

2024/25

Annual Report

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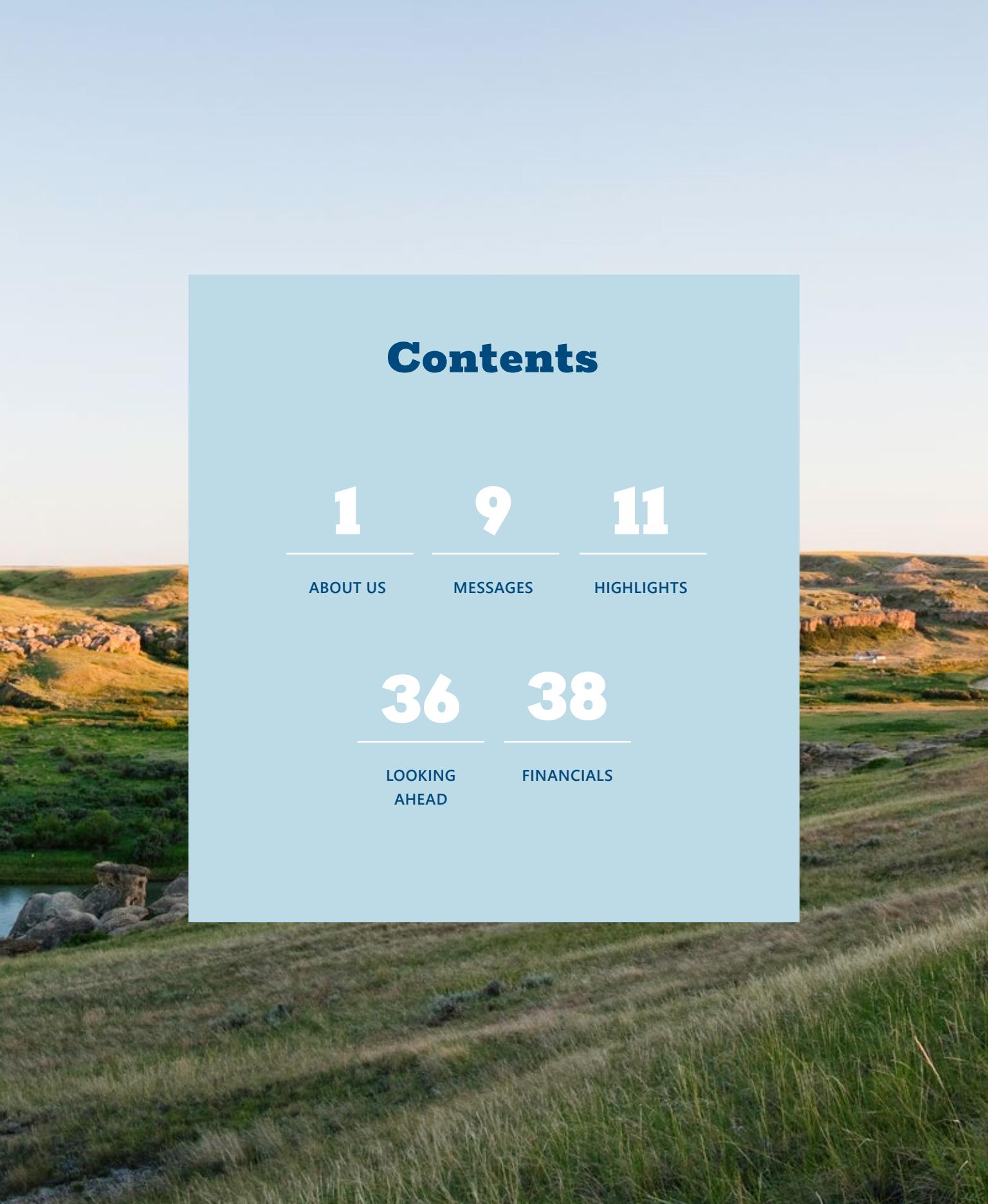
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FINANCIALS



AN ACKNOWLEDGEMENT

In the spirit of reconciliation, the Alberta Energy Regulator (AER) acknowledges that our head office is located in Treaty 7, the traditional territories of the Blackfoot Confederacy: the Kainai, Piikani, and Siksika

First Nations, the Tsuut'ina Nation, and the Îethka Stoney Nakoda Nations: the Bearspaw, Chiniki, and Goodstoney First Nations. We are situated on land where the Bow River meets the Elbow River, and the traditional name of this place is "Mohkinstsis," which we now call the City of Calgary.

We also have field centres on the traditional territories of Treaty 6 and Treaty 8, and all other territories of the Métis Nation of Alberta. We are grateful for the wisdom of traditional Knowledge Keepers and Elders.



Our Mandate

To provide for the efficient, safe, orderly, and environmentally responsible development of energy and mineral resources in Alberta through our regulatory activities. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.



What We Regulate

over
450 000

kilometres
of pipelines*



Nearly
18 000

natural gas
facilities

nearly
155 000

operating natural gas
and oil wells



127

operating oilfield waste
management facilities

over
26 000

oil facilities



26

thermal recovery
in situ projects

over
440

operating natural gas
processing plants



over
190

primary and
enhanced recovery
in situ projects

8

operating
oil sands mines



1

decommissioned
coal processing
plant

4

operating
bitumen
upgraders



6

brine-hosted
mineral facilities
and wells

4

operating
coal mines



35

rock-hosted
mineral surface
mines

6

decommissioned
coal mines



3

helium
facilities



2

carbon capture
and storage
projects

What We Don't Regulate

gasoline

pipelines that
cross Alberta's
provincial
borders

electricity

regulated
natural gas rate

*Operating, permitted, abandoned, and discontinued within Alberta. We also provide inspection and incident response support for 12 000 kilometres of pipelines regulated by the Alberta Utilities Commission.



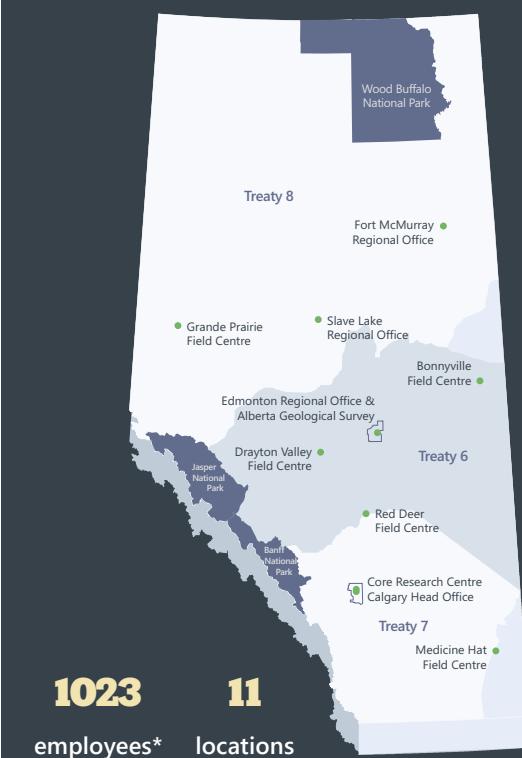
About Us

Alberta's energy and mineral sectors are vast and complex and include crude oil, natural gas, oil sands, coal resources, geothermal, minerals, and an extensive pipeline network to move these resources to processing facilities and markets. Providing the regulatory framework, tools, and processes for companies to operate efficiently, safely, orderly, and in an environmentally responsible manner. As the primary regulator for energy and mineral resource development in Alberta, we are one of a few organizations worldwide responsible for regulating as large and varied a mix of energy and mineral resources.

In 2024, the production value of Alberta's energy and minerals sector totalled \$139 billion.

Our mandate expanded in 2022 to support the life-cycle regulation of deep geothermal resources and brine-hosted minerals (e.g., lithium) extracted through well infrastructure. In 2024, we became the regulator of mineable minerals known as rock-hosted minerals (e.g., limestone). The mandate expansion for rock-hosted minerals included the transition of 35 quarries, 170 metallic and industrial mineral exploration approvals, and 6 brine-hosted facilities from other government agencies.

Around the Province



*Permanent employees. Does not include students, contingent workers, or limited term employees.



ABOUT US

In Alberta, producing and moving energy to market involves more than 155 000 natural gas and oil wells, over 450 000 kilometres of pipelines (about half of Canada's entire pipeline network), about 44 000 oil and natural gas facilities, 4 operating bitumen upgraders, and 4 operating coal mines. We are a full-life-cycle regulator responsible for all stages of development—from exploration and production to closure and reclamation.

The Government of Alberta created the AER in 2013 when it proclaimed the *Responsible Energy Development Act (REDA)*. We are accountable to the Ministers of Energy and Minerals and Environment and Protected Areas; we work closely with other government departments on regulatory and policy matters, including Municipal Affairs and Indigenous Relations.

Our statutory powers, mandate, and functions are provided for under the *REDA*. The two Ministries responsible for this enactment establish policies that we implement. We also assist the government by providing analysis, advice, and technical expertise to support policy development.

Through legislation, the Government of Alberta gives us the mandate and legal framework to ensure the province's energy and mineral resources are developed safely and in an environmentally responsible manner. Our involvement is throughout the energy and mineral resource development life cycle.

We base our regulatory decisions on factual evidence supported by science, and we strive to consider and balance the concerns of all persons who participate in our regulatory proceedings. We protect what matters to Albertans—public safety, the environment, orderly energy development, and providing economic benefit for Albertans and Canadians.

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Board of Directors¹

Duncan Au, Board Chair

Duncan Au is a seasoned executive and board director with over 34 years of corporate finance, accounting, and energy services experience, including 14 years serving on public company and not-for-profit boards. Duncan holds a Bachelor of Commerce degree from the University of Alberta and FCPA, FCA, CFA, and ICDD designations.



Gary Leach, Board Director

Gary Leach has over 25 years of senior executive level experience in the oil and gas industry, including serving as president of The Explorers and Producers Association of Canada. His background in law supports a deep understanding of regulatory issues affecting the energy industry.



David Yager, Board Director

David Yager is an oil service executive, entrepreneur, author, and energy policy analyst. He has been involved in policy analysis and development since 1991. Over the past 50 years he has worked in multiple oil service sector segments with the primary focus of wellbore construction, production optimization, remediation, and abandonment.



Theresa Watson, Board Director

Theresa Watson has been working in the energy industry since 1987. She has extensive local and international experience in long-term liability and risk management, wellbore integrity, regulatory compliance, wellbore construction, and the repair of problem wells, including severe gas migration, and abandonments. She has authored and presented several papers dealing with risk mitigation and prediction.



¹ During the 2024/25 fiscal year, the Board of Directors was chaired by David Goldie until August 31, 2024. Board members during the fiscal year included Allison Rippin Armstrong, David Yager, Carey Arnett, Theresa Watson, Corinna Bryson, and Gary Leach. In April 2025, Lee Deibert, Roderick Graham, and Richard Piche were appointed to the Board, and Gary Leach was reappointed. Corinna Bryson served on the Board until the expiry of her term April, 2025.

