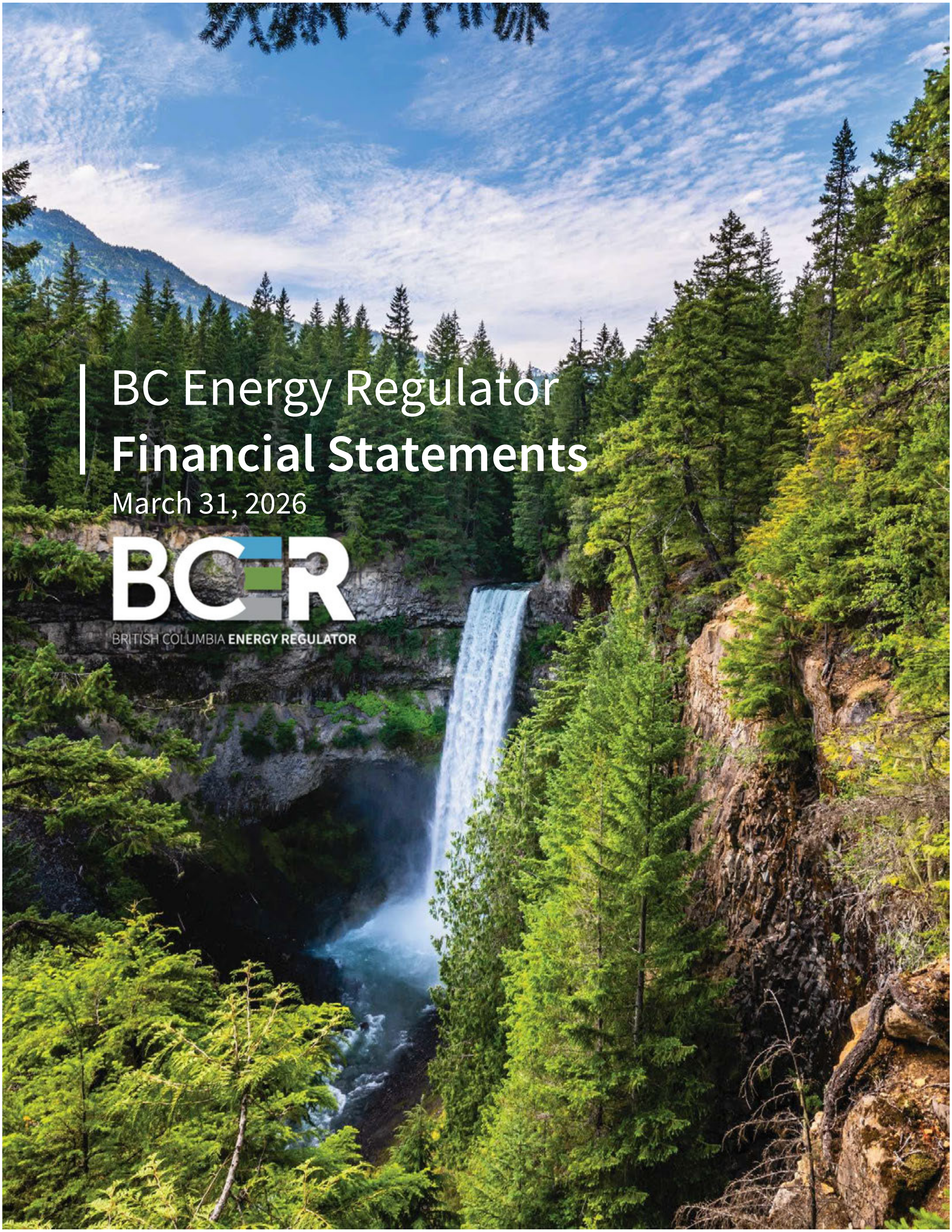
| 2025 Mandate Letter Priority | Status as of March 31, 2026 |
| --- | --- |
| Continue to engage with those affected by energy resource development to ensure there is an ongoing dialogue, that information and data is transparent and available, that reclamation activities for orphan sites reflect Indigenous peoples, community and agricultural land priorities, and that there are opportunities to inform policies, guidelines and regulations that protect public interest. | • Strengthened collaboration with ministries, agencies, First Nations, and industry to support methane emissions reduction efforts and broader energy transition priorities.<br>• Advanced BCER's expanded renewable energy mandate, moving from transition to full execution, including regulatory oversight of wind, solar, and prescribed transmission line projects.<br>• Published Interim Renewable Energy Guidance and supporting materials, improving clarity, transparency, and consistency for proponents and partners.<br>• Enhanced regulatory systems and infrastructure, including updates to the Application Management System and successful transfer and management of over 100,000 records from Water Land and Resources Stewardship (WLRS).<br>• Achieved significant progress in decommissioning and restoring orphan sites across BC, supporting environmental and methane reduction objectives.<br>• Implemented a new levy framework to address the growth of orphan sites and ensure sustainable funding for reclamation.<br>• Continued high utilization of Indigenous service providers, strengthening partnerships and supporting economic participation.<br>• Enhanced incorporation of Indigenous knowledge into reclamation planning, including culturally appropriate practices and priorities.<br>• Improved transparency through new data tools, including interactive mapping of orphan sites and planned activities.<br>• Continued collaboration through the BCER–Treaty 8 Restoration Advisory Committee to inform restoration priorities, policies, and long-term outcomes. |

