

BC Energy Regulator Financial Statements

March 31, 2025

BCER
BRITISH COLUMBIA ENERGY REGULATOR

Statement of Management Responsibility

The financial statements of the British Columbia Energy Regulator (BCER) for the year ended March 31, 2025 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
Chief Financial Officer, Executive Vice
President, People & Transformation

June 12, 2025

Independent auditor's report

To the Board of Directors of the British Columbia Energy Regulator, and
To the Ministry of Energy and Climate Solutions, 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, 2025, 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, 2025, 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.

Other matter

The financial statements of the Entity for the year ended March 31, 2024 were audited by another practitioner who expressed an unmodified opinion on those financial statements on August 9, 2024.

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.

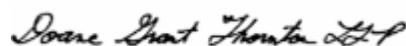
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Victoria, Canada
July 14, 2025

Chartered Professional Accountants

Statement of Financial Position
 (Amounts in thousands of dollars)
 As at March 31, 2025

	Note	2025	2024
Financial assets			
Cash		\$ 11,052	\$ 7,170
Investments	3	58,011	55,206
Accounts receivable	4	8,940	12,998
Due from government	5	14,533	14,132
		<u>92,536</u>	<u>89,506</u>
Liabilities			
Accounts payable & accrued liabilities	6	8,576	9,508
Employee future benefits	7	1,311	1,151
Due to government	8	1,059	941
Deferred revenue	9 & 15	3,396	4,820
Deferred lease inducements		-	91
Liability for orphan sites	10 & 15	81,294	54,277
Security deposits	11	29,366	30,037
		<u>125,002</u>	<u>100,825</u>
Net financial debt		<u>(32,466)</u>	<u>(11,319)</u>
Non-financial assets			
Tangible capital assets	12	17,864	20,042
Prepaid expenses		2,517	1,913
		<u>20,381</u>	<u>21,955</u>
Accumulated (deficit)/surplus		<u>\$ (12,085)</u>	<u>\$ 10,636</u>
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, J.D, ICD.D
 Board Chair



Kevin Brewster
 Audit Committee Chair

Statement of Operations and Accumulated Deficit

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

	<i>Note</i>	Budget <i>(Note 19)</i>	2025	2024
Revenues				
Production levies		\$ 51,628	\$ 52,976	\$ 50,370
Orphan site restoration levy		15,000	15,000	15,000
Application fees		8,870	16,132	12,811
Infrastructure levies		7,550	7,399	6,153
Interest		2,800	3,591	3,887
Other		-	322	328
Remediation recoveries		-	5,694	6,867
		85,848	101,114	95,416
Expenses				
Operations	18	70,648	77,367	73,307
Orphan site reclamation fund	18	15,200	46,468	19,029
		85,848	123,835	92,336
Annual (deficit)/surplus		-	(22,721)	3,080
Accumulated surplus, beginning of year		10,636	10,636	7,556
Accumulated (deficit)/surplus, end of year		\$ 10,636	\$ (12,085)	\$ 10,636

The accompanying notes are an integral part of these statements.



BRITISH COLUMBIA ENERGY REGULATOR

Statement of Changes in Net Financial Debt

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

	Budget (Note 19)	2025	2024
Annual (deficit)/surplus	\$ -	\$ (22,721)	\$ 3,080
Acquisition of tangible capital assets	(5,000)	(4,571)	(5,633)
Disposals of tangible capital assets	-	194	90
Amortization of tangible capital assets	6,500	6,555	6,598
	<u>1,500</u>	<u>2,178</u>	<u>1,055</u>
Acquisition of prepaid expense	-	(604)	(182)
(Decrease)/increase in net financial assets	1,500	(21,147)	3,953
Net financial debt, beginning of year	(11,319)	(11,319)	(15,272)
Net financial debt, end of year	<u>\$ (9,819)</u>	<u>\$ (32,466)</u>	<u>\$ (11,319)</u>

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, 2025

	2025	2024
Operating transactions		
Cash generated from:		
Production levies	\$ 52,350	\$49,397
Orphan site restoration levy	14,486	14,960
Infrastructure levies	6,610	5,917
Application fees	14,710	12,010
Interest	3,641	3,887
Other	441	579
Remediation recoveries	4,843	284
Security deposits received	4,628	1,413
	<u>101,709</u>	<u>88,447</u>
Cash used for:		
Salaries and benefits	(41,045)	(38,604)
Payments to Indigenous communities	(6,439)	(6,328)
Operating expenses	(18,474)	(31,953)
Orphan site reclamation	(19,194)	(22,840)
Security deposits refunded	(5,299)	(1,678)
	<u>(90,451)</u>	<u>(101,403)</u>
Cash from operating activities	<u>11,258</u>	<u>(12,956)</u>
Capital transactions		
Cash used to acquire tangible capital assets	(4,571)	(5,633)
Investing transactions		
Cash (used for) investments	(2,805)	(2,448)
Increase/(decrease) in cash	3,882	(21,037)
Cash, beginning of year	7,170	28,207
Cash, end of year	<u>\$ 11,052</u>	<u>\$ 7,170</u>

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, 2025

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.