ABOUT US

**Roderick Graham, Board Director**

Rod Graham has over 30 years of energy sector experience in western Canada, including 17 years in private equity helping grow more than 60 companies. He has served as CEO and president of Velocity Truck Centres Canada, Horizon North Logistics Inc., and ZCL Composites Inc. With over 50 Indigenous partnerships developed or overseen, he also serves on corporate, not-for-profit, and government-appointed boards, contributing to audit, HR, sustainability, and governance committees.

**Carey Arnett, Board Director**

Carey Arnett is an experienced energy entrepreneur and executive. She began her career in technical roles and steadily progressed into managerial positions, eventually leading one of Canada's oldest and largest upstream and midstream pipeline and facility construction teams. Passionate about safety and industry improvement, Carey served on the Premier's Advisory Council on Alberta's Energy Future in 2023.

**Allison Rippin Armstrong, Board Director**

Allison Rippin Armstrong is a biologist and environmental scientist with over 25 years of experience in permitting, regulatory processes, and environmental compliance, working with Indigenous organizations, resource companies, regulatory agencies, Indigenous, territorial, and federal governments.

**Lee Deibert, Board Director**

Lee Deibert is a professional geologist with over 30 years of experience in environmental consulting, specializing in liability management, risk reduction, and corporate governance in the energy sector. A founding partner and former CEO of Meridian Environmental Consulting Ltd., he now serves on the Alberta Environmental Appeals Board and the Public Lands Appeal Board. He holds a B.Sc. from the University of British Columbia, an M.Sc. from Queen's University, the ICD.D designation, and is registered as a professional geoscientist with APEGA, APEGS, and APEGBC.

Richard Piche, Board Director

Richard Piche is a respected Indigenous leader with over 50 years of energy sector experience in Canada and internationally. He is president of Cascade Projects Ltd., an Indigenous-owned firm focused on project management and engagement. He has held leadership roles at ConocoPhillips, Niko Resources, and Northridge Exploration, and supported engagement between Finance Canada and 159 Indigenous nations on the Trans Mountain Expansion Project. He holds ICD.D and PMP designations.



ABOUT US

Executive Leadership Team

Rob Morgan, Chief Executive Officer (February 2025)

In February 2025, Rob Morgan joined the AER as the Chief Executive Officer. As a professional engineer with 40 years of management, technical and operational industry experience, Mr. Morgan has been actively involved in all facets of operations in the upstream oil and gas industry from the field to the C-suite.

Before joining the AER, Mr. Morgan was the president and CEO of Strathcona Resources after joining a legacy company in 2017 and leading the organization through dramatic growth and change.

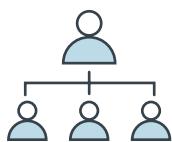
He held roles encompassing field operations, health, safety, and environmental protection, and all engineering functions. Rob has also been responsible for forecasting, budgeting, and corporate reporting, alongside business development and product marketing.

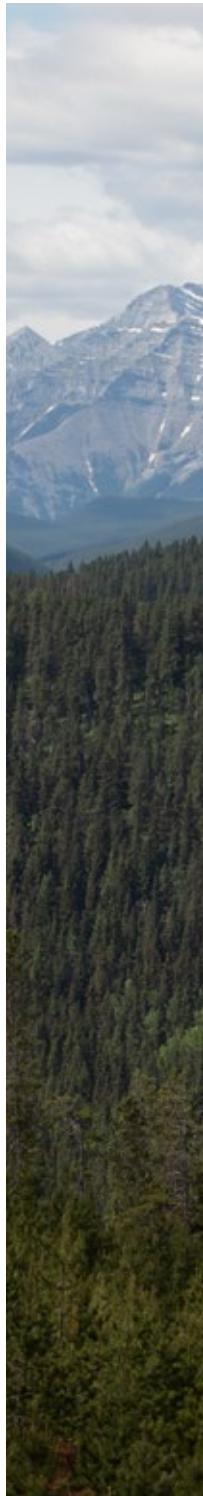
Martin Foy, Chief Operations Officer

In June 2020, Martin Foy became the AER's Chief Operations Officer, responsible for the AER's operations branches, having previously served as a vice president of an operational branch. He has 34 years of regulatory experience leading people and managing natural resources. The Operations Division regulates the full life cycle of energy and mineral resource development, from deciding on applications, overseeing compliance with AER requirements at active sites, and managing closure and liability. Before joining the AER, Mr. Foy had over 23 years of regulatory experience. Most notably, he held various management positions in Alberta Environment and Parks, including executive director and director of Alberta Environment and Water (South).

Sean Sexton, Executive Vice President and General Counsel

In May 2022, Sean Sexton became the executive vice president of the Law Branch and AER general counsel. He was previously the vice president of the Law Branch, starting in 2018. He has extensive knowledge of the AER's legal and regulatory environment. Mr. Sexton is counsel to the chair and board of directors on all matters, including corporate governance, enterprise risk management, the conduct of board meetings, and annual financial statement review and disclosure. Mr. Sexton is the AER's liaison with the Alberta Public Agency Secretariat and chair of the AER's Ethics Committee. In addition, he is responsible for overseeing the drafting of legislation, regulations, directives, and other regulatory documents that the AER administers.



**Mike Dalton, Vice President, Finance, and Chief Financial Officer**

Mike Dalton joined the AER in 2020 and is responsible for financial management, supply chain, and real estate. Mike's former employers include ATCO, Raytheon Canada, Canadian Natural Resources, and PricewaterhouseCoopers. Mr. Dalton holds the ICDD, CPA (CA), CIA and SCMP designations and also earned an executive MBA. Over the years, he has contributed his time and expertise in strategy and finance to the business community by serving on a variety of boards and committees. Currently, Mike is the board director for Supply Chain Canada. He previously served as chair of the Audit Committee of Calgary Co-op, as well as on the board of the Mental Health Commission of Canada. He was also a citizen member of the City of Calgary's Audit Committee.

Erin Kurchina, Vice President, People, Culture and Learning

Erin Kurchina brings over 30 years of experience in human resources, governance, and leadership. She joined the Alberta Energy Regulator (AER) in 2020 as Vice President of People, Culture, and Learning. In this role, Ms. Kurchina is responsible for aligning business and people strategies to drive value and elevate organizational performance. Through human-centered leadership and strategic collaboration, Erin leads the development of talent programs that foster a thriving, empowered workforce and a meaningful employee experience. Prior to joining the AER, Erin served as an HR Consultant with KurMeta Group, where she supported organizations and individuals in navigating the demands of the digital era. She also held the role of Vice President, Human Resources, Environment, Health and Safety at ENMAX Corporation.

Energy Outlook 2024

Crude Oil

Total crude oil production
↑ 3%
 (84.2 10^3 m³/d)

Wells placed on production
↑ 23%
 (3385)

WTI crude oil price
↓ 2%
 (US \$75.72/bbl)

Deliveries of total oil (including bitumen)

 85% Removals from Alberta
 15% Remains in Alberta

Natural Gas

Marketable gas production
↑ 0.2%
 (315.7 10^6 m³/d)

Wells placed on production
↓ 12%
 (810)

AECO-C natural gas price
↓ 47%
 (Cdn \$1.45/GJ)

Deliveries of gas

 38% Removals from Alberta
 62% Remains in Alberta

Crude Bitumen

Mineable production
↑ 4%
 (273.4 10^3 m³/d)

In situ production
↑ 4%
 (292.0 10^3 m³/d)

Number of operating mines
8

Number of operating thermal in situ schemes
26

Natural Gas Liquids

Ethane	Propane	Butane	Pentanes plus
↑ 3% (37.5 10^3 m ³ /d)	↑ 8% (40.5 10^3 m ³ /d)	↑ 6% (24.3 10^3 m ³ /d)	↑ 7% (63.0 10^3 m ³ /d)

Emerging Resources

Hydrogen production
↑ 2%
 (2.6 10^6 t)

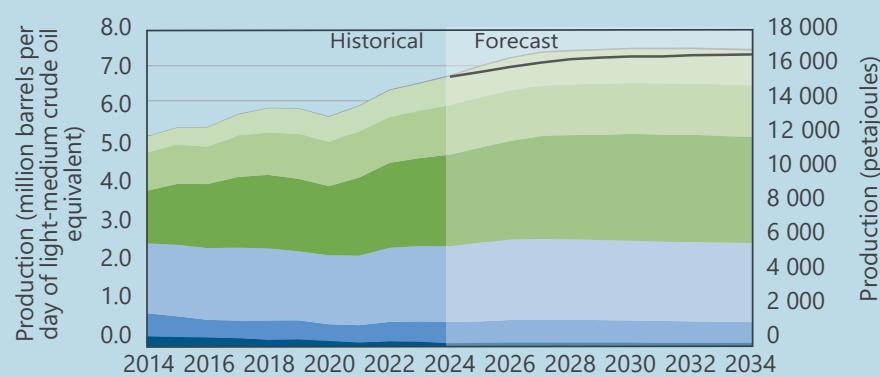
Geothermal electricity generation
↓ 66%
 (7.5 GWh)

Helium production
↑ 1%
 (2.2 10^3 m³/d)

Capital Expenditures

Oil sands investment	Oil & gas investment	Total investment	Total value of production
↑ 6% (Cdn \$13.3 billion)	↓ 2% (Cdn \$16.8 billion)	↑ 2% (Cdn \$30.9 billion)	↑ 2% (Cdn \$139 billion)

Energy Production Forecast



Legend

- Coal
- Crude oil
- Natural gas
- Nonupgraded bitumen
- Upgraded bitumen
- Natural gas liquids
- Wind, geothermal, and other renewables
- Total energy production (tariff case)

A scenic landscape featuring a river winding through a valley. The foreground is covered in yellow and orange autumn foliage. A dense forest of green coniferous trees lines the middle ground. In the background, a massive, rugged mountain with layered rock faces rises against a clear blue sky.

MESSAGES

Messages

MESSAGES



Dear Fellow Stakeholders,
Annual reports are most often a summary of accomplishments over the past year and an update on progress of the organization to a stated future state or goal. As of writing, we have just completed the reconstituting of our Board of Directors and the hiring of a new CEO.



In June we held our first strategy session as we chart the path forward. While our time at the AER has been limited, we have developed a new appreciation for the complexity of weighing the various elements of the AER's mandate. It is also clear there is a skilled and dedicated AER team that has been very generous in sharing their perspectives on the evolution of the organization over the years.

With decades of experience in the energy sector, we understand the critical role a strong and efficient regulator plays in the responsible development of Alberta's energy and mineral resources. The narrative around energy development has taken on a new sense of urgency not only with a discussion of finding new markets and customers, but also how to grow and diversify Alberta's role in those markets. From oil and gas to emerging opportunities in critical minerals, hydrogen, geothermal, and helium, the AER will be tasked to find the appropriate path among many competing priorities and perspectives.