| 2025 Mandate Letter Priority | Status as of March 31, 2026 |
|---|---|
| Collaborate with other government ministries, agencies and partners to help achieve B.C.'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. | • Maintained strong collaboration with the Ministry of Energy and Climate Solutions to monitor and assess the effectiveness of methane reduction regulations.<br>• Effectively managed the federal equivalency agreement, ensuring continued alignment with national methane reduction targets and regulatory requirements.<br>• Undertook rigorous review of industry submissions, supporting high levels of regulatory compliance and recommending enforcement actions where required.<br>• Strengthened compliance and enforcement activities, contributing to improved oversight of methane emissions from oil and gas operations.<br>• Advanced research and innovation through ongoing partnership with the Methane Emissions Research Collaborative, supporting improved detection, measurement, and reduction of methane emissions.<br>• Expanded collaboration with industry and non-governmental organizations to inform evidence-based regulatory improvements and guidance.<br>• Successfully formalized collaboration between the Methane Emissions Research Collaborative and the Petroleum Technology Alliance Canada (PTAC) through a signed Memorandum of Understanding (MOU).<br>• Continued to enhance data integration, research coordination, and cross-sector collaboration to support B.C.'s methane emissions reduction targets. |

| 2025 Mandate Letter Priority | Status as of March 31, 2026 |
|---|---|
| Continue to improve the BCER's compliance and enforcement activities, including liability management programs, to ensure that companies/operators meet their regulatory obligations across the full life cycle of energy resources, working in collaboration with the Environmental Assessment Office and other agencies. | • Continued to strengthen compliance and enforcement (C&E) activities through a coordinated suite of initiatives, enhancing oversight of energy resource development.<br>• Advanced project-specific compliance agreements with the Environmental Assessment Office (EAO); successfully finalized and signed the first agreement for PRGT construction outside of Nisga'a Lands.<br>• Improved inter-agency collaboration by developing operational guidance with the Ministry of Environment, clarifying C&E roles and responsibilities on sites with shared jurisdiction.<br>• Enhanced transparency and public access to information by updating public-facing materials, including clear summaries of BCER's C&E approach and objectives on major project webpages.<br>• Progressed development of a compliance and inspection program for emerging energy sectors, including establishment of protocols for wind power site inspections.<br>• Strengthened internal governance and consistency by redrafting and updating documentation related to the Compliance Management System (CMS), including clarifying the role of C&E within the broader system. |

| **Other mandate letter priorities (prior to 2025) covered in this report.** | **Status as of March 31, 2026** |
|---|---|
| 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. | • The Mandate Letter dated 16 July 2023 remained in effect until it was superseded on 23 May 2025.<br>• This priority was carried forward into the new mandate, with outcomes reflected in the item noted above. |
| 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. | • The Mandate Letter dated 16 July 2023 remained in effect until it was superseded on 23 May 2025.<br>• This priority was carried forward into the new mandate, with outcomes reflected in the item noted above. |
| 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. | • The Mandate Letter dated 16 July 2023 remained in effect until it was superseded on 23 May 2025.<br>• This priority was carried forward into the new mandate, with outcomes reflected in the item noted above. |

# Appendix B: Auditor's Report and Audited Financial Statements



# BC Energy Regulator
# **Financial Statements**

March 31, 2026

BCER
BRITISH COLUMBIA ENERGY REGULATOR

BRITISH COLUMBIA ENERGY REGULATOR

## Statement of Management Responsibility

The financial statements of the British Columbia Energy Regulator (BCER) for the year ended March 31, 2026 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<br>Chief Financial Officer, Executive Vice President, People & Transformation |

June 17, 2026

**Doane Grant Thornton LLP**
Suite 650
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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, Mines and Low Carbon Innovation, 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, 2026, 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, 2026, 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.

