

Corporate Governance of the Alberta Energy Regulator

November 2023

Overview of the Alberta Energy Regulator (AER, or the Regulator)

Energy regulation in Alberta spans over 80 years. Since its inception in 1938, Alberta's energy regulator has evolved in response to changes in government legislation, priorities, and social preferences.

The AER is a statutory corporation established in 2013 pursuant to the [Responsible Energy Development Act \(REDA\)](#). Its mandate, power and authorities are as provided in *REDA* and related regulations. The AER assumed all regulatory functions of its predecessor the Energy Resources Conservation Board and those resource development related activities previously held by the then Alberta Environment & Sustainable Resource Development (now Environment and Protected Areas, or EPA) involving public lands, water, and the environment.

The AER's mandate is to provide for the efficient, safe, orderly, and environmentally responsible development of energy resources in Alberta. Additionally, in 2022, the Government of Alberta expanded the AER's mandate to include regulation of deep geothermal resources and all naturally occurring mineral resources.

The AER is a life cycle regulator, meaning its regulatory function covers all stages, from application and exploration to construction and operation, to decommissioning, closure, and reclamation. Throughout all the different stages of energy development, the AER strives to continuously modernize its regulatory processes, focusing on enhancing efficiency, and providing for regulatory certainty and predictability to attract investment in resource development while maintaining world class environmental and public safety standards.

While the AER is not an agent of the Crown, it is a public agency as defined under the [Alberta Public Agencies Governance Act \(APAGA\)](#) with a governance practice consistent with the [Public Agency Governance Policy \(February 2021\)](#). As to its funding, *REDA* and the *REDA General Regulation* provide that the Regulator may, in respect of any fiscal year, impose and collect an administration fee with respect to any facility, oil sands project, oil sands processing plant, coal project, well, or AER licensed pipeline on a basis that will produce a sum sufficient to defray a portion or all the estimated net expenditures of the Regulator in that fiscal year.

The AER's statutory powers, mandate and functions are governed under both the Ministry of Energy and Minerals and the Ministry of Environment and Protected Areas. The roles and responsibilities of the Regulator and the governing ministries are clearly defined in the [Mandate and Roles Document \(MRD\)](#). While the relationship is one of collaboration and common understanding, it is the Government of Alberta that establishes policies, and the AER that implements them. The AER meets its policy assurance functions through its legislative authorities to, among other things, issue approvals, orders, and measures to ensure compliance or enforcement actions.

The AER Board and Governance

The AER is a corporation governed by a board of directors (the Board). There are currently seven directors in addition to the chair (the Chair) and all are part-time directors. New board member candidates are identified through a competitive, public process and recommended for appointment by the Lieutenant Governor in Council. In discharging their responsibilities, each director must act in the best interest of the AER, free of conflict of interest.

The Board, led by the Chair, is accountable to the Minister of Energy and Minerals and the Minister of Environment and Protected Areas (Ministers) for ensuring that the AER fulfills its statutory powers, mandate and functions under *REDA* and other legislation. Areas of responsibility and accountability include governance, making rules, advisory, and corporate roles. The Board is responsible for setting the strategic direction of the Regulator and overseeing the general management of its business and affairs.

Other areas of responsibility include approving the strategic plan, enterprise risk management plans, annual budget, and annual financial statements. The Board is outcome-focused and develops annual board and committee goals, and approves and assesses achievement of the annual corporate goals and the performance of the AER's Chief Executive Officer (CEO). The Board also oversees CEO succession planning and corporate culture.

The Board appoints the CEO subject to approval from the Ministers. The CEO, who reports directly to the Chair, oversees day-to-day operations, which includes receiving and making decisions and delegating decision-making on applications, monitoring and investigating energy resource activities for compliance, and closing energy developments through the processes of remediation and reclamation.

The AER's governance structure is designed to provide both strong corporate oversight and independent adjudication. The AER's adjudicative functions include a range of decisions that the AER makes in discharging its statutory powers and mandate under *REDA* (e.g., hearings on energy applications). The AER, including the hearing commissioners, has the autonomy to execute its adjudicative functions. Adjudicative independence is central to the AER governance structure. The Board is not part of the day-to-day operations or adjudicative functions including those of the hearing commissioners; however, the Board is accountable to ensure the AER makes decisions through fair and transparent processes.