The *Energy Resource Activities Act*, which came into force September 1 2023, expands the BCER’s mandate to include a wider range of energy resource activities in British Columbia including oil, natural gas, geothermal, carbon capture, underground storage, hydrogen, methanol and ammonia.

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

- Oil and gas 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.

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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

2. Significant accounting policies (continued)

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.

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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

2. Significant accounting policies (continued)

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. 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%
Vehicles	20%
Other business systems	20%
Application management system	10%
Computer software	20 - 33%

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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

2. Significant accounting policies (continued)

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, 2025 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.

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:

	2025	2024
Operations	\$ 21,277	\$ 18,964
Orphan site reclamation fund (Note 10)	7,368	6,205
Security deposits (Note 11)	29,366	30,037
	\$ 58,011	\$ 55,206

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

4. Accounts receivable

	2025	2024
Infrastructure levies	\$ 7,400	\$ 6,153
Application fees	1,462	1,214
Other	711	1,192
Remediation recoveries	-	6,583
	<u>9,573</u>	<u>15,142</u>
Allowance for doubtful accounts	(633)	(2,144)
	\$ 8,940	\$ 12,998

5. Due from government

	2025	2024
Production levies	\$ 13,800	\$ 13,176
Recoveries and other	733	956
	\$ 14,533	\$ 14,132

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

6. Accounts payable and accrued liabilities

	2025	2024
Trade payables and accrued liabilities - Operations	\$ 1,992	\$ 1,822
Trade payables and accrued liabilities - OSRF	3,667	5,170
Salaries and benefits	2,917	2,516
	\$ 8,576	\$ 9,508

Employee leave entitlements

As of March 31, 2025, 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 \$1,513 (2024: \$1,209). This amount is included in salaries and benefits payable.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

7. Employee future benefits

Employee benefit plan

The BCER and its employees contribute to the Public Service Pension Plan, a jointly trusteesd 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 75,821 active plan members, 56,528 retired plan members, and 25,337 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 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, 2025 for employer contributions was \$3,112 (2024: \$2,961).

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:

	2025	2024
Accrued retirement obligation		
Balance, beginning of year	\$ 1,151	\$ 1,026
Current benefit cost	75	72
Interest	70	64
Amortization of actuarial loss	32	32
Benefits paid	(17)	(43)
Balance, end of year	\$ 1,311	\$ 1,151
Actuarial retirement obligation		
Accrued benefit obligation	\$ 1,579	\$ 1,397
Unamortized actuarial loss	(268)	(246)
Balance, end of year	\$ 1,311	\$ 1,151

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

7. Employee future benefits (continued)

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

	<u>2025</u>	<u>2024</u>
Discount rate	4.30%	4.90%
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, 2025 (2024: 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.

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	\$ 4,820	13,788	(15,212)	\$ 3,396

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

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 \$8,821 (2024: \$10,070) to pay for costs associated with orphan sites. There were 53 new orphan sites designated in 2024/25, increasing the number of designated orphan sites to 872 (2024: 819). The sites were designated due to an insolvent permit holder and insolvency proceedings related to the permit holder remained underway as at March 31, 2025 with the 307 remaining sites recognized as a contingent liability. Subsequent to March 31, 2025, these remaining sites were designated to the OSRF increasing the number of designated orphan sites to 1,179.

A receiver was court appointed in May 2025 for the above assets designated to the OSRF. A purchase and sale agreement with a proposed purchaser was reached in July 2025 for 192 of the sites previously designated to the OSRF (Note 22).

Of the designated sites, 249 (2024: 203) 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 uncertainty note. Such estimated costs have been discounted to the present value using a discount rate of 3.60% per annum (2024 - nil).

	Balance, beginning of year	New designations & contingent liability	Change in estimates	Restoration completed	Balance, end of year
Liability for orphan sites	\$ 54,277	29,245	3,769	(5,997)	\$ 81,294

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 \$218,000 to \$334,000.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

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 \$170,662 (2024: \$183,566) in security deposits, of which \$29,366 (2024: \$30,037) is held in cash and investments and \$141,297 (2024: \$153,529) 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 \$4,843 (2024: nil) from security deposits to help satisfy restoration obligations of permit holders.