## 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.

Doane Grant Thornton LLP

Victoria, Canada
June 18, 2026

Chartered Professional Accountants

BRITISH COLUMBIA ENERGY REGULATOR

**Statement of Financial Position**
(Amounts in thousands of dollars)
As at March 31, 2026

| | Note | 2026 | 2025 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash | | $ 38,759 | $ 11,052 |
| Investments | 3 | 60,424 | 58,011 |
| Accounts receivable | 4 | 11,017 | 8,940 |
| Due from government | 5 | 15,146 | 14,533 |
| | | 125,346 | 92,536 |
| **Liabilities** | | | |
| Accounts payable & accrued liabilities | 6 | 11,758 | 8,576 |
| Employee future benefits | 7 | 1,417 | 1,311 |
| Due to government | 8 | 2,071 | 1,059 |
| Deferred revenue | 9 & 15 | 1,978 | 3,396 |
| Capital lease obligation | | 278 | - |
| Liability for orphan sites | 10 & 15 | 65,932 | 81,294 |
| Security deposits | 11 | 41,545 | 29,366 |
| | | 124,979 | 125,002 |
| **Net financial asset** | | 367 | (32,466) |
| **Non-financial assets** | | | |
| Tangible capital assets | 12 | 16,813 | 17,864 |
| Prepaid expenses | | 2,020 | 2,517 |
| | | 18,833 | 20,381 |
| **Accumulated surplus/(deficit)** | | **$ 19,200** | **$ (12,085)** |

| | |
|---|---|
| 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
Board Chair

Robbin Sinclaire
Acting Audit Committee Chair

BRITISH COLUMBIA ENERGY REGULATOR

**Statement of Operations and Accumulated Deficit**
(Amounts in thousands of dollars)
For the Year Ended March 31, 2026

| | Note | Budget (Note 19) | 2026 | 2025 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Production levies | | $ 54,510 | $ 55,346 | $ 52,976 |
| Orphan site restoration levy | | 15,000 | 24,000 | 15,000 |
| Application fees | | 12,070 | 17,724 | 16,132 |
| Infrastructure levies | | 6,575 | 7,207 | 7,399 |
| Certificate recoveries | | - | 2,750 | - |
| Interest | | 1,950 | 3,171 | 3,591 |
| Receivership recoveries | | - | 1,400 | - |
| Remediation recoveries | | - | 4,817 | 5,694 |
| Other | | - | 348 | 322 |
| | | 90,105 | 116,763 | 101,114 |
| **Expenses** | | | | |
| Operations | 18 | 74,605 | 75,319 | 77,367 |
| Orphan site reclamation fund | 18 | 15,500 | 10,159 | 46,468 |
| | | 90,105 | 85,478 | 123,835 |
| **Annual surplus/ (deficit)** | | - | 31,285 | (22,721) |
| **Accumulated (deficit)/ surplus, beginning of year** | | (12,085) | (12,085) | 10,636 |
| **Accumulated surplus/(deficit), end of year** | | **$ (12,085)** | **$ 19,200** | **$ (12,085)** |

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, 2026

| | Budget (Note 19) | 2026 | 2025 |
|---|---|---|---|
| **Annual surplus/(deficit)** | $ - | $ 31,285 | $ (22,721) |
| Acquisition of tangible capital assets | (6,000) | (5,905) | (4,571) |
| Disposals of tangible capital assets | - | 319 | 194 |
| Amortization of tangible capital assets | 6,750 | 6,637 | 6,555 |
| | 750 | 1,051 | 2,178 |
| Acquisition of prepaid expense | - | 497 | (604) |
| **Increase/(decrease) in net financial assets** | 750 | 32,833 | (21,147) |
| **Net financial debt, beginning of year** | (32,466) | (32,466) | (11,319) |
| **Net financial asset, end of year** | **$ (31,716)** | **$ 367** | **$ (32,466)** |

The accompanying notes are an integral part of these statements.