The hearing commissioners are part of the AER and contribute to the overall delivery of the AER's mandate. The hearing commissioners are responsible for making adjudicative decisions pursuant to *REDA* and other legislation. The conduct and the outcomes of hearings are the independent responsibility of the respective panels of hearing commissioners, and their decisions may only be reviewed by the Court of Appeal of Alberta. The AER provides professional, technical, administrative, and operational support for the hearing commissioners to fulfil their duties.

The Chief Hearing Commissioner reports to and is accountable to the Chair with respect to fulfilling the role and functions of the hearing commissioners, but not for the specific decisions made by the hearing panels. The Chief Hearing Commissioner ensures that the Board is properly briefed on decisions that have been previously

made by hearing commissioners. The Chief Hearing Commissioner is responsible for assigning hearing panels to adjudicate matters referred to the Chief Hearing Commissioner.

The Board strives to apply best governance practices of the public and not-for-profit sectors. The Board's governance processes align with the AER's vision, mission, and strategic priorities. The processes are also consistent with the Board's ethos and values of accountability, trust and respect, transparency, collaboration and public service. These values are applicable to all aspects of the AER's functions whether adjudicative or corporate. The role of the Board, the CEO and that of the Chief Hearing Commissioner, while distinct, share a common interest, with a focus on sound governance, transparency of how the AER's mandate is executed, clarity of decisions, seeking solutions to address gaps, and utmost commitment to protecting the environment and public safety, and ensuring that the AER is acting in alignment with government policies.

REDA imposes a duty of care upon the board of directors, hearing commissioners, and officers of the AER. The Board is committed to a sound corporate structure and governance practices that promote and reflect its values and ethics in dealing with both internal and external stakeholders. Directors, as well as employees, are subject to the AER's [Conflict of Interest Policy and Procedures](#) (*Conflict Policy*). The *Conflict Policy* requires that directors, hearing commissioners and staff conduct themselves impartially in carrying out their duties and avoid real or perceived conflicts of interest.

The Board is committed to the highest standards of ethical and accountable conduct. Directors are committed to ensuring a positive and supportive work environment where employees can seek advice or make disclosures of wrongdoing without fear of reprisal. To that effect, the AER Board supports and periodically reviews the [Whistleblower Protection Policy and Procedures to Manage Disclosures Under the Public Interest Disclosure \(Whistleblower Protection\) Act](#) (*Whistleblower Protection Policy*) to ensure its continued adequacy and effectiveness.

Board Bylaw

REDA gives authority to the board of directors to make a general bylaw governing the management of the businesses and affairs of the Regulator, the calling and conduct of board meetings and the conduct of the business of the Board generally [[General Bylaw](#)]. This is essentially the charter that binds the Board and all present and future directors to the same extent as if each had signed, sealed, and delivered to each of the other a promise to comply with and be bound by this bylaw and all acts, decisions, proceedings, and things done and taken under this bylaw. It reflects transparency and ethical behaviour that is at the centre of all AER business. It sets out legally the Board's role, function, rights, and obligations, and provides the Board with authority to establish committees. It describes clearly and transparently how the Board delivers on the mandate entrusted by the Legislature on behalf of Albertans. The *General Bylaw* is reviewed at least every two years and updated, as necessary.

AER Board Committees

The AER Board currently has the following standing Committees:

- Audit and Finance Committee
- Governance Committee
- Human Resources, Health and Safety Committee
- Regulatory Review Committee

The full board retains oversight of enterprise risk management practices. With the help of management, the Board identifies and prioritizes enterprise risks. The Board reviews and monitors principal enterprise risks and mitigation measures, including plans and actions as proposed by staff and agreed to by the Board. Where appropriate and depending on the nature of the risk, the Board may allocate oversight to a Committee where the risk falls under its mandate.