12. Tangible capital assets

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

March 31, 2024	Tenant Improvements	Furniture	Computer Hardware	Operating Equipment	Vehicles	Other Business Systems	Application Management System	Computer Software	Total
Cost									
Opening balance	\$ 6,543	\$ 4,181	\$ 5,193	\$ 2,156	\$ 1,742	\$ 17,497	\$ 19,333	\$ 1,113	\$ 57,758
Additions	26	14	751	105	313	4,274	150	-	5,633
Disposals	-	-	-	-	(211)	-	-	-	(211)
Closing balance	\$ 6,569	\$ 4,195	\$ 5,944	\$ 2,261	\$ 1,844	\$ 21,771	\$ 19,483	\$ 1,113	\$ 63,180
Accumulated amortization									
Opening balance	\$ 5,330	\$ 3,407	\$ 4,156	\$ 1,597	\$ 676	\$ 8,108	\$ 12,547	\$ 840	\$ 36,661
Amortization	402	243	661	183	146	2,821	2,045	97	6,598
Disposals	-	-	-	-	(121)	-	-	-	(121)
Closing balance	\$ 5,732	\$ 3,650	\$ 4,817	\$ 1,780	\$ 701	\$ 10,929	\$ 14,592	\$ 937	\$ 43,138
Net book value	\$ 837	\$ 545	\$ 1,127	\$ 481	\$ 1,143	\$ 10,842	\$ 4,891	\$ 176	\$ 20,042

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

12. Tangible capital assets (continued)

Included in the net book value of other systems development are assets not being amortized of \$1,414 (2024: \$1,137) 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.

2026	2027	2028	2029	2030	Thereafter
\$ 7,964	\$ 6,711	\$ 4,399	\$ 4,379	\$ 3,897	\$ 982

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 an insolvent permit holder in receivership proceedings. The associated permits hold restoration liabilities estimated to be \$5,734 and the BCER holds a security deposit of \$4,320. The outcome of the receivership proceedings is not determinable at this time as they are in preliminary stages. Accordingly, no amount has been recognized in these financial statements for any liability for orphan sites that may result.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

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.

	<u>Reported</u>	<u>Low</u>	<u>High</u>
Liability for orphan sites	\$81,294	\$61,000	\$113,000

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.

	<u>Reported</u>	<u>Low</u>	<u>High</u>
Deferred revenue	\$3,396	\$3,100	\$3,700

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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

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:

	2025	2024
Revenues		
Interest	\$ 667	\$ 906
Other	91	26
	\$ 758	\$ 932
Expenses		
Salaries and benefits	\$ 2,024	\$ 1,069
Professional services and training	648	305
Building occupancy	167	171
Telecommunications and information systems	90	86
Travel and vehicle costs	73	67
Office supplies and equipment	28	32
Grants and Sponsorships	320	1
	\$ 3,350	\$ 1,731
Tangible capital assets		
Disposal proceeds	\$ (68)	\$ (90)

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 \$300K (2023: \$nil) 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.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

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 holding the funds in trust for the BCER. As at March 31st, 2025, the balance of the trust funds under administration was \$2,670 (2024: \$2,555). 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 according to the terms of the Implementation Agreement.

18. Expense by Object

	Operations	Orphan Site Reclamation Fund	2025	2024
Salaries and benefits	\$ 40,360	\$ 1,246	\$ 41,606	\$ 38,465
Indigenous funding	6,612	-	6,612	6,357
Amortization and loss on disposal	6,681	-	6,681	6,598
Building occupancy	4,730	-	4,730	4,672
Professional services and training	4,686	10	4,696	3,467
Information systems and telecom	3,627	70	3,697	3,365
Grants and contributions	337	-	337	64
Travel and vehicle costs	1,742	33	1,775	1,902
Supplies and equipment	1,084	-	1,084	1,211
Bad debts	5,752	514	6,266	1,825
Remediation costs	1,756	-	1,756	6,583
Discretionary reclamation	-	11,581	11,581	8,821
Obligatory orphan site designations	-	29,245	29,245	-
Obligatory orphan site estimates	-	3,769	3,769	9,006
	\$ 77,367	\$ 46,468	\$ 123,835	\$ 92,336

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 29, 2024. Amounts may differ from the preliminary budget, for the purposes of the Annual Service Plan.

Notes to the Financial Statements

(Amounts in thousands of dollars)

For the Year Ended March 31, 2025

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.

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 and managing the collection of receivables. 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.

22. Subsequent event

Subject to court approval and the satisfaction of closing conditions, a purchase and sale agreement was reached in July 2025 between a proposed purchaser and receiver for 192 sites previously designated to the OSRF. The transaction is estimated to reduce the BCER's liability for orphan sites by \$12,304 upon closing in fiscal 2025/26.