BRITISH COLUMBIA ENERGY REGULATOR

**Statement of Cash Flows**
(Amounts in thousands of dollars)
For the Year Ended March 31, 2026

| | 2026 | 2025 |
|---|---|---|
| **Operating transactions** | | |
| Cash generated from: | | |
| Production levies | $ 54,722 | $ 52,350 |
| Orphan site restoration levy | 23,622 | 14,486 |
| Infrastructure levies | 6,842 | 6,610 |
| Application fees | 16,810 | 14,710 |
| Certificate recoveries | 1,400 | - |
| Interest | 3,349 | 3,641 |
| Other | 621 | 441 |
| Remediation recoveries | 4,817 | 4,843 |
| Security deposits received | 17,887 | 4,628 |
| | 130,070 | 101,709 |
| Cash used for: | | |
| Salaries and benefits | (44,022) | (41,045) |
| Payments to Indigenous communities | (6,300) | (6,439) |
| Operating expenses | (14,715) | (18,474) |
| Orphan site reclamation | (23,300) | (19,194) |
| Security deposits refunded | (5,708) | (5,299) |
| | (94,045) | (90,451) |
| **Cash from operating activities** | 36,025 | 11,258 |
| **Capital transactions** | | |
| Cash used to acquire tangible capital assets | (5,905) | (4,571) |
| **Investing transactions** | | |
| Purchase of portfolio investments | (2,413) | (2,805) |
| **Increase in cash** | 27,707 | 3,882 |
| **Cash, beginning of year** | 11,052 | 7,170 |
| **Cash, end of year** | **$ 38,759** | **$ 11,052** |

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, 2026

## 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.

Following September 1, 2023, when the *Oil and Gas Activities Act* was amended and renamed the *Energy Resource Activities Act which* came into force September 1, 2023, the BCER’s mandate included lifecycle regulation of a wide range of energy resource activities in British Columbia including oil, natural gas, geothermal (under the *Geothermal Resources Act*), carbon capture, underground storage, hydrogen, methanol and ammonia.

The Renewable Energy Projects (Streamlined Permitting) Act, which came into force on July 1, 2025, further expanded [GS2.1] the authority of the BC Energy Regulator (BCER) to oversee renewable energy projects, including wind, solar, with option to include other resources prescribed by regulation at a later date. The Act also brings prescribed transmission lines, such as the North Coast Transmission Line (NCTL), under the BCER’s one-window lifecycle regulatory framework for natural resource authorizations.

The BCER is funded from fees charged in respect of permit applications, transfers, & amendments, certificates and through industry levies against permit holders on:

- Oil, gas and renewable energy 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.

## 2. Significant accounting policies (continued)

**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.

**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.

## 2. Significant accounting policies (continued)

**Certificate recoveries**
Certificate recoveries are recovered from a specified proponent when the BCER incurs costs arising during the transitional period outlined in the Renewable Energy Projects (Streamlined Permitting) Act. Certificate recoveries are recognized when the BCER has the authority to claim the recovery upon incurring the costs.

**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.

**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. Leased assets, which are included in Operating equipment, are amortized over the lease term unless the useful life is shorter than the term of the lease. 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% or over the lease term |
| Vehicles | 20% |
| Other business systems | 20% |
| Application management system | 10% |
| Computer software | 20 - 33% |

## 2. Significant accounting policies (continued)

**Tangible capital assets (continued)**
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.

**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, 2026 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.

(Amounts in thousands of dollars)

## 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:

| | 2026 | 2025 |
|---|---|---|
| Operations | $ 6,120 | $21,277 |
| Orphan site reclamation fund (Note 10) | 12,759 | 7,368 |
| Security deposits (Note 11) | 41,545 | 29,366 |
| | **$ 60,424** | **$ 58,011** |

## 4. Accounts receivable

| | 2026 | 2025 |
|---|---|---|
| Infrastructure levies | $ 7,765 | $7,400 |
| Application fees | 958 | 1,462 |
| Other | 3,018 | 711 |
| | 11,741 | 9,573 |
| Allowance for doubtful accounts | (724) | (633) |
| | **$ 11,017** | **$ 8,940** |