Each Committee operates in accordance with the *General Bylaw* approved by the Board and follows governance best practices. In addition, each Committee's terms of reference set out its general roles and responsibilities. A work plan is devised by members of the Committee setting out objectives to be achieved on an annual basis. All Committees are entitled to seek outside advice as appropriate. The Chair of each Committee reports on progress to the full board at every board meeting.

Audit and Finance Committee (AFC)

The purpose of this Committee is to assist and advise the Board with respect to the Regulator's accounting and financial reporting processes and audit functions, and in doing so, aid the Board in fulfilling its governance responsibilities. The AFC is vital in assisting the Board in executing its responsibility of monitoring the financial performance of the AER and ensuring that the financial results are reported on a timely and regular basis in accordance with legislated requirements and the public sector accounting standards.

The role of this Committee is one of oversight, not management, and in such capacity is to consider, monitor, oversee, and make recommendations to the Board concerning various matters including:

- the integrity of the Regulator's financial statements;
- the adequacy and effectiveness of the Regulator's system of internal controls;
- the audit function, which includes both external and internal audit functions; and
- communications between the Board, the Regulator's external auditor (the Auditor General of Alberta), and internal audit staff.

The AFC oversees internal control processes. It also reviews the external auditor's reports and recommendations. The AER Board approves the annual audited financial statements, including management's discussions and responses to comments or recommendations by the Auditor General of Alberta.

Given its responsibilities, the AFC interacts with management from Finance as well as Internal Audit Services. The audit and review procedures are performed throughout the year. The scope of such reviews is to ensure effective and efficient operations, reliable financial reporting, protection against fraud, safeguarding assets, and

compliances with laws, regulations, policies, and procedures. Furthermore, Internal Audit Services also considers, where appropriate, the potential for waste of public resources in the scope of their audits. To ensure utmost integrity, the Vice President of Finance and Chief Financial Officer and the Chief Internal Auditor and Director of Internal Audit Services are standing members and attend AFC. The Chief Internal Auditor also reports to the Board, and is provided in-camera time at AFC meetings.

In addition, the AFC has accountability for certain board goals which became part of the Committee's work plan, including:

- ensuring that the revenue (levy) model is fair, transparent, and effective in meeting revenue requirements of the Regulator (the Regulator imposes and collects an administrative fee or a levy from regulated entities to defray its net expenditure);
- conducting a quarterly review of the AER's financial results to ensure expenditures are stewarded at or under budget;
- pursuing continued operating efficiencies for expenditures to meet spending as mandated by the Government of Alberta; and
- improving compliance with both external and internal audit results to effectively reduce the backlog of outstanding recommendations, if any.

The AFC has responsibilities for any other matters as may be delegated by the Board to the Committee from time to time.

For further details, please refer to the [Terms of Reference of the Audit and Finance Committee](#).

Governance Committee (GC)

The purpose of this Committee is to provide consultation, advice, and recommendations to the Board with respect to the Board fulfilling its oversight responsibilities regarding the effectiveness of the AER's governance policies and procedures.

The GC is committed to, among other things:

- ensuring that the applied governance processes align with the vision, mission, and the strategic priorities of the Regulator;
- providing regular reviews, assessments and updates of the Board governance documents and processes having regard to governance best practices;
- playing an integral role in orientation of new directors. The GC maintains a comprehensive director reference that assists in on-boarding and is used as a one-stop reference for all relevant documents both for ease of access and for educational purposes;
- establishing and maintaining adequate processes for performance assessment of the AER Board, its standing committees, committee chairs, Board member's self-evaluation, and Board chair;

- for the purpose of governance disclosure, preparing and updating this corporate governance document, and making it publicly available on the Regulator's website;
- developing and maintaining a general board member competency matrix to be used as a guide for recruitment purposes as provided under *APAGA*; and
- reviewing and overseeing the Board's budget.

In addition, and to the extent applicable, the GC reviews periodically the Regulator's *MRD* and if necessary, recommends amendments to the Board and the AER's governing Ministers.

The GC also provides for periodic reviews and recommended amendments to the Regulator's *Conflict Policy* and the *Whistleblower Protection Policy* as appropriate.

The GC receives management reports in relation to the measurement, management, and effectiveness of AER programs targeting principal and enterprise risks and AER credibility and trust.

