



Quarterly Financial Report
For the quarter ended June 30, 2021

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](#). 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, 2022. 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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Planned expenditures 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, 2022 is \$108.09 million, as compared to \$79.55 million as at March 31, 2021. The increase of \$28.54 million is due to:

- an increase of \$29.54 million mainly related to Budget 2020 funding to stabilize CER's operations, and improve its ability to interpret and make data available digitally to Canadians;
- a decrease of \$2.23 million related to 2020-21 employee benefit plan; and
- an increase of \$1.23 million related to compensation allocation as a result of adjustments made to terms and conditions of service or employment of the federal public administration.

Actual expenditures analysis

As reflected in the [Departmental Budgetary Expenditures by Standard Object](#), the department's actual expenditures in the first quarter of this fiscal year are \$24.54 million, as compared to \$19.96 million same period last year. The increase of \$4.58 million in actual expenditures is due to:

- an increase of \$2.75 million in personnel expenditures as compared to the same quarter last year, primarily due to cash out on pay in lieu of annual leave, employee benefit plan and new hiring related to Budget 2020;
- an increase of \$1.28 million in professional services mainly related to Budget 2020 funding to stabilize CER's operations, and improve its ability to interpret and make data available digitally to Canadians, SAP Implementation Project, and
- a net increase of \$0.55 million mainly related to Microsoft licensing for server and Cisco teleconference.

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.

The COVID-19 pandemic continued to have an impact throughout the world for the entire 2020-21 fiscal year. For the CER, this meant that its staff would serve the public every day from about 500 locations across Canada, working from kitchen tables, makeshift home offices and in the field with additional safety protocols and gear.



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Thanks to an enormous team effort and solid business continuity planning, CER business operations continued uninterrupted throughout the entire year.

Every single day, CER staff got the job done: applications were reviewed, engagement with Indigenous peoples and stakeholders continued, and energy trends were compiled, analyzed and released to the public.

Oversight of CER-regulated energy infrastructure also continued in 2021-22, as the CER adapted how it conducted its compliance verification activities - including inspections - to protect the health and safety of CER staff, regulated companies, and all those it works closely with. As the CER considered COVID-19 a hazard that companies needed to identify and manage, the organization worked to verify that companies were taking all steps required to protect their workers from the impacts caused by the pandemic.

Most importantly, all of this work and these modified processes are carried out without compromising safety, oversight or environmental monitoring.

The Commission of the Canada Energy Regulator also adjusted a number of its adjudicative processes to replace in-person meetings with alternative formats, such as written or virtual proceedings. This allowed the Commission to continue to conduct processes that are fair, timely, transparent and accessible, while also respecting public health measures.

Significant Changes in Relation to Operations, Personnel and Programs

In response to COVID-19 pandemic situation, the CER announced implementation of operational changes. As of July 19, 2021, the CER will begin a flexible and volunteer return to the office in Calgary for the rest of the summer. Eastern and Pacific regional offices will follow suit in September in keeping with local guidelines.

During the first quarter, GIC appointed three individuals to the Board of Directors of the Canada Energy Regulator:

Karen Leibovici joined the Board of Directors effective June 17, 2021, for a 5-year term.

François Tanguay joined the Board of Directors effective May 11, 2021, for a 3-year term.

Karim Mahmud joined the Board of Directors effective May 11, 2021, for a 3-year term.



Canada Energy
Regulator

Suite 210
517 Tenth Avenue SW
Calgary, Alberta
T2R 0A8

Régie de l'énergie
du Canada

517, Dixième Avenue S.-O.
bureau 210
Calgary (Alberta)
T2R 0A8

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The original version was approved by,

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Gitane De Silva
Chief Executive Officer

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

Calgary, Canada
27 August 2021



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STATEMENT OF AUTHORITIES
(unaudited)

(in thousands of dollars)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended June 30, 2021	Year to date used at quarter- end	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended June 30, 2020	Year to date used at quarter- end
Vote 1 - Net Operating Expenditures	97,322	21,842	21,842	71,327	17,906	17,906
Statutory Authority	10,771	2,693	2,693	8,222	2,055	2,055
Total Budgetary authorities	108,093	24,535	24,535	79,549	19,961	19,961
Non-budgetary authorities						
Total authorities	108,093	24,535	24,535	79,549	19,961	19,961

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 2021-2022			Fiscal year 2020-2021		
	Planned expenditures for the year ending March 31, 2022*	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end
Expenditures:						
Personnel	83,548	20,965	20,965	63,773	18,214	18,214
Transportation and communication	3,916	245	245	2,387	69	69
Information	428	30	30	298	1	1
Professional and special services	14,452	2,594	2,594	8,683	1,311	1,311
Rentals	572	208	208	370	2	2
Repair and maintenance	1,138	304	304	752	121	121
Utilities, material and supplies	604	16	16	339	17	17
Acquisition and land, building	132	-	-	70	-	-
Acquisition of machinery and equipment	939	30	30	513	-	-
Transfer payments	2,364	68	68	2,364	170	170
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	75	75	-	56	56
Total gross budgetary expenditures	108,093	24,535	24,535	79,549	19,961	19,961
Less						
Total Revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	108,093	24,535	24,535	79,549	19,961	19,961

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