Some take the view that a successful energy and minerals industry is at odds with the environment. We do not share this view. Given the technological solutions brought to bear by industry that have reduced the environmental impact of operations, improved the health and safety of the workforce and provided incremental economic benefit, it is clear we can continue to modernize our regulations and practices to keep pace with the next wave of technological development and carry out our core regulatory role: translating government legislation into practical regulation that safeguards the environment while ensuring Albertans continue to benefit from the wealth of resources in our province.

It is an exciting time to be part of the energy regulatory framework, and we look forward to serving alongside the entire AER team.

Submitted on behalf of the Board of Directors,

Duncan Au, BOARD CHAIR
Rob Morgan, CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

Highlights



HIGHLIGHTS

The AER reports on industry performance against our regulatory requirements, our management of liabilities and inventory reduction, and our application processing metrics.

Overseeing Industry Compliance

Inspections and Audits

We regularly monitor and inspect thousands of wells, production and processing facilities, pipelines, coal and oil sands mines, and mineral sites annually to ensure that companies follow our requirements and safely develop energy and mineral resources in a manner that protects the environment. We do this by visiting sites to inspect a company's activities and auditing the information they provide.

In 2024/25, we conducted 9935 inspections, each of which included assessments of many specific items related to the type of facility, its operational status, and identified risk factors. More than 151 700 items were checked, resulting in an overall compliance rate of 96%. Of the 9935 inspections, 75% resulted in a satisfactory compliance finding—a 3 per cent increase over the previous year.

In addition, we audit aspects of development across the lifecycle to confirm that industry follows specific operational and reporting requirements. In 2024/25, we conducted 5834 audits which resulted in 69% satisfactory compliance.

Investigations

The AER may conduct a formal investigation in response to energy- or mineral-related incidents or when a noncompliance is found. When noncompliance is deemed serious, it is triaged for investigation. Major investigations are formal evidence-collection

processes that must follow established legal procedures to ensure their integrity. Investigations can take from three months to two years to complete. Based on the investigation results, we will determine the appropriate enforcement action. The tools we use vary depending on the severity of the noncompliance. Enforcement tools range from warning letters to prosecution. In 2024/25, fines from penalties and funds allocated to creative sentencing projects totalled nearly \$900 000.

Compliance and Enforcement

Where a company is not following our requirements, we'll apply one or more compliance and enforcement tools to allow a party to correct a noncompliance, to compel compliance where a party has not taken actions on its own, and deter future noncompliance. These tools range from notices of noncompliance to orders. Orders are a regulatory tool used to prevent, minimize, or address environmental impacts or risks to public safety that have occurred, are occurring, or may occur. In addition to compliance and enforcement, orders are also used in incident and emergency response. In 2024/25, the AER issued 132 orders.

Investigation Results 2024/25

33

new investigations



8

administrative penalties

17

enforcement actions



9

warning letters

HIGHLIGHTS

We publicly report on energy incidents and enforcement actions through our [Compliance Dashboard](#).

The Licensee Management Program (LMP) is the proactive management of licensees to validate that they meet regulatory and liability obligations throughout the energy development life cycle. Holistic licensee assessments (HLAs) are conducted on identified LMP licensees. HLAs are in-depth reviews the AER conducts to evaluate the overall health and performance of specific licensees. These assessments look beyond individual sites to consider a company's full suite of responsibilities—financial, operational, and environmental. When concerns around undue risk and reasonable care and measures are identified, the Compliance Assurance Team will act, including educating licensees, issuing orders, requiring financial security, and requesting additional closure to mitigate identified risks and ensure licensees meet their end-of-life obligations.

Incident and Emergency Management

We respond to all energy and mineral sector incidents and maintain a 24-hour, seven-days-a-week, 365-days-a-year on-call schedule to support incident and emergency response. Incidents and emergencies include releases, complaints, and alleged contraventions. Formal definitions for incidents and emergencies can be found in *Directive 071*. We publish initial incident information on our Compliance Dashboard and include information about pipeline incidents within our annual Pipeline Performance Report, published annually as part of our Industry Performance Program.



HIGHLIGHTS

Emergency Management

To ensure a consistent and proportional response to each situation the AER classifies incidents and emergencies into four levels based on severity and potential impact on public safety and the environment:

- **Alert** (very low risk)
- **Level 1** (low risk)
- **Level 2** (medium risk)
- **Level 3** (high risk)



Emergency Management in 2024/25

**75**

energy-related emergencies reported to the AER (64 level 1, 10 level 2, and 1 level 3)

**28**

coordinated responses to emergencies; 9 involved an Emergency Response Coordinator presence, either deploying to the site or an incident command post (7 Wells, 1 trucking, 2 coal mines, 14 pipelines, and 4 fires/explosions)

**18**

licensee emergency response plan (ERP) exercises evaluated

**140**

licensee emergency response plan audits completed, resulting in 81 notices of noncompliance (NNC) audits

**61**

spill cooperative membership standing audits completed, resulting in 57 NNC audits

**23**

industry awareness sessions, mutual aid meetings, conferences, and spill cooperative events attended or presented across Alberta to educate about emergency preparedness and prevention

HIGHLIGHTS

Methane Emission Reduction

The Government of Alberta mandated that oil and gas methane emissions be reduced by 45% by 2025 from a 2014 emissions baseline. We established new methane emissions reduction requirements to set the industry on a path to achieve the reduction target. Our regulatory framework and the industry's compliance together resulted in achieving the reduction target three years early, as the Government of Alberta was able to announce on November 28, 2023.

Reported and estimated emissions estimates from 2023 show a 52% reduction in methane emissions from 2014 levels.

In 2024/25, we achieved the following:

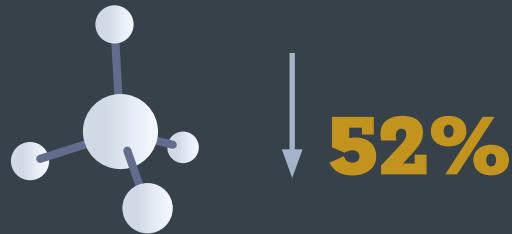
- Acquired a mobile methane sensing vehicle to supplement the mobile surveillance campaign. There have been 32 surveys conducted since the sensor has been deployed.
- Inspected 1074 facilities; 77% were compliant.
- Conducted 502 methane audits.
- Released 67 methane report cards, resulting in 580 amendments—demonstrating how oversight is driving improvements in data accuracy and emissions management across industry.

Dam Safety

Dams owned by energy companies are used in oil sands mining, coal mining, in situ oil sands projects, and oil and gas operations. By the end of 2024, 260 dams across the province were under our jurisdiction, including 129 tailings dams, most of which are in the oil sands mining sector. We provide consistent regulatory oversight of the structural integrity of energy dams, ensuring dam owners comply with regulatory requirements under the *Water Ministerial Regulation* and the [Alberta Dam and Canal Safety Directive](#).



Methane Emissions Reduction 2014–23



We publish an annual Dam Safety Program Report, which details our activities and the associated outcomes under the dam safety program, including inspection results and any noncompliance and safety deficiencies identified concerning the structural integrity of dams. We developed the report as part of our commitment to provide public information on the program outcomes, as recommended by the 2015 Auditor General of Alberta's report, *Systems to Regulate Dam Safety*.

HIGHLIGHTS

Managing Energy Liabilities

Energy companies in Alberta are responsible for ensuring their infrastructure and sites are safely closed and cleaned up. The closure work required to meet end-of-life obligations and the costs associated with this work are called "liability."

In alignment with policy direction from the Government of Alberta, the Alberta Energy Regulator has made further updates to its Liability Management Framework (LMF) with the removal of the Liability Management Rating (LMR) and associated programs.

The AER developed *Directive 088*, along with *Manual 023*, to begin implementing the LMF in 2021. This was the start of the formal replacement of the LMR, where the holistic licensee assessment and licensee capability assessment were introduced.

Replacing the LMR and all its associated programs has resulted in updates to four directives:

- *Directive 001: Requirements for Site-Specific Liability Assessments* – contains requirements for how to complete site-specific liability assessments (SSLA) and submission guidelines.
- *Directive 011: Estimated Liability (previously Licensee Liability Rating (LLR) Program: Updated Industry*

Parameters and Liability Costs) – consolidates liability requirements, including how liability is estimated and used, and sets out licence types that are eligible to be orphaned.

- *Directive 068: Security Deposits* – incorporates security provisions previously covered under *Directive 088*. It now also applies to geothermal and brine-hosted environments.
- *Directive 088: Licensee Life-Cycle Management* – revisions focused on moving content to appropriate directives. The Conditional Adjustment to Reclamation Liability (CARL) program has been moved to *Directive 011*, while security collection requirements have been integrated into *Directive 068*.

Removal of the LMR required amendments to the *Oil and Gas Conservation Rules*, and rescindment of the following directives:

- *Directive 006: Licensee Liability Rating (LLR) Program*
- *Directive 024: Large Facility Liability Management Program (LFP)*
- *Directive 075: Oilfield Waste Liability (OWL) Program*

While these changes streamline regulatory requirements, they do not reduce the AER's authority or enforcement capabilities. The LMR and its related programs are replaced by the more comprehensive

Critical Milestones



Directive 001

site-specific requirements



Directive 011

estimated liability



Directive 068

security deposits



Directive 088

licensee life-cycle management

HIGHLIGHTS

liability management framework to better manage liabilities in Alberta's energy sector by ensuring closure costs are borne by the licensee as per resource development legislation.

Reducing Inactive Liability

In December 2024, we published our second annual [Liability Management Performance Report](#), which includes data from 2023. The annual report is a snapshot of progress over time, including background and context on liability associated with conventional oil and gas operations, industry trends on infrastructure growth, liability estimates, and closure spending and activity.

Between January and December 2023, the industry reported spending \$769 million on closure, exceeding the \$700 million spend requirement by 10%. The industry-funded Orphan Well Association completed a further \$149 million of closure work, plus an estimated \$174 million in grant funding from the Government of Alberta's Site Rehabilitation Program. Altogether, over \$1 billion was spent on closure work in Alberta in 2023.

Directive 088 and the Inventory Reduction Program stipulate a minimum mandatory closure spend for all

oil and gas companies with inactive liability to facilitate the closure of inactive wells, pipelines, and facilities. This program increases the amount of closure work occurring in Alberta, reduces liability, and ensures more timely land restoration to equivalent land use.

All licensees with inactive inventory must meet an annual minimum mandatory closure spend. The closure spend specifies the minimum amount of money that licensees are required to spend on oil and gas closure work each year. We encourage companies to collaborate using an area-based closure approach to increase the efficiency of development closure and complete more closure work.

