



Quarterly Financial Report
For the quarter ended December 31, 2020

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

Introduction

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

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

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

Basis of Presentation

The quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the CER's spending authorities granted by Parliament, and those used by the CER, consistent with the Main Estimates and Supplementary Estimates (A and B) for the fiscal year ending March 31, 2021. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

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

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

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

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



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As reflected in the [Statement of Budgetary Authorities](#) and the [Departmental Budgetary Expenditures by Standard Object](#), the department's total authority available for use in the fiscal year as at December 31, 2020 was \$108.71 million, as compared to \$68.93 million as at December 31, 2019.

The department's total budgetary authority used in the quarter ended December 31, 2020 was \$66.91 million, as compared to \$40.00 million as at December 31, 2019.

On June 21, 2019, Parliament passed Bill C-69, which replaced the *National Energy Board Act* with the *Canadian Energy Regulator Act* (CER Act). On August 28, 2019 the CER Act came into force and all revenue, expenses, assets and liabilities of the National Energy Board were transferred to the CER. Since last fiscal year was a partial year beginning August 28, 2019, there are no comparable figures for year-to-date actual expenditures and planned expenditures.

The total budgetary authority used in the year during the third quarter ended December 31, 2020 was \$23.67 million, as compared to \$21.27 million for the same period last year. The increase of \$2.4 million can be attributed to:

- an increase of \$2.94 million in personnel costs mainly due to the timing of processing transactions;
- an increase of \$0.89 million in professional services mainly related to Digital Regulatory Filing Project and Operations Regulatory Compliance Application (ORCA) Enhancement;
- a decrease of \$0.71 million in transportation and communications mainly due to reduced travel costs related COVID-19 health restrictions; and
- a decrease of \$0.72 million mainly due to transfer payment, utilities, and acquisition of machinery and equipment, rental.

Risks and Uncertainties

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

On March 11, 2020, the World Health Organization declared the global pandemic following the outbreak of COVID-19. COVID-19 has created challenges for the Canada Energy Regulator. Responses to the spread of COVID-19 have resulted in a significant increase in economic uncertainty including delays in planned acquisitions or other significant transactions, impact of travel restrictions and human resources challenges. Thanks to sound business continuity planning, the organization was able to maintain business operations even as employees transitioned to working from their homes. This major shift allowed the CER to continue to deliver



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its mandate without interruption: applications were processed, energy information was compiled, analyzed and released, and communication with the public continued. During this difficult time, Canadian Energy Regulator is monitoring the situation and adopting its operations in order to keep employees and Canadians safe while continuing to deliver the important services.

Oversight of CER-regulated energy infrastructure was maintained as compliance verification activities continued in a modified form in order to reduce in-person contact. The organization identified and pursued administrative flexibilities that would help streamline what was needed from CER-regulated companies - without compromising safety, oversight or environmental monitoring.

The CER continued its engagement with Indigenous Peoples during this time. Concerns were raised by a number of Indigenous communities about pandemic related risks associated with major project construction. The CER recognized the need for additional clarity on company health and safety practices and CER authority and oversight of those practices.

Significant Changes in Relation to Operations, Personnel and Programs

In response to COVID-19 pandemic situation, the CER announced implementation of operational changes. In mid-March 2020, the CER created the Pandemic Advisory Team to provide strategic advice, and central coordination, tracking and reporting on strategic pandemic-related information, issues and decisions. In September, the CER implemented Phase One of Return to Office Plan, which allowed staff in Calgary to return to the office on a voluntary basis. In November, the Phase One of Return to Office Plan was halted due to the enhanced health measures announced by Alberta Government. The majority of the workforce is working remotely until further notice. CER is continuously exploring flexible ways to optimize its operations while remaining committed to assisting communities, companies and individuals.

On December 15, 2020, the Governor in Council, announced the appointment of Mélanie Chartier as a new Commissioner of the CER. Ms. Chartier will begin her term on January 11, 2021 and the appointment is for a period of six years.

There were organizational changes to strengthen alignment with our strategic plan and core responsibilities. The Integrated Energy Information and Analysis (IEIA) Business Unit was split into two separate units:

- one focused on Energy Information (EI) responsible for the two EI programs: Energy Systems Information and Pipeline Information. The EI unit remains part of Transparency and Strategic Engagement; and
- the other, a dedicated unit responsible for the Regulatory Framework Program, including leading work on organization-wide regulatory policy. The regulatory framework unit will transfer to the Regulatory area.



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Additionally, the Communications and Engagement Business Unit has been restructured to meet the changing demands and priorities of the CER. The Strategic Communications team (formerly Media Relations) was created which brings together internal and external communications, media relations, internal engagement and web, print and graphics services. A new Integration, Planning and Analytics team (formerly Internal Communications Services) was formed, which combines monitoring, measurement, analysis, reporting, planning, communications evaluation and translation services under a single directorate.

Approval by Senior Officials

The original version was signed by,

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Gitane De Silva
Chief Executive Officer

Mark Power, CPA, CGA, CIA, MBA
Chief Financial Officer

Calgary, Canada
28 February 2021



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STATEMENT OF AUTHORITIES
(unaudited)

(in thousands of dollars)

	Fiscal year 2020-2021			Fiscal year 2019-2020		
	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended December 31, 2020	Year to date used at quarter- end	Planned expenditures for the period Aug 28, 2019 to March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date (Aug 28, 2019 to Dec 31, 2019) used at quarter- end
Vote 1 - Net Operating Expenditures	96,671	21,676	60,827	63,593	18,980	27,950
Statutory Authority	12,035	1,989	6,082	5,337	2,287	3,049
Total Budgetary authorities	108,706	23,665	66,909	68,930	21,267	30,999
Non-budgetary authorities						
Total authorities	108,706	23,665	66,909	68,930	21,267	30,999

More information is available in the attached table.

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



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DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)*(in thousands of dollars)*

	Fiscal year 2020-2021			Fiscal year 2019-2020		
	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended December 31, 2020	Year to date used at quarter-end	Planned expenditures for the period Aug 28, 2019 to March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date (Aug 28, 2019 to Dec 31, 2019) used at quarter-end
Expenditures:						
Personnel	82,930	19,445	56,443	49,607	16,503	26,127
Transportation and communication	3,590	273	581	3,661	983	996
Information	448	6	10	184	48	48
Professional and special services	16,594	3,370	7,704	10,609	2,478	2,478
Rentals	556	83	411	470	200	200
Repair and maintenance	1,129	127	871	671	19	114
Utilities, material and supplies	511	69	137	449	89	89
Acquisition and land, building	70	58	84	144	-	-
Acquisition of machinery and equipment	514	151	261	1,153	455	455
Transfer payments	2,364	73	276	2,072	437	437
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	10	131	(90)	55	55
Total gross budgetary expenditures	108,706	23,665	66,909	68,930	21,267	30,999
Less						
Total Revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	108,706	23,665	66,909	68,930	21,267	30,999

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