## 5. Due from government

| | 2026 | 2025 |
|---|---|---|
| Production levies | $ 14,421 | $13,800 |
| Recoveries and other | 725 | 733 |
| | **$ 15,146** | **$ 14,533** |

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

(Amounts in thousands of dollars)

## 6. Accounts payable and accrued liabilities

| | 2026 | 2025 |
|---|---|---|
| Trade payables and accrued liabilities - Operations | $ 2,747 | $ 1,992 |
| Trade payables and accrued liabilities - OSRF | 4,591 | 3,667 |
| Salaries and benefits | 4,420 | 2,917 |
| | **$ 11,758** | **$ 8,576** |

### Employee leave entitlements

As of March 31, 2026, 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 $1,596 (2025: $1,513). This amount is included in salaries and benefits payable.

## 7. Employee future benefits

### Employee benefit plan

The BCER and its employees contribute to the Public Service Pension Plan, a jointly trusteed 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 79,532 active plan members, 57,519 retired plan members, and 26,738 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 available 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, 2026 for employer contributions was $3,412 (2025: $3,112).

(Amounts in thousands of dollars)

## 7. Employee future benefits (continued)

**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:

| | 2026 | 2025 |
|---|---|---|
| **Accrued retirement obligation** | | |
| Balance, beginning of year | $ 1,311 | $ 1,151 |
| Current benefit cost | 84 | 75 |
| Interest | 68 | 70 |
| Amortization of actuarial loss | 36 | 32 |
| Benefits paid | (82) | (17) |
| Balance, end of year | **$ 1,417** | **$ 1,311** |
| **Actuarial retirement obligation** | | |
| Accrued benefit obligation | $ 1,548 | $1,579 |
| Unamortized actuarial loss | (131) | (268) |
| Balance, end of year | **$ 1,417** | **$ 1,311** |

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

| | 2026 | 2025 |
|---|---|---|
| Discount rate | 4.80% | 4.30% |
| 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, 2026 (2025: 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.

(Amounts in thousands of dollars)

## 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 | $3,396 | 15,400 | (16,818) | $1,978 |

## 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 $15,044 (2025: $8,821) to pay for costs associated with orphan sites. There were 335 new orphan sites designated in 2025/26, of which, 192 were subsequently transferred to a new permit holder, resulting in total designated orphan sites of 1,015 (2025: 872).

Of the designated sites, 284 (2025: 249) 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 uncertainly note. Such estimated costs have been discounted to the present value using a discount rate of 3.73% per annum (2025: 3.60%).

| | Balance, beginning of year | New designations | Sites transferred out | Change in estimates | Restoration completed | Balance, end of year |
|---|---|---|---|---|---|---|
| Liability for orphan sites | $ 81,294 | 2,222 | (12,304) | 4,943 | (10,223) | $ 65,932 |

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 $146,000 to $225,000.

(Amounts in thousands of dollars)

## 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 $193,092 (2025: $170,662) in security deposits, of which $41,545 (2025: $29,366) is held in cash and investments and $151,547 (2025: $141,297) 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 $4,768 (2025: $4,843) from security deposits to help satisfy restoration obligations of permit holders.

## 12. Tangible capital assets

| March 31, 2026 | Tenant Improvements | Furniture | Computer Hardware | Operating Equipment | Vehicles | Other Business Systems | Application Management System | Computer Software | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| **Opening balance** | $ 3,989 | $ 3,641 | $ 2,560 | $ 2,377 | $ 1,970 | $ 24,922 | $ 19,643 | $ 289 | $ 59,391 |
| Additions | 228 | 170 | 582 | 478 | 458 | 3,188 | 801 | - | 5,905 |
| Disposals | (2,483) | (795) | (632) | (251) | (239) | (2,148) | (435) | - | (6,983) |
| **Closing balance** | **$ 1,734** | **$ 3,016** | **$ 2,510** | **$ 2,604** | **$ 2,189** | **$ 25,962** | **$ 20,009** | **$ 289** | **$ 58,313** |
| **Accumulated amortization** | | | | | | | | | |
| **Opening balance** | $ 3,513 | $ 3,189 | $ 1,691 | $ 1,868 | $ 695 | $ 13,857 | $ 16,588 | $ 126 | $ 41,527 |
| Amortization | 101 | 117 | 681 | 277 | 115 | 3,500 | 1,832 | 14 | 6,637 |
| Disposals | (2,483) | (790) | (630) | (250) | (118) | (1,541) | (852) | - | (6,664) |
| **Closing balance** | **$ 1,131** | **$ 2,516** | **$ 1,742** | **$ 1,895** | **$ 692** | **$ 15,816** | **$ 17,568** | **$ 140** | **$ 41,500** |
| **Net book value** | **$ 603** | **$ 500** | **$ 768** | **$ 709** | **$ 1,497** | **$ 10,146** | **$ 2,441** | **$ 149** | **$ 16,813** |

| 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** |

(Amounts in thousands of dollars)