In 2025, the industry-wide closure spend requirement was raised to \$750 million, a \$50 million increase from 2024. In addition, we issue an orphan fund levy on licensees to fund the Orphan Well Association, an entity responsible for the closure of orphaned oil and gas infrastructure. The levy for the 2025/26 fiscal year was set at \$144.45 million.

Closure Activities

Closure activities are the primary method of reducing liability from inactive infrastructure, involving decommissioning infrastructure and site remediation and reclamation. All infrastructure and energy

Minimum Mandatory Closure Spend Requirements



\$422 million

2022*



\$700 million

2023**



\$700 million

2024



\$750 million

2025

* Actual industry spend in 2022 was \$696 million, exceeding requirements by 65%.

** Actual industry spend in 2023 was \$769 million, exceeding requirements by 10%.

HIGHLIGHTS

development sites must be permanently and safely decommissioned, assessed, remediated, if necessary, and reclaimed, and the costs and responsibility for this work rests with the industry.

About 6623 wells and 150 pipelines were decommissioned in 2023. Closure activity is driven by several factors, including the AER minimum mandatory closure spend, the Government of Alberta's Site Rehabilitation Program, and AER changes to allow some routine abandonment of commingled wells. We issued 3655 reclamation certificates on wells and facilities, confirming the successful reclamation of a site according to regulatory requirements. A reclamation certificate is issued by the AER confirming that a site has been successfully reclaimed according to regulatory requirements.

Orphaning and Insolvency

When an energy company ceases operations without having properly closed its infrastructure, we will order the responsible party to close it. When an energy company becomes insolvent, defunct, or cannot meet its obligations to close its site safely and responsibly, we may designate the well, facility, or pipeline as an "orphan" to the Orphan Well Association's care to be abandoned, remediated, and reclaimed under the *Oil and Gas Conservation Act*.

Anyone with a legal or beneficial interest in a site is known as a working interest participant. Working interest participants may be ordered to conduct closure work or pay for their share of closure costs. Throughout 2024/25, we introduced a new approach for the more orderly, efficient, and cost-effective closure of these sites that focused on public safety, environmental protection, and accountability.

In 2024/25, we carried out the following actions:



Prescribed an orphan fund levy for 2025/26 of \$144.45 million, a 7% increase from the previous year's levy of \$135 million. The increase provides additional funding to help the Orphan Well Association address the growing number of orphaned oil and gas sites across the province.



Issued 59 orders directing closure work on sites where the licensee was insolvent, defunct, or could no longer meet its obligations to close its site safely and responsibly.



Designated 4978 wells, facilities, and pipelines as orphans, where the Orphan Well Association was authorized to carry out closure work for the sites.



HIGHLIGHTS

Processing Applications and Submissions

We have established targets to ensure we review applications in a timely and diligent manner. We review 96 different types of applications, with each type having a target that reflects the complexity of the application process. Of the 37 151 applications processed in 2024/25, 25 856 were classified as routine and 11 295 as nonroutine (higher-risk and higher complexity). We met our processing targets for 99% of routine applications and almost 97% of nonroutine applications.

In 2024/25, we received nearly 2311 applications related to subsurface requirements specified in the *Oil and Gas Conservation Act* and the *Oil Sands Conservation Act*. We met our application timelines, even with increased volumes, by using

our risk-informed approach along with process improvements, collaborative support, and enhanced data usage.

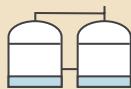
Our regulatory oversight includes ensuring contaminated sites are adequately understood and that remedial measures are satisfactory. We received 8654 record of site condition (RoSC) submissions in 2024/25. The RoSC enables effective delivery of risk-based oversight, with 1025 (11%) of submissions requiring additional review. We enhanced our processes to improve intake efficiency, data quality, and baseline responses through OneStop. We also enhanced our regulatory framework for carbon capture, utilization, and storage (CCUS), including updating *Directive 065* application requirements. All CCUS projects must meet our regulatory requirements before being allowed to inject carbon dioxide into the deep subsurface.

Activity Breakdown by Application Type in 2024/25



11 965

public land applications reviewed



185

waste management and storage applications reviewed (achieved 100% target timelines for routine and 99% for nonroutine).



76

waste management and storage audits conducted



475

Oil Sands Conservation Act and Environment Protection and Enhancement Act applications reviewed



over 7968

manual *Public Lands Act* applications completed



4185

Water Act submissions received



2480

Water Act submissions reviewed



136

EPEA applications received

HIGHLIGHTS

Deloitte Overview

In 2023, we engaged Deloitte LLP to conduct a third-party review following our issuance of an environmental protection order (EPO) to Imperial Oil for their Kearl oil sands facility. Deloitte's report recommended key areas for improvement within the AER's incident response and communication frameworks. Throughout 2024 and into 2025, we finalized our plan, collaborated with Deloitte to review outcomes, and began implementing key improvements.

Throughout 2024 and into 2025, we worked across teams to strengthen incident response, compliance enforcement, public communication, and oversight of oil sands operations. By operationalizing new work processes and protocols, we are setting a stronger standard for regulatory performance in Alberta. These improvements clarify expectations, support timely decisions, and enhance transparency, helping to build public trust and increase the overall effectiveness of our regulatory system.

AER Kearl Enforcement Actions

The Deloitte review only involved the AER's internal incident response processes. We are conducting our investigation of the incident under our statutory authority.

Our ongoing investigation of the Kearl incidents resulted in our enforcement action against Imperial Oil in August 2024, imposing an administrative penalty and terms and conditions on the company because of two contraventions of its approval conditions. The AER also released the first findings from our ongoing investigation into potential contraventions at the Kearl site. Initial findings showed a shallow subsurface

pathway allowed industrial wastewater to bypass the seepage interception system and leave the lease. To date, there have been no reported impacts on wildlife.

In January 2025, we laid nine charges in relation to the February 2023 industrial wastewater release at the site. These included six charges under the *Environmental Protection and Enhancement Act* and three under the *Public Lands Act*. This legal matter is now before the courts.

These actions reflect our commitment to accountability, environmental protection, and continuous improvement.



HIGHLIGHTS

By operationalizing new work processes and protocols, we are setting a stronger standard for regulatory performance in Alberta.



FEATURE

ENHANCING OUR UNDERSTANDING OF ALBERTA'S ENERGY POTENTIAL

We're unlocking a clearer picture of our province's energy potential.

Since fall 2024, we have been working with McDaniel & Associates Consultants Ltd. to modernize how the province evaluates and reports hydrocarbon reserves and resources.

On behalf of the Government of Alberta, the Alberta Geological Survey (AGS) and the Technical Science and External Innovation branches support this work.

By applying the latest industry standards and scientific methodologies, we provide more accurate and transparent data to the government and the public.

As of February 2025, assessments were completed for unconventional resources within four key formations, including updated evaluations of the Montney and Duvernay Formations and the first formal regional evaluation of the Clearwater and Spirit River Formations.

The results to date show a significant shift in Alberta's energy landscape, with the new reserves numbers being greater because they are based on a larger dataset that considers more wells compared to previous estimates.

Alberta's total gas reserves are now projected at 144 trillion cubic feet, six times more than the previous estimates in the Alberta Energy Outlook. The Spirit River Formation has emerged as a major new resource, with gas volumes surpassing the Duvernay in some areas.

The updated evaluations provide a clear and more holistic picture of Alberta's energy potential. This work supports industry investment,

FEATURE



government decision making, and the public's understanding of the province's energy landscape.

As new reserve estimates are completed, they will be featured in future annual editions of the Alberta Energy Outlook.

This new resource evaluation is a key resource for industry, policymakers, and investors, offering the latest data on Alberta's oil, gas, and mineral resources.

HIGHLIGHTS

Municipal Property Taxes

Since May 2023, as directed by the Government of Alberta, we have ensured that applicants for a new well licence or licence transfer with municipal tax arrears above \$20 000 meet strict criteria or are denied. In 2024, we updated the requirements for unpaid municipal property taxes with new provisions for the transfer of orphan wells and specific conditions for tax arrears payments.

Hearings

An AER hearing is a formal, court-like process where decisions are made on matters that the AER has referred for a hearing, including applications, regulatory appeals, and reconsiderations. Hearings are conducted by hearing commissioners, who are appointed by the Government of Alberta through an Order in Council.

The hearing commissioners adhere to a [Code of Conduct](#). The code identifies the values and responsibilities that hearing commissioners demonstrate in their work. It outlines what the public, governments, stakeholders, Indigenous communities, and other parties can expect from the hearing commissioners.

The Hearing Commissioners' Office includes ten commissioners, who are independent decision makers. The Hearing Services team supports commissioners as they perform their work.

Hearing commissioners can use Alternative Dispute Resolution (ADR) processes to help parties resolve disputes or reach agreement on matters that support an efficient hearing process.

Launched in 2025, the new [Public Record System for Hearings](#) provides on-demand access to nonconfidential hearing files through an embedded smart search.

A hearing may be cancelled if the participants withdraw their statement of concern or request for regulatory appeal or the proponent withdraws its application. Hearing commissioners may also issue a costs order requiring a company to pay for some expenses incurred by hearing participants.

In 2024/25, 11 new files were referred to the Hearing Commissioners' Office, while 13 proceedings continued from previous years. Four hearings were held and nine were cancelled. Hearing commissioners issued four

2024/25 Hearing Files



13

regulatory appeals



9

applications



2

reconsiderations

HIGHLIGHTS

hearing decisions, and one costs order was issued. As of March 31, 2025, eight proceedings were ongoing and three were adjourned.

More information on hearings, the hearing process, decisions, and the ADR process is available on aer.ca.

Updating Our Requirements

We formed our red tape reduction initiative in May 2019 in response to the Government of Alberta's *Red Tape Reduction Implementation Act*. The government set a goal to reduce regulatory requirements by one-third, cut costs and inefficient processes without impacts to public and environmental safety.

During 2024/25, we continued to reduce regulatory requirements in our regulatory instruments (i.e., directives, forms, and manuals). While reducing requirements, we have upheld our environmental and public safety mandate and conducted Indigenous, stakeholder, and public engagement where appropriate.

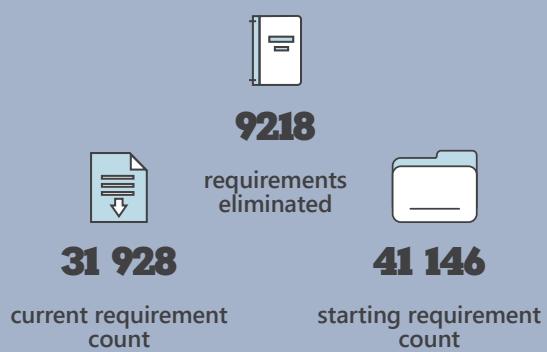
Our red tape requirement count was 41 146 requirements across 204 regulatory instruments when the red tape initiative began. In 2024/25, we updated 63 regulatory instruments, reducing the total count by an additional 2660 requirements. These reductions help energy companies and stakeholders to understand our requirements and more easily navigate our regulatory instruments.

