



Quarterly Financial Report
For the quarter ended September 30, 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 department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates and Supplementary Estimates (as applicable) for the 2020-21 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 purpose 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.



Quarterly Financial Report

For the quarter ended September 30, 2020

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.

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 September 30, 2020 was \$83.30 million. The department's total budgetary authority used for year-to-date, at quarter ended September 30, 2020 was \$43.24 million, which was 51.9% of the total authority available for use.

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, the CER Act came into force and all revenue, expenses, assets and liabilities of the National Energy Board were transferred to the CER. There are no comparables for this quarter because the first year was only a partial year beginning August 28, 2019. Comparable data will be available in the third quarter.

Additionally, due to a novel strain of the coronavirus ("COVID-19") pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the fall. The CER is expected to receive full supply for the 2020-21 Main Estimates in December 2020.

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 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 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.



Quarterly Financial Report

For the quarter ended September 30, 2020

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 began to identify and pursue 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, and tracking and reporting on strategic pandemic-related information, issues and decisions. In September 2020, the CER implemented Phase One of a Return to Office Plan, which allowed staff to return to the office on a voluntary basis. The CER is continuously exploring flexible ways to optimize its operations while remaining committed to assisting communities, companies and individuals.

On July 2, 2020, the Government of Canada announced the Governor-in-Council appointment of Gitane De Silva as Chief Executive Officer (CEO) of the CER, following an open and transparent competitive process that was launched in January 2020. Ms. De Silva joined the CER effective August 10, 2020 for a term of five years.

In August 2020, the CER established an Indigenous Advisory Committee (IAC) who will advise the Board of Directors on how the CER can build a new relationship with Indigenous peoples.

Approval by Senior Officials

The original version was signed by,

The original version was signed by,

Gitane De Silva
Chief Executive Officer

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

Calgary, Canada
26 November 2020



Quarterly Financial Report
For the quarter ended September 30, 2020

STATEMENT OF AUTHORITIES (unaudited)

(in thousands of dollars)

	Fiscal year 2020-2021		
	Planned expenditures for the year ending March 30, 2021*	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end
Vote 1 - Net Operating Expenditures	75,079	21,244	39,150
Statutory Authority	8,222	2,039	4,094
Total Budgetary authorities	83,301	23,283	43,244
Non-budgetary authorities			
Total authorities	83,301	23,283	43,244

More information is available in the attached table.

* Includes only Authorities available for use and granted by Parliament, at quarter-end the Canada Energy Regulator had received 9/12 of the amounts requested in the Estimates process.



Quarterly Financial Report
For the quarter ended September 30, 2020

DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT
(unaudited)

	Fiscal year 2020-2021		
	Planned expenditures for the year ending March 30, 2021*	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end
<i>(in thousands of dollars)</i>			
Expenditures:			
Personnel	64,659	18,784	36,999
Transportation and communications	2,386	239	309
Information	298	3	4
Professional and special services	11,549	3,022	4,333
Rentals	370	327	329
Repair and maintenance	752	622	743
Utilities, materials and supplies	339	52	68
Acquisition of land, buildings and works	70	26	26
Acquisition of machinery and equipment	514	110	110
Transfer payments	2,364	33	203
Public debt charges	-	-	-
Other subsidies and payments	-	65	120
Total gross budgetary expenditures	83,301	23,283	43,244
Less			
Total Revenues netted against expenditures	-	-	-
Total net budgetary expenditures	83,301	23,283	43,244

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