



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

Introduction

This quarterly financial report has been prepared by Canada Energy Regulator (CER) 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.

The CER is named in Schedule II of the Financial Administration Act and is accountable to Parliament through the Minister of Natural Resources. The CER works for the people of Canada to keep energy moving safely through our country's pipelines and powerlines. The Regulator's mandate includes:

- making transparent decisions, orders and recommendations with respect to pipelines, powerlines, offshore renewable energy projects and abandoned pipelines;
- overseeing the construction, operation and abandonment of pipelines, interprovincial powerlines and international powerlines and overseeing work and activities authorized under Part 5 of the CER Act as well as abandoned facilities;
- making orders with respect to traffic, tolls and tariffs and overseeing matters relating to traffic, tolls and tariffs;
- making decisions and orders and giving directions under Part 8 of the CER Act with respect to oil and gas interests, production and conservation;
- advising and reporting on energy matters;
- providing alternative dispute resolution processes;
- exercising powers and performing duties and functions that are conferred on the Regulator under any other Act of Parliament; and
- exercising its powers and performing its duties and functions in a manner that respects the Government of Canada's commitments with respect to the rights of the Indigenous Peoples of Canada.

The CER receives its funding through annual Parliamentary authorities. Nearly all 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.



The CER's Core Responsibilities are Energy Adjudication, Safety and Environment Oversight, Energy Information and Engagement.

Further details on the CER's authority, mandate and programs can be found in the [Departmental Plans](#), [Departmental Results Reports](#), and [Part II of the Main Estimates](#).

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](#) for the 2023-24 fiscal year. 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

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.



Budgetary Authorities Analysis

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 ending March 31, 2024 is \$117.44 million, as compared to \$107.68 million in the fiscal year ending March 31, 2023. The increase of \$9.76 million is due to:

- an increase of \$24.01 million related to Budget 2022 funding for regulatory renewal activities including Indigenous engagement and net-zero modelling as well as funding to implement the Impact Assessment Act;
- an increase of \$2.05 million related to Operating Budget Carry Forward;
- an increase of \$0.61 million related to the employee benefit plan;
- a decrease of \$0.99 million related to the Refocusing Government Spending;
- a decrease of \$3.37 million related to compensation allocations as a result of adjustments made to terms and conditions of service or employment in the federal public administration;
- a decrease of \$3.72 million related to an initiative to improve the CER's ability to interpret and make data available digitally to Canadians; and
- a decrease of \$8.92 million related to a Budget 2018 initiative to transition to new impact assessment and regulatory processes.



Expenditures Analysis

As reflected in the [Departmental Budgetary Expenditures by Standard Object](#), the department's authority used in the quarter ended December 31, 2023, is \$79.90 million, as compared to \$78.85 million as at the quarter ended December 31, 2022. The increase of \$1.05 million is due to:

- an increase of \$11.88 million related to Budget 2022 funding for regulatory renewal activities including Indigenous engagement and net-zero modelling as well as funding to implement the Impact Assessment Act;
- an increase of \$0.98 million related to the employee benefit plan;
- an increase of \$0.55 million related to the grants and contributions;
- a decrease of \$2.59 million related to an initiative to improve the CER's ability to interpret and make data available digitally to Canadians;
- a decrease of \$4.47 million related to a Budget 2018 initiative to transition to new impact assessment and regulatory processes; and
- a decrease of \$5.30 million related to compensation allocations as a result of adjustments made to terms and conditions of service or employment in the federal public administration.

Risks and Uncertainties

The CER's work is shaped by emerging energy trends and by the proactive consideration of safety, environmental, societal, and economic trends – that may influence both the volume of adjudicative matters that come before the CER in any given year, and 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.

In 2021, the CER implemented an Enterprise Risk Management (ERM) Framework as the next step in maturing the organization's processes for managing risks in the context of the current governance model and new Strategic Plan. ERM is a holistic approach to identify, assess, prepare for, and manage organization-wide strategic risks. By providing a framework to identify enterprise level risk events, ERM enables the CER's Board of Directors and senior management to strategically manage events that might stand in the way of organizational success as well as identifying mitigations to these risks.



Significant Changes in Relation to Operations, Personnel and Programs

Effective December 15, 2023, Tracy Sletto, who has acted as the CEO for the past five months, will serve as CEO for a six-year term.

Approval by Senior Officials

The original version was approved by The original version was approved by

Tracy Sletto
Chief Executive Officer

Jason Reid
Chief Financial Officer

Calgary, Canada
9 February 2024



Statement of Authorities (*unaudited*)

(in thousands of dollars)

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Total available for use for the year ending March 31, 2024*	Used during the quarter ended December 31, 2023	Year to date used at quarter-end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended December 31, 2022	Year to date used at quarter-end
Vote 1 - Program Expenditures	106,027	24,425	71,345	96,869	25,221	71,266
Statutory Authority	11,413	2,853	8,559	10,808	2,527	7,581
Total Budgetary authorities	117,440	27,278	79,904	107,677	27,748	78,847
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	117,440	27,278	79,904	107,677	27,748	78,847

More information is available in the attached table.

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



Departmental budgetary expenditures by Standard Object (*unaudited*)

(in thousands of dollars)

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended December 31, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended December 31, 2022	Year to date used at quarter-end
Expenditures:						
Personnel	89,157	22,846	66,711	84,568	23,483	65,966
Transportation and communications	2,099	776	1,802	2,745	606	1,477
Information	270	10	40	286	11	49
Professional and special services	15,565	2,740	8,094	14,324	2,863	9,024
Rentals	525	406	776	582	305	701
Repair and maintenance	1,053	29	489	1,081	169	722
Utilities, materials, and supplies	467	89	273	445	76	212
Acquisition of land, buildings and works	259	-	-	264	-	-
Acquisition of machinery and equipment	1,245	235	559	1,018	70	121
Transfer payments	6,800	139	1,103	2,364	157	552
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	8	57	-	8	23
Total gross budgetary expenditures	117,440	27,278	79,904	107,677	27,748	78,847
Less						
Total Revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	117,440	27,278	79,904	107,677	27,748	78,847

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