## 12. Tangible capital assets (continued)

Included in the net book value of other business systems are assets not being amortized of $1,346 (2025: $1,414) 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.

| 2027 | 2028 | 2029 | 2030 | 2031 | Thereafter |
|---|---|---|---|---|---|
| $ 8,175 | $ 5,576 | $ 5,488 | $ 4,957 | $ 3,572 | $ 83,335 |

## 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 two insolvent permit holders. The associated permits hold restoration liabilities estimated to be $28,346. The outcomes are not determinable at this time. Accordingly, no amount has been recognized in these financial statements for any liability for orphan sites that may result.

## 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.

| | Reported | Low | High |
|---|---|---|---|
| **Liability for orphan sites** | $65,932 | $48,000 | $93,000 |

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.

| | Reported | Low | High |
|---|---|---|---|
| **Deferred revenue** | $1,978 | $1,800 | $2,200 |

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.

(Amounts in thousands of dollars)

## 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:

| | 2026 | 2025 |
|---|---|---|
| **Revenues** | | |
| Interest | $ 919 | $ 667 |
| Certificate recoveries | 2,750 | - |
| Other | 25 | 91 |
| | **$ 3,694** | **$ 758** |
| **Expenses** | | |
| Salaries and benefits | $ 2,106 | $ 2,024 |
| Professional services and training | 337 | 648 |
| Building occupancy | 175 | 167 |
| Telecommunications and information systems | 91 | 90 |
| Travel and vehicle costs | 81 | 73 |
| Office supplies and equipment | 312 | 28 |
| Contributions | 155 | 320 |
| | **$ 3,257** | **$ 3,350** |
| **Tangible capital assets** | | |
| Disposal proceeds | **$ (141)** | **$ (68)** |

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 $150 (2025: $300) 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.

(Amounts in thousands of dollars)

## 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, which held the amounts in trust on behalf of the BCER. During the year the Blueberry River First Nations Restoration Fund was established, and the related trust balance was transferred to the fund. As at March 31, 2026, trust funds under administration was $777 (2025: $2,670). 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 in accordance with the terms of the Implementation Agreement.

## 18. Expense by Object

| | Operations | Orphan Site Reclamation Fund | 2026 | 2025 |
|---|---|---|---|---|
| Salaries and benefits | $ 44,334 | $ 1,297 | $ 45,631 | $41,606 |
| Indigenous funding | 7,947 | - | 7,947 | 6,612 |
| Amortization and loss on disposal | 6,813 | - | 6,813 | 6,681 |
| Building occupancy | 5,014 | - | 5,014 | 4,730 |
| Professional services and training | 4,095 | 1,680 | 5,775 | 4,696 |
| Information systems and telecom | 4,087 | 77 | 4,164 | 3,697 |
| Grants and contributions | 160 | - | 160 | 337 |
| Travel and vehicle costs | 1,827 | 17 | 1,844 | 1,775 |
| Supplies and equipment | 1,039 | 0 | 1,039 | 1,084 |
| Bad debts | 3 | 378 | 381 | 6,266 |
| Remediation costs | - | - | - | 1,756 |
| Discretionary reclamation | - | 11,849 | 11,849 | 11,581 |
| Obligatory orphan site designations | - | (10,082) | (10,082) | 29,245 |
| Obligatory orphan site estimates | - | 4,943 | 4,943 | 3,769 |
| | **$ 75,319** | **$ 10,159** | **$ 85,478** | **$123,835** |

## 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 26, 2025. Amounts may differ from the preliminary budget, for the purposes of the Annual Service Plan.

## 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. A substantial portion of the BCER's accounts receivable includes balances due from operators in the energy resource industry and are subject to normal industry credit risk.

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 the financial status of operators and assessing the collectability of accounts receivable. 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.