Since 2019, we have reduced the cumulative red tape count by 22.4% (or 9218 requirements) while maintaining rigorous environmental and safety oversight.



Regulatory Requirement Reduction

Since 2019, we have reduced the requirement count by 22.4%, while maintaining oversight:



HIGHLIGHTS

Our Expanded Mandate

Under the direction of the Government of Alberta, our mandate expanded from oil, oil sands, natural gas, and coal to include resource development for deep geothermal and minerals. This work stemmed from two pieces of policy and aims at providing regulatory clarity and certainty.

In support of our expanded mandate, we developed and launched new and updated regulatory instruments in 2024/25 to enhance regulatory certainty in the geothermal and mineral sectors. We also facilitated engagement and awareness initiatives to ensure industry, Indigenous communities, and the public have opportunities to provide feedback and learn more about these sectors and regulatory changes.

Minerals

We became responsible for regulatory oversight of mineral resource development in the province with the full proclamation of the *Mineral Resource Development Act* on Feb. 28, 2024. The *Mineral Resource Development Act* expanded our mandate to include responsibility for rock-hosted mineral resource development throughout their life cycle. Brine-hosted

minerals came under our authority in March 2023 with the release of *Directive 90: Brine-Hosted Mineral Resource Development*.

Throughout 2024/25, we continued planning and executing this next phase of regulation to support the development of mineral resources.

- On January 7, 2025, we released *Manual 030: Rock-Hosted Mineral Exploration*, which outlines processes and expected timelines for rock-hosted mineral exploration applications.
- On January 9, 2025, we released a new edition of *Directive 007: Volumetric and Infrastructure Requirements*, and *Manual 011: How to Submit Volumetric Data* as part of the mineral resource regulatory framework implementation. The directive and manual were updated to include requirements for brine-hosted mineral operations in accordance with the *Brine-Hosted Mineral Resource Development Rules* and *Directive 090: Brine-Hosted Mineral Resource Development*.
- On February 24, 2025, we began a 60-day public comment period on the proposed Specified Enactment *Direction XXX: Rock-Hosted Mine Liability Process*.



In support of our expanded mandate, we developed and launched new and updated regulatory instruments in 2024/25 to enhance regulatory certainty in the geothermal and mineral sectors.

HIGHLIGHTS

We now accept applications for brine- and rock-hosted mineral resource developments. Additionally, we transitioned existing mineral operators into our regulatory oversight from various Government of Alberta ministries.

Geothermal

Alberta's foray into geothermal energy marks a significant step towards a more diversified energy portfolio. Establishing the *Geothermal Resource Development Act* and subsequent regulations, including *Directive 089: Geothermal Resource Development*, provides a clear framework for stakeholders, ensuring regulatory certainty while promoting safe and efficient project development. This framework, which applies to facilities and pipelines used solely for geothermal energy production below the base of groundwater protection, underscores Alberta's commitment to this sector.

Throughout 2024/25, we continued planning and executing the next phase of regulation to support the development of deep geothermal energy. On November 28, 2024, we released *Manual 028: Buried*

Geothermal Heat Distribution Pipelines. The manual provides best practices that can be applied throughout the life cycle of geothermal heat distribution pipelines, focusing on environmental protection and public safety.

Mineral Mapping

Mineral resource development is part of the Government of Alberta's strategy to diversify the energy and resource sector. As such, the AGS, a branch of the AER, and the Government of Alberta partnered on one of the largest mineral mapping programs in Alberta's history, supported by an initial \$25 million grant from the Government of Alberta.

This data collaboration is part of a multiyear program started in 2021 to provide critical information and data on mineral characterization and potential throughout the province. This data will inform future regulatory decisions regarding mineral applications and unlock critical information to inform industry operations. Additionally, this data will support information sharing with non-industry groups to highlight areas where minerals are present in Alberta and where future



HIGHLIGHTS

mineral development may occur. From 2023 to 2025, the AGS released several data sets from this extensive collection and conducted several engagement sessions with Indigenous communities, industry and non-industry stakeholders.

New Interactive Applications

In April 2024, the AGS published the [Alberta Geology, Minerals, and Energy Infrastructure Interactive Mapping Application](#). This application increases data accessibility by combining some of the most sought-after spatial data sets from the AGS and the AER. It enables Indigenous communities, municipalities, landowners, and other interested parties to select, integrate, share, communicate, and interact with data from a wide variety of energy resource developments and metallic and industrial mineral potential locations across Alberta.

In January 2025, the AGS published the [Geothermal Atlas of Alberta Version 1](#). The first of its kind in Canada, this online interactive mapping tool helps users evaluate deep geothermal favourability across key geological units in Alberta.



Evaluating Mineral Potential

The AGS has collected data and published and conducted studies related to the following:

- ★ **airborne geophysics**
- ★ **brine geochemical data**
- ★ **core scanning**
- ★ **digitization of mineral assessment reports**
- ★ **electron microprobe analysis of minerals in Alberta**
- ★ **indicator mineral sampling and processing**
- ★ **magnetotelluric (MT) studies**
- ★ **powder X-ray diffraction analysis of rock samples**
- ★ **remote sensing**
- ★ **rock sampling and analysis**
- ★ **till and stream sediment sampling and analysis**

HIGHLIGHTS



Groundwater Program

The primary goal of the AGS Groundwater Program is to foster the application of groundwater geoscience in the development of science-based policy, regulatory decision making, and management of cumulative effects on Alberta's groundwater resources.

The program is currently focused on predicting aquifer characteristics and groundwater-surface water connectivity, estimating groundwater availability and water chemistry, and mapping the flow and discharge of groundwater systems. This work supports the protection and stewardship of our environment and enables responsible resource development.

In 2024/25, the AGS Groundwater Program had four projects underway:

- Alberta-Northwest Territories Transboundary Aquifer Project
- Determination of Baseline Hydraulic Head and Change Detection Analysis for Quaternary Aquifer Systems in Support of the Oil Sands Monitoring Program
- Anthropogenic Impacts on Shallow Groundwater Quality in Southern Alberta
- Southern Alberta Groundwater Evaluation (SAGE)

All program activities are targeted to support the AER and the Government of Alberta with resource allocation decisions, water policy and regional planning, and environmental protection objectives, including meeting transboundary commitments. The SAGE project was awarded almost \$4 million over three years by the Government of Alberta to help study and map groundwater in southern Alberta as demand for water grows.



HIGHLIGHTS

Seismic Monitoring

AGS experts conduct seismic monitoring to observe and characterize earthquakes throughout the province with the goal of earthquake forensics, mitigation, and industry compliance. The AGS continues to expand and maintain its seismic monitoring network and added 12 stations to its inventory in 2024 (over 70 stations, 38 of which it owns). The enhanced network of seismic stations will help the AER to track earthquakes and differentiate between natural and induced seismic activity as development increases.

Carbon Capture, Utilization, and Storage (CCUS)

CCUS is emerging as a pivotal piece in Alberta's pursuit of emissions reduction and sustainable energy practices. By capturing carbon dioxide emissions from large stationary sources, such as gas-fired generating units and petroleum refineries, CCUS redirects carbon dioxide before it enters the atmosphere, contributing to climate mitigation efforts.

Monitoring, Measurement, and Verification (MMV)

Effective MMV is integral to the safe and reliable operation of CCUS projects. Alberta's rigorous oversight includes delegating MMV oversight to the AER, with updated guidelines and requirements to enhance risk management and accountability. Through continual monitoring and verification, Alberta maintains the integrity and effectiveness of CCUS activities, mitigating environmental risks and advancing sustainable energy practices.

Statements of Concern

Anyone who believes they may be directly or adversely affected by a proposed energy or mineral development project—a well on their land or a

pipeline running through their community—may file a statement of concern (SOC). SOCs help us to understand the concerns of Albertans, Indigenous communities, and the industry potentially affected by energy development and, where possible, provide an opportunity for the applicant to mitigate those concerns. The AER often also applies conditions to an approval to help address concerns. SOC filers can submit the form and supporting documents online through aer.ca, email, or regular mail. We also offer dispute resolution services at any time during the energy development life cycle to support relationship building between involved parties and to assist in resolving concerns outside of the SOC process.

Disclosure

In 2024/25, we did not receive any disclosures of wrongdoing under our *Whistleblower Protection Policy*.

Statement of Concern Application Review Files Completed in 2024/25



285

registered SOCs



55

SOC files completed with no hearing (85 SOCs in total)



5

SOC files completed with a hearing recommendation (11 SOCs in total)

HIGHLIGHTS

Integrated Decision Approach

OneStop

We recognize the critical role of technology in improving our processes and our ability to share data securely with our key stakeholders inside and outside of the AER.

OneStop uses a complex rule set to automate routine (low risk) applications and forward nonroutine (higher risk and complexity) applications to technical experts for review. We continue to add new functionality to OneStop.

In 2024/25, we updated OneStop to include enhanced functionality to support submissions and applications for the record of site condition, liability information, environmental site assessments, public lands, and the Conditional Adjustment Reclamation Liability Program. We also improved how we provide information to users about upcoming outages, new system functionality, and how to use OneStop.

We increased the amount of data available from OneStop to improve transparency. New changes include the ability for environmental professionals and authorized representatives to receive supplemental information requests, automatic filling of environmental professional contact fields in OneStop, and improved navigation for better clarity.



OneStop Technology Platform

Through OneStop, in 2024/25
we received:



342 632 submissions



28 503 applications



18 199 notifications

FEATURE

REFRESHED WEBSITES UNVEILED TO SUPPORT TRANSPARENCY

Finding energy, mineral resources, and geological information got easier in 2024.

The AER and AGS launched new and improved websites on December 2, 2024.

Aer.ca is the AER's central access point for information about Alberta's energy and mineral resources industry. It's also a tool for industry to submit applications, data, and performance information to us. We provide application notices, opportunities for public comment, hearing notices, incident and compliance information, a mechanism to provide formal feedback on proposed regulatory changes, and a host of other opportunities to learn more about regulating the energy industry in Alberta.

The AGS website (ags.aer.ca) is a trusted and accessible source

of geoscience information for Albertans, providing publications, interactive data products and tools, and information on research initiatives.

The new websites provide several improvements:

- A better user experience with a modern look and feel and is responsive for tablets and mobile devices.
- Reorganized site structures and new elements that provide quicker access to popular pages, apps, tools, and information.
- Enhanced search functionality to make results even more relevant and reliable across both sites.
- Tags and dates for search results, helping users understand where results are coming from and when those items were published.

aer.ca

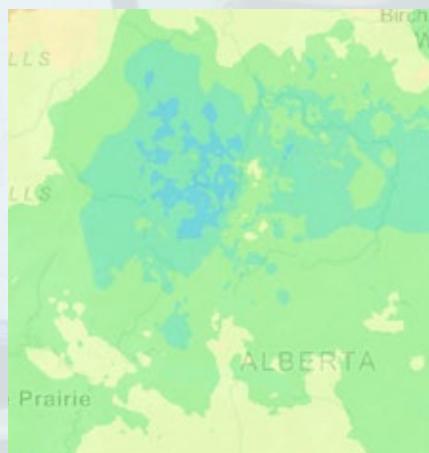


ags.aer.ca

FEATURE

Visitors will also notice new content and applications as part of the website refresh.