In collaboration with the Board Chair and Committee Chairs, the GC reviews the terms of reference for the Regulator's standing Committees annually and the *General Bylaw* of the Board at least every two years. Such a review considers any applicable legislative and regulatory requirements, as well as best practices for public agencies and Crown corporations and, if appropriate recommends amendments to the Board for approval. The AER General Counsel is a standing member of this Committee.

For further details, please refer to the [Terms of Reference of the Governance Committee](#).

Human Resources, Health and Safety Committee (HR&HSC)

The purpose of this Committee is to provide consultation, advice, and recommendations to the AER Board on matters related to talent management, organizational culture and the overall health and safety strategy.

The Committee's areas of responsibility include the following:

- an overall human resources strategy and the alignment of policies and practices with that strategy;
- the adequacy and appropriateness of resources, including financial, capital and human for supporting the human resources of the Regulator;
- an overall compensation strategy and the alignment of compensation and benefit programs (including employee, management and supplemental pension plans) with that strategy;
- issues arising from the Regulator's participation in multi-unit pension plans and, in coordination with the Audit and Finance Committee, the adequacy of funding of pension plans;
- human resource performance indicators and measures of employee attitudes and engagement;
- compliance with applicable Human Resources, Health and Safety legislation;
- organizational culture, ensuring it is defined and aligned with strategy and measured;
- the health and safety strategy, and ensuring adequate resources for its support;
- the adequacy of succession planning within the Regulator;
- an annual performance assessment process for the CEO;

- monitoring and, where appropriate, reporting on and recommending any changes to the Board as to any of the above; and
- at the request of the Board Chair, provide assistance to the Chair relating to the Hearing Commissioners.

The Vice President of People, Culture and Learning is a standing member of the Committee and is provided in-camera time at the Committee's meetings. For further details, please refer to the [Terms of Reference of the Human Resources, Health and Safety Committee](#).

Regulatory Review Committee (RRC)

The purpose of this Committee is to assist and advise the Board with respect to the Regulator's regulatory development and change strategy. The RRC provides oversight and ensures all rules, to be approved by the Board, are reviewed by the RRC, and support and contribute to the achievement of the Regulator's strategic plan and priorities.

The Committee's oversight is also to ensure alignment with Government of Alberta's policies and priorities. The RRC also reviews AER's performance and the effectiveness of the regulatory development and change plans to ensure that strategic, policy and performance objectives are met. Other responsibilities include:

- supporting and ensuring that the Board can fulfill its approval functions under [REDA](#);
- providing advice on planning, prioritizing, advancing, progressing, implementing, and evaluating regulatory development and change plans;
- providing assessments on the resourcing impacts of change plans;
- ensuring the process for the AER regulatory review and oversight is well established, efficient, understood, and active; and
- recommending to the Board actions, as appropriate, when policy gaps are identified.

The Chief Operations Officer of the AER is a standing member of the RRC.

For further details, please refer to the [Terms of Reference of Regulatory Review Committee](#).

AER Board Members

Board members have extensive technical and business knowledge specifically related to professional expertise in the resource industry in the fields of engineering, mining, earth science, environmental science, economics, finance, regulatory, legal, public safety, and environmental protection. Members' skills also include governance, government and public policy knowledge, and stakeholder relations with Indigenous communities and stakeholders.

Board Members Appointments and Re-Appointments

The Ministers responsible for the AER recommend to Cabinet the appointment and reappointment of members of the Board based on the process outlined in *APAGA* and the [Public Agency Secretariat's](#) process and procedures.

The following table sets out the current members, their AER Board position and the Committees on which they serve.