For example, within ags.aer.ca is a new interactive mapping application. In December 2024, the AGS published the [Geothermal Atlas of Alberta](#), the first in Canada. This interactive atlas showcases the geothermal potential of specific formations. Users can turn data layers on and off and calculate important geothermal summary statistics in areas they can define.



Most visited pages on aer.ca in 2024/25

- OneStop
- Systems and Tools
- Careers
- Directives

Most visited pages on ags.aer.ca in 2024/25

- All Publications
- Conversion Tools
- ATS Geographic Degrees
- Interactive Apps and Maps

HIGHLIGHTS

Our Reporting

We take reporting seriously to help ensure transparency and accountability. Our suite of reports provides Indigenous communities and stakeholders with detailed insights into various aspects of energy and mineral resource development and regulation in Alberta.

Liability Management Performance Report

Our [Liability Management Performance Report](#) offers a comprehensive view of our efforts to manage oil and gas liabilities effectively. It tracks our progress in addressing orphaned wells, facilities, and pipelines, outlining our actions to mitigate associated risks and ensure compliance with regulatory requirements.

Water Use Performance Report

Water is a critical resource in energy extraction, and our Water Use Performance Report provides stakeholders with data on water usage by the energy industry in Alberta. This report covers withdrawals, consumption, and recycling practices and aims to promote sustainable water management and minimize environmental impact.

State of Fluid Tailings Management for Mineable Oil Sands Report

Alberta has eight operating oil sands mines, and each site has an approved tailings management plan (TMP). Each year since 2015, we have reported on the volume of tailings at each oil sands mine and the technologies that companies use to treat tailings. This report summarizes fluid tailings volumes, water volumes stored in tailings facilities, tailings volumes reaching ready-to-reclaim status, whether operators are within approved fluid tailings profiles, site-wide tailings management activities, alignment with approved TMPs, and continual improvement of tailings treatment technologies.



HIGHLIGHTS

Pipeline Performance Report

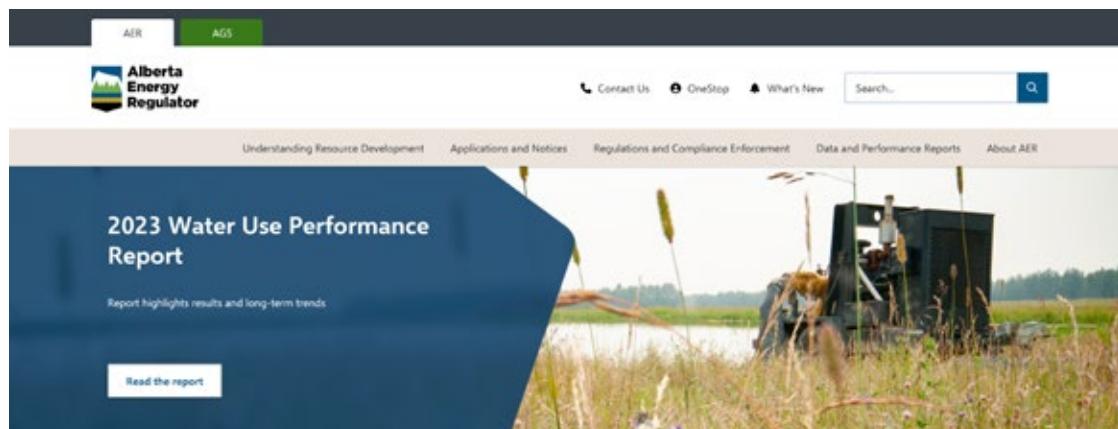
Pipelines are integral to Alberta's energy infrastructure, and our Pipeline Performance Report focuses on their integrity and reliability. It provides data on key performance indicators, incidents, and maintenance activities, ensuring the safe operation of Alberta's pipeline network.

Alberta Energy Outlook Report (ST98)

Our Alberta Energy Outlook Report offers forecasts and analysis of energy production, market trends, and policy developments. This report is a valuable resource for industry stakeholders and policymakers, informing strategic decision making and fostering a deeper understanding of Alberta's energy and mineral landscape. Through these reports, we aim to provide stakeholders with transparent and reliable information, enabling informed decision making and contributing to the responsible development of Alberta's energy and mineral resources.

AER Dam Safety Program Report

We regulate dams associated with energy development, including oil sands mining, in situ oil sands projects, coal mining, and oil and gas developments. Each year, we release a report that provides an operational overview of our Dam Safety Program, summarizing its activities, compliance assurance efforts, and overall effectiveness.



AER AGS

Alberta Energy Regulator

Contact Us OneStop What's New Search..

Understanding Resource Development Applications and Notices Regulations and Compliance Enforcement Data and Performance Reports About AER

2023 Water Use Performance Report

Report highlights results and long-term trends

Read the report



LOOKING AHEAD

Looking Ahead



LOOKING AHEAD

Premier's Review of the AER

The AER has long been recognized as a global leader in the important role of regulating energy development in one of the world's most dynamic energy sectors with an ongoing focus on continuous improvement as industry conditions and public expectations evolve. Based on the Energy and Minerals mandate letter in 2023, the Government of Alberta conducted an independent review of the AER to ensure the regulator was evolving as rapidly as the changing energy landscape, public expectations, and the certainty required to sustain investment and development.

The internal review included cross-ministry interface and coordination, skills and resources, and the activities of AER personnel relative to its mandate and the expectations of government and external partners. The external review put forward specific changes to assist the AER to evolve as rapidly as the province, industry and stakeholders it serves. This included improved and ongoing communications with the province and industry.

In May 2024, the Premier's Review of the AER report was released. Several of the recommendations have been completed, while more are underway, and work with the Government of Alberta continues.

Looking Ahead

Through the course of the previous year, the AER has begun a process of modernization based upon the Premier's review of the AER. Changes included an expanded Board of Directors and a new CEO following the retirement of Laurie Pushor.

The AER will be advancing new requirements on emerging energy and mineral resources. This includes making amendments to existing requirements, rules, and directives to incorporate rock-hosted mineral resource development. This includes external consultation among non-industry stakeholders concerning the development of the rock-hosted mine liability process. This ensures the right balance between ensuring developers are responsible for mature asset closure costs while enabling opportunities for responsible and sustainable mineral resource development.

The AER will continue to implement the liability management framework to ensure developers are responsible for end-of-life closure activities such as reclamation and remediation.

A key priority will be engagement with all stakeholders and Indigenous communities to reach the balance between responsible development, investment, innovation, and sustainability.

Above all, in the coming year, we remain focused on what matters most: the safety of the public and environment and efficient and responsible resource development.

Protecting the public and environment



Efficient and responsible resource development



FINANCIALS

Financials



Consolidated Financial Highlights

Consolidated Summary of Annual Highlights

2025

2024

	Budget	Adjustments	Adjusted budget (in thousands)	Actual	Actual
Revenues					
Administration fees	\$ 225 246	\$ 860	\$ 226 106	\$ 226 107	\$ 218 234
Orphan fund levies and transfers	135 500	11 000	146 500	150 376	150 241
Government of Alberta grant	15 877	6 462	22 339	18 127	14 185
Other revenue	7 798	1 654	9 452	10 378	9 924
	384 421	19 976	404 397	404 988	392 584
Expenses					
Energy regulation	246 421	8 976	255 397	247 604	237 132
Orphan well abandonment	135 500	11 000	146 500	150 376	150 241
	381 921	19 976	401 897	397 980	387 373
Operating surplus	2 500	-	2 500	7 008	5 211
Capital					
Capital investment	14 500	-	14 500	18 710	14 114
Less: Amortization of tangible capital assets	(12 000)	-	(12 000)	(11 944)	(12 903)
Net loss on disposal and write-down of tangible capital assets	-	-	-	(174)	(148)
Proceeds on disposal of tangible capital assets	-	-	-	(18)	(12)
Net capital investment	2 500	-	2 500	6 574	1 051
Surplus	\$ -	\$ -	\$ -	\$ 434	\$ 4 160

All amounts are expressed in thousands of Canadian dollars.

FINANCIALS

The AER is an industry-funded regulatory body accountable to the Government of Alberta. The operating expenses and capital investments of the AER are derived from several revenue sources: administration fees, commonly referred to as the administrative levy, government grants, and other revenue sources such as proceeds from product sales and earned interest income. Furthermore, the AER collects orphan fund levies, license fees, and forfeited security deposits, which are remitted directly to the Orphan Well Association (OWA).

The previous table summarizes the results of our operations and net capital investment for the year ended March 31, 2025.

Administration Fees

Alberta's *Responsible Energy Development Act* authorizes the AER to levy an administration fee on the following regulated sectors: the province's oil and gas, oil sands, coal, pipeline, and facilities. The funds collected from administration fees are used to fulfil the AER's mandate to ensure Alberta's safe, efficient, orderly, and environmentally responsible development of energy and mineral resources through our regulatory activities. For the year ended March 31, 2025, administration fees increased by \$7 873 or 3.6%, to support the AER's operational needs. In the fiscal year ended March 31, 2025, the AER collected 69.0% (2024 – 71.0%) of industry levies from oil and gas, 19.4% (2024 – 19.9%) from oil sands, 3.6% (2024 – 4.0%) from coal operations, 5.4% (2024 – 3.4%) from pipelines, and 2.6% (2024 – 1.7%) from facilities

in the form of administration fees. Additionally, administration fees for the 2025 fiscal year include \$353 (2024 – \$341) in issued late payment penalties.

Orphan Fund Levy and Transfers

Under Part 11 of the *Oil and Gas Conservation Act*, the AER is required to prescribe an orphan fund levy. This levy is based on the revenue requirements identified by the OWA board and approved by the Government of Alberta. For the year ended March 31, 2025, the AER issued an orphan fund levy of \$135 000, consistent with prior year. Additionally, the AER collected and transferred \$14 227 (2024 – \$14 260) in forfeited security deposits, \$434 in application fees (2024 – \$465) and \$715 (2024 – \$516) in penalties.

Government of Alberta grants

The AER received grants totalling \$20 869 to support various initiatives, including the continued implementation of its mineral strategy (\$15 877), the Reserves Study Project (\$3 200), the Southern Alberta Groundwater Evaluation (\$1 462), and space optimization efforts (\$330). Grant revenue is recognized in relation to expenses incurred under the respective agreements, with any unspent funds being carried over to subsequent years and expensed per accounting standards. For the fiscal year ended March 31, 2025, the AER recognized \$18 127 in grant revenue. An amount of \$2 742 will be carried over into fiscal 2025/26 to further support the ongoing development and operationalization of the mineral strategy and implementation workstreams (\$2 303) and

All amounts are expressed in thousands of Canadian dollars.

the Southern Alberta groundwater evaluation project (\$439).

Other Revenue

Other revenue consists of data subscriptions, enforcement revenue, electronic data and publications sales, revenue from projects performed on a cost-recovery basis, and investment income. For the year ended March 31, 2025, other revenue increased by \$454, primarily driven by higher enforcement revenue related to noncompliance fees.

Energy Regulation

Expenses rose by \$10 472, or 4.4% for the year ended March 31, 2025, primarily due to increased salary costs from government-approved salary programs. Overall, the AER remains committed to exercising financial prudence and actively seeks cost reduction opportunities.

Capital Investment

Developing and acquiring tangible capital assets, primarily in information technology and leasehold improvements, is essential for the AER to fulfil its mandate effectively and efficiently while maintaining a modern and conducive working environment for its employees.

For the year ended March 31, 2025, the AER made capital investments totaling \$18 710. These investments were directed towards enhancing IT infrastructure, advancing the OneStop platform, and developing the AER's Integrated Decision Approach technology.

Additionally, leasehold improvements were made to optimize office space and foster a more collaborative environment for staff.

Budget Management

For the year ended March 31, 2025, the AER planned for a balanced budget and, despite experiencing non-discretionary pressures throughout the year, maintained its forecast for a balanced financial position. These pressures were mitigated through increased revenue and prudent cost management strategies, prioritizing funding initiatives and identifying savings opportunities. Additionally, unplanned initiatives assigned to the AER by the GoA were supported through specific grant agreements. The AER completed the year with a surplus of \$434 (2024 – \$4 160), 0.1% of total revenues.

All amounts are expressed in thousands of Canadian dollars.

Alberta Energy Regulator
Consolidated Financial Statements
For the Year Ended March 31, 2025

Independent Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Change in Net Financial Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedules to the Consolidated Financial Statements

To the Board of Directors of the Alberta Energy Regulator

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Alberta Energy Regulator (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated 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 my 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 Group'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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 15, 2025
Edmonton, Alberta

ALBERTA ENERGY REGULATOR
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2025
(in thousands)

	2025		2024	
	Budget (Note 4, Schedule 3)	Actual	Actual	
Revenues				
Administration fees	\$ 225,246	\$ 226,107	\$ 218,234	
Orphan fund levies and transfers (Note 5)	135,500	150,376	150,241	
Government of Alberta grants	15,877	18,127	14,185	
Investment income	6,299	6,339	7,223	
Information, services and fees	1,499	4,039	2,701	
	384,421	404,988	392,584	
Expenses				
Energy regulation (Schedule 1)	246,421	247,604	237,132	
Orphan well abandonment (Note 5)	135,500	150,376	150,241	
	381,921	397,980	387,373	
Annual operating surplus	2,500	7,008	5,211	
Accumulated surplus at beginning of year	80,146	80,146	74,935	
Accumulated surplus at end of year	\$ 82,646	\$ 87,154	\$ 80,146	

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA ENERGY REGULATOR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025
(in thousands)

	2025	2024
Financial assets		
Cash and cash equivalents (Note 6)	\$ 13,180	\$ 19,142
Accounts receivable (Note 7)	7,759	2,641
Portfolio investments (Note 8)	20,354	19,902
Pension assets (Note 15)	15,718	13,737
	<hr/> 57,011	<hr/> 55,422
Liabilities		
Accounts payable and other accrued liabilities (Note 9)	24,586	25,317
Payable to Orphan Well Association	3,521	1,459
Deferred revenue (Note 10)	9,770	6,588
Deferred lease incentives (Note 12)	7,018	8,387
	<hr/> 44,895	<hr/> 41,751
Net financial assets	<hr/> 12,116	<hr/> 13,671
Non-financial assets		
Tangible capital assets (Note 16)	64,297	57,723
Prepaid expenses and other assets	10,741	8,752
	<hr/> 75,038	<hr/> 66,475
Net assets		
Accumulated surplus (Note 17)	<hr/> \$ 87,154	<hr/> \$ 80,146
Asset Retirement Obligation (Note 14)		
Contractual rights (Note 18)		
Contingent liabilities (Note 19)		
Contractual obligations (Note 20)		

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA ENERGY REGULATOR
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2025
(in thousands)

	2025		2024	
	Budget (Note 4, Schedule 3)	Actual	Actual	
Annual operating surplus	\$ 2,500	\$ 7,008	\$ 5,211	
Acquisition of tangible capital assets (Note 16)	(14,500)	(18,710)	(14,114)	
Amortization of tangible capital assets (Note 16)	12,000	11,944	12,903	
Net loss on disposal and write-down of tangible capital assets		174	148	
Proceeds on disposal of tangible capital assets		18	12	
Increase in prepaid expenses and other assets		(1,989)	(548)	
(Decrease)/increase in net financial assets	-	(1,555)	3,612	
Net financial assets at beginning of year	13,671	13,671	10,059	
Net financial assets at end of year	<u>\$ 13,671</u>	<u>\$ 12,116</u>	<u>\$ 13,671</u>	

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA ENERGY REGULATOR
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2025
(in thousands)

	2025	2024
Operating transactions		
Annual operating surplus	\$ 7,008	\$ 5,211
Non-cash items included in annual operating surplus:		
Amortization of tangible capital assets (Note 16)	11,944	12,903
Net loss on disposal and write-down of tangible capital assets	174	148
Change in pension assets	(1,981)	(3,834)
Bad debt expense	2,095	1,325
Change to deferred lease incentives	21	-
Amortization of deferred lease incentives (Note 12)	(1,390)	(1,462)
	<hr/>	<hr/>
	17,871	14,291
Increase in accounts receivable	(7,213)	(1,039)
Increase in prepaid expenses and other assets	(1,989)	(548)
Decrease in accounts payable and other accrued liabilities	(731)	(700)
Increase/(decrease) in payable to Orphan Well Association	2,062	(960)
Increase/(decrease) in deferred revenue	3,182	(1,069)
Cash provided by operating transactions	<hr/>	<hr/>
	13,182	9,975
Capital transactions		
Acquisition of tangible capital assets (Note 16)	(18,710)	(14,114)
Proceeds on disposal of tangible capital assets	18	12
Cash applied to capital transactions	<hr/>	<hr/>
	(18,692)	(14,102)
Investing transactions		
Purchase of portfolio investments (Note 8)	-	(19,902)
Increase in portfolio investments	(452)	-
Cash applied to investing transactions	<hr/>	<hr/>
	(452)	(19,902)
Decrease in cash and cash equivalents	(5,962)	(24,029)
Cash and cash equivalents at beginning of year	19,142	43,171
Cash and cash equivalents at end of year	\$ 13,180	\$ 19,142

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 1 AUTHORITY

The Alberta Energy Regulator (AER) is an independent and quasi-judicial organization of the Government of Alberta. The AER operates under the *Responsible Energy Development Act*. The AER's mandate provides for the efficient, safe, orderly and environmentally responsible development of energy and mineral resources in Alberta through regulatory activities. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans. The AER is exempt from income taxes under the *Income Tax Act*.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

Reporting Entity and Method of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the AER, which is composed of all components controlled by the AER. The orphan fund is a fund retained and administered by the AER. The AER collects an orphan fund levy and a large facility program orphan levy (when applicable), and transfers the funds to the Orphan Well Association through the orphan fund. The AER also transfers funds for first time licensee application fees, including regulator directed transfer fees, and forfeited security deposits through the orphan fund. The AER and the orphan fund are consolidated using the line-by-line method.

Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

The AER recognizes revenue from transactions with no performance obligations, such as administration fees and orphan fund levies, at their realizable value. Revenue from transactions with performance obligations, including information, services and fees, is recognized when the AER provides the promised goods and/or service to a payor.

Cash received for goods and/or services not yet provided before year end is recognized as deferred revenue and recorded in accounts payable and other accrued liabilities.

Government of Alberta grants

Transfers from the Government of Alberta are referred to as provincial grants.

Provincial grants without stipulations for the use of the transfer are recognized as revenue when the transfer is authorized and the AER meets the eligibility criteria (if any). Provincial grants with stipulations for the use of the transfer are recognized as deferred revenue and subsequently recognized when the AER meets the stipulations.

Investment income

Investment income includes interest income and realized gains and losses on the sale of portfolio investments. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Employee future benefits

The AER maintains its own defined benefit Senior Employees Pension Plan (SEPP) and two supplementary pension plans to compensate senior staff who do not participate in the government management pension plans. Retirement benefits are based on each employee's years of service and remuneration.

Pension assets represent the sum of the accumulated cash contributions less the sum of the current and prior years' pension expense.

Accrued benefit obligations are actuarially determined using the projected benefit method prorated on length of service and management's best estimate of expected plan investment performance, projected employees' compensation levels and retirement age of employees.

Accrued benefit obligations and pension benefit costs for the year are calculated using the expected rate of return on plan assets as the discount rate, which is determined using market values of plan assets.

Actuarial gains and losses are amortized over the average remaining service period of the active employees, which is 11.1 years (2024 - 11.1 years).

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Basis of Financial Reporting (continued)

Employee future benefits (continued)

Past service cost arising from plan amendments is accounted for in the period of the plan amendments.

Gains and losses determined upon a plan curtailment are accounted for in the period of curtailment.

The AER participates in the Government of Alberta's multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. Defined contribution plan accounting is applied to these plans as the AER has insufficient information to apply defined benefit plan accounting. Accordingly, pension expense comprises employer contributions to the plans that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plans' future benefits.

Valuation of financial assets and liabilities

The AER's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Portfolio investments	Amortized cost
Pension assets	Lower of cost or net recoverable value
Accounts payable and other accrued liabilities	Cost
Payable to the Orphan Well Association	Cost
Environmental liabilities	Cost
Deferred lease incentives	Amortized cost

The AER has not designated any financial assets or liabilities in the fair value category, does not have any significant foreign currency transactions and does not hold any derivative contracts. The AER has no significant remeasurement gains or losses and consequently has not presented a Consolidated Statement of Remeasurement Gains and Losses.

Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets include cash and the AER's financial claims on external organizations and individuals at year end.

Cash and cash equivalents

Cash comprises cash on hand, externally restricted cash and demand deposits. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes, with terms to maturity of primarily less than three months from the date of acquisition.

Accounts receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Portfolio investments

Portfolio investments are recognized at amortized cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments using an effective interest method. Any declines in market value below costs are considered to be temporary and therefore no write-downs have been recorded.

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Basis of Financial Reporting (continued)

Liabilities

Liabilities are present obligations of the AER to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts. Liabilities include all financial claims payable by the AER at fiscal year end.

Deferred lease incentives

Deferred lease incentives, consisting of leasehold improvement costs, reduced rent benefits and rent-free periods, are amortized on a straight-line basis over the term of the leases.