Member	Order in Council (OC) Number	OC Effective Date	AER Board Position	Committee
David Goldie <i>(Note: Originally appointed Sept. 6/19 on OC 15/2019, then extended with new OC)</i>	109/2020	April 15, 2020	Member, Chair	Ex officio voting member of all Committees
Corrina Bryson	109/2020	April 15, 2020	Member	AFC (Chair), GC
Gary Leach	109/2020	April 15, 2020	Member	RRC (Chair), HR&HSC
Georgette Habib <i>(Note: Originally appointed Sept. 6/19 on OC 15/2019, then extended with new OC)</i>	109/2020	April 15, 2020	Member	HR&HSC (Chair), AFC
Jude Daniels	109/2020	April 15, 2020	Member	GC (Chair), RRC
Tracey McCrimmon	109/2020	April 15, 2020	Member	HR&HSC, GC
Allison Rippin Armstrong	299/2022	August 22, 2022	Member	RRC, HR&HSC
Kasha Piquette	058/2023	March 14, 2023	Member	AFC

Expense Disclosures

In accordance with the Alberta Government [Public Disclosure of Travel and Expenses Policy](#), members of the Board are required to post their [expense disclosures](#) on the AER external website.

Board and Committee Procedures

The AER Board and its four Committees meet regularly under board pre-approved meeting schedules. Special Board or Committee meetings may be held at the request of the Chair of the Board or Committees' Chairs, respectively.

The CEO and ELT are invited to attend all board meetings, and the CEO may attend all Committee meetings. Other AER executives or AER management attend board meetings as appropriate. The Chair of the Board is ex-officio voting member of all Committees and attends all Committee meetings. The AER Corporate Secretary attends all board meetings and Governance Committee meetings, while other Committees each have designated administrative support. Each of the four Committees has an AER executive as a standing member, but with no voting rights.

At the start of every meeting, whether board or committee, the Chair of the meeting requests any director who has a possible conflict of interest or independence issue with any of the agenda items to self-declare and recuse themselves from any participation in the matter.

At each regular meeting of the board and/or its committees, the agenda includes provision for in-camera meetings. Typically, a member-only session occurs at the end of the board meeting following a members and CEO in-camera portion.

The Board also provides in-camera time with the General Counsel, Vice President of People, Culture and Learning, and the Chief Internal Auditor and Director of Internal Audit Services, all of whom report to the Board at a minimum of twice per fiscal year and on an as-needed basis.

Board Oversight and Corporate Culture

The AER Board has put in place measures to strengthen its oversight function and to oversee corporate culture. As mentioned, Internal Audit Services reports directly to the Board to ensure protection against fraud, safeguarding assets, compliance with laws, regulations, policies and procedures, and avoidance of waste of public resources.

Proper communication protocols with the governing ministries are in place as clearly described in the *MRD* and approved by the Board and the Ministers. The protocols call for all communications, oral or written, from the AER to the Ministers, to go through the Board Chair, with the Chair's approval. In addition, both the Chair and the CEO jointly meet with the responsible Ministers.

The Board is committed to ensuring employees can make disclosure of wrongdoing with no fear of reprisal. All staff and board members must complete a mandatory training on the [Whistleblower Protection Policy](#). The designated officer, the General Counsel, is accountable to both the Board Chair and the CEO for the overall administration of the policy but operates independently from them when dealing with reports of wrongdoing under the policy. If any disclosure relates to a board member, the designated officer will forward it to the public interest commissioner.

If the disclosure relates to the CEO or any members of the executive leadership team, the designated officer will forward the disclosure to the Board. Depending on the situation, the Board may ask an external consultant to handle the disclosure.

The [Conflict Policy](#) is reviewed periodically and updated, as necessary. The policy is approved by the Board and Alberta's Ethics Commissioner. The AER *Conflict Policy* requires that board members, hearing commissioners and staff conduct themselves impartially in carrying out their duties and avoid real or perceived conflicts of interest. For example, the board of directors and employees are not permitted to have any direct or indirect monetary or financial interest (including securities) in any issuer or entity regulated by the AER. Each director and staff are bound by the AER *Conflict Policy* and must confirm compliance at least annually.

Oversight of culture is a priority to the AER Board. That oversight includes monitoring the corporate culture plan and annual reviews of internal policies including the *Conflict Policy* and the *Whistleblower Protection*

Policy. The Board evaluates how the CEO and other senior executives are modelling the desired behaviours and communicating the desired culture. They are individually and collectively accountable to the different dimensions of culture such as ethics, integrity, accountability, and performance, leading by example in complete alignment with the stated values and purpose of the AER.