Environmental liabilities

Liability for Contaminated Sites:

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment.

A liability for remediation of a contaminated site may arise from an operation that is either in productive use or no longer in productive use and may also arise from an unexpected event resulting in contamination. The resulting liability is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the AER is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

Contingent liabilities

A contingent liability is recognized when:

- i. there is an existing condition or situation;
- ii. there is an expected future event that will resolve the uncertainty as to whether a present obligation to sacrifice economic benefits exists;
- iii. it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and
- iv. a reasonable estimate of the amount can be made.

Non-financial assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver AER services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets of the AER include tangible capital assets, prepaid expenses and other assets.

Tangible capital assets

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

Leasehold improvements	Straight line	Term of the lease
Furniture and equipment	Straight line	3 - 10 years
Vehicle	Straight line	5 - 15 years
Computer hardware	Straight line	3 - 10 years
Computer software - purchased	Straight line	3 - 10 years
Computer software - developed	Straight line	3 - 10 years

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Basis of Financial Reporting (continued)

Non-financial assets (continued)

Amortization is only expensed when the tangible capital asset is put into service.

Work-in-progress, which may include developed computer software and leasehold improvements, is not amortized until a project is complete and the asset is put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the AER's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as an expense in the Consolidated Statement of Operations.

Prepaid expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreements.

Measurement uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount, whenever estimates are used. The amounts recognized for amortization of tangible capital assets are based on estimates of the useful life of the related assets. Accrued defined benefit obligations are subject to measurement uncertainty due to the use of actuarial assumptions. The resulting estimates are within reasonable limits of materiality and are in accordance with the AER's significant accounting policies.

Estimates of contingent liabilities for contaminated sites are subject to measurement uncertainty because the existence and extent of contamination, the responsibility for clean-up, and the timing and costs of remediation cannot be reasonably estimated in all circumstances. The degree of measurement uncertainty cannot be reasonably determined.

Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

The Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2026:

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the conceptual framework and the standard on the Consolidated Financial Statements.

Note 4 BUDGET

The budget and budget adjustments reflected on Schedule 3 have been approved by the Government of Alberta.

Note 5 ORPHAN WELL ABANDONMENT

(in thousands)

The Government of Alberta has delegated the authority to manage the abandonment and reclamation of wells, facilities, and pipelines that are licensed to defunct licensees to the Orphan Well Association. The AER collects an orphan fund levy and a large facility program orphan levy, and transfers the funds to the Orphan Well Association through the orphan fund. The AER also transfers funds for first time licensee application fees, including regulator directed transfer fees, and forfeited security deposits through the orphan fund. During the year ended March 31, 2025, the AER invoiced \$135,715 (2024 - \$135,516) in levies and penalties. Additionally, the AER collected and transferred \$14,227 (2024 - \$14,260) in forfeited security deposits and \$434 (2024 - \$465) in application fees.

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 6 CASH AND CASH EQUIVALENTS

(in thousands, unless otherwise noted)

Cash and cash equivalents are held in an account with a Canadian chartered bank and earn interest calculated based on the average monthly cash balance. The funds are available to be withdrawn upon request. During the year ended March 31, 2025, the AER earned interest at an annual average rate of 4.6% (2024 - 5.5%).

Cash and cash equivalents includes restricted funds of \$9,593 (2024 - \$6,411), as reflected in deferred revenue (discussed in Note 10).

Note 7 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2025		2024	
	Gross amount	Allowance for doubtful accounts	Net recoverable value	Net recoverable value
Accounts receivable	\$ 10,032	\$ (2,273)	\$ 7,759	\$ 2,641

Note 8 PORTFOLIO INVESTMENTS

(in thousands)

	2025		2024	
	Book value	Fair value	Book value	Fair value
Bonds	\$ 20,354	\$ 20,832	\$ 19,902	\$ 19,654

The bonds are intended to be held long term with interest rates from 2.0% to 6.2% and maturity dates between 2026 and 2034. Any declines in market value below costs are considered to be temporary and therefore no write-downs have been recorded.

Note 9 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

(in thousands)

	2025	2024
Trade and other accrued liabilities	\$ 11,459	\$ 11,839
Lease termination payable	3,150	3,716
Accrued salaries and benefits	9,977	9,762
	\$ 24,586	\$ 25,317

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 10 DEFERRED REVENUE

(in thousands)

Deferred revenue consists of the following:

	2025	2024
Deferred contributions ⁽¹⁾	\$ 9,593	\$ 6,411
Unearned revenue	177	177
	<u>\$ 9,770</u>	<u>\$ 6,588</u>

(1) Deferred contributions

	2025		2024	
	Government of Alberta	Other	Total	Total
Balance at beginning of year	\$ 5,782	\$ 629	\$ 6,411	\$ 7,447
Cash contributions received/receivable during year	20,019	1,834	21,853	13,555
Less: amounts recognized as revenue	(17,104)	(1,567)	(18,671)	(14,496)
Less: unused amounts returned	-	-	-	(95)
Balance at end of year	<u>\$ 8,697</u>	<u>\$ 896</u>	<u>\$ 9,593</u>	<u>\$ 6,411</u>

Note 11 FINANCIAL INSTRUMENTS

The AER has the following financial instruments: cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and other accrued liabilities, and payable to the Orphan Well Association.

Financial Risk Management

The AER has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that the AER will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the AER are met primarily through the collection of funding at the beginning of the year to fund operating and capital expenditures throughout the year. The AER manages liquidity risk by having established budget processes and regularly monitoring cash flows to ensure the necessary funds are available to fulfill upcoming obligations. In addition, the AER maintains a revolving line of credit which provides financial flexibility to allow the AER to meet its obligations if funding cannot be collected on a timely basis.

(b) Credit risk

The AER is exposed to credit risk from potential non-payment of accounts receivable and from the failure of a counterparty to fully honour its financial obligations with the AER. A substantial portion of the AER's accounts receivable include balances due from operators in the oil and gas industry, and are subject to normal industry credit risk. The AER regularly monitors the financial status of operators and assesses the collectability of accounts receivable. The AER's maximum exposure to credit risk is limited to the carrying amount of accounts receivable presented in the Consolidated Statement of Financial Position at the reporting date. The AER established a valuation allowance that corresponds to the specific credit risk of operators, historical trends and economic circumstances.

The AER is exposed to credit risk associated with the underlying debt securities held in investment funds managed by the Canadian Imperial Bank of Commerce (CIBC). All of the AER's investments in bonds are with counterparties considered to be investment grade (AAA to BBB-) at March 31, 2025.

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 11 FINANCIAL INSTRUMENTS (continued)

Financial Risk Management (continued)

(c) Interest Rate Risk

(in thousands)

The AER is exposed to interest rate associated with the underlying interest-bearing securities held in the investment funds. Interest rate risk relates to the possibility that the fair value of investments will change due to future fluctuations in market interest rates. In general, investment returns from bonds are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the AER would be approximately \$1,194 (2024 - \$1,251).

The following table summarizes the terms to maturity of interest-bearing securities held in bond investments at March 31, 2025.

Class	< 1 year	1-5 years	Over 5 years	Average effective market
Bonds	-	5	4	5.1%

Note 12 DEFERRED LEASE INCENTIVES

(in thousands)

The AER has entered into various lease agreements which provide for lease incentives comprising reduced rent benefits, rent-free periods and leasehold improvement costs. These amounts are amortized on a straight-line basis over the term of the lease.

	2025		2024	
	Leasehold improvement costs	Reduced rent benefits and rent-free periods	Total	Total
Balance at beginning of year	\$ 7,101	\$ 1,286	\$ 8,387	\$ 9,849
Additions	-	79	79	-
Write-off of lease incentives	(58)	-	(58)	-
Amortization	(1,079)	(311)	(1,390)	(1,462)
Balance at end of year	<u>\$ 5,964</u>	<u>\$ 1,054</u>	<u>\$ 7,018</u>	<u>\$ 8,387</u>

Note 13 ENVIRONMENTAL LIABILITIES

(in thousands, unless otherwise noted)

The AER has a mandate to protect public safety and the environment. During the fiscal year ended March 31, 2025, responsibility for 31 legacy sites previously administered by the AER was transferred to the Ministry of Environment and Protected Areas (EPA).

Prior to the transfer, the AER had identified 31 legacy sites (2024 - 30), of which, one site (2024 - one) as having immediate public safety and environmental risk. During the year ended March 31, 2025, the AER incurred \$nil (2024 - \$4) in costs related to protective or remediation work at this site, as EPA is now responsible for all necessary mitigation measures.

As at March 31, 2025, the AER is not responsible, nor has it accepted responsibility, for performing remediation and reclamation work at contaminated sites. The AER has \$nil (2024 - \$nil) environmental liabilities recorded.

Note 14 ASSET RETIREMENT OBLIGATION

Tangible capital assets are assessed for asset retirement obligations annually. Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently re-measured taking into account any new information and the appropriateness of assumptions used. At March 31, 2025, the estimate of the liability is insignificant and therefore no liability was recognized. During the year ended March 31, 2025, the AER incurred \$nil (2024 - \$nil) in costs to settle the obligation.

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 15 EMPLOYEE FUTURE BENEFITS

(in thousands, unless otherwise noted)

The AER participates in the Government of Alberta's multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. For the year ended March 31, 2025, the expense for these pension plans is equal to the contributions of \$13,094 (2024 - \$12,357) and is included in salaries, wages and employee benefits on Schedule 1. The AER is not responsible for future funding of the plan deficit other than through contribution increases.

In addition, the AER maintains its own defined benefit Senior Employees Pension Plan (SEPP) and two supplementary pension plans to compensate senior staff who do not participate in the government management pension plans. Retirement benefits are based on each employee's years of service and remuneration.

All the information presented in the note below is related to the AER's defined benefit pension plans.

The effective date of the most recent actuarial funding valuation for SEPP was December 31, 2023. The accrued benefit obligation as at March 31, 2025 is based on the extrapolation of the results of this valuation. The effective date of the next required funding valuation for SEPP is December 31, 2026.

Pension plan assets are valued at market values. During the year ended March 31, 2025, the weighted average actual return on plan assets was 7.9% (6.6% in 2024).

Significant weighted average actuarial and economic assumptions used to value accrued benefit obligations and pension benefit costs were as follows:

<u>Accrued benefit obligations</u>	<u>2025</u>	<u>2024</u>
Discount rate	5.1%	5.3%
Rate of compensation increase	4.0% until March 31, 2025, 3.0% thereafter	6.0% until March 31, 2024, 3.0% thereafter
Long-term inflation rate	2.0%	2.0%
<u>Pension benefit costs for the year</u>	<u>2025</u>	<u>2024</u>
Discount rate	5.3%	5.4%
Expected rate of return on plan assets	5.3%	5.4%
Rate of compensation increase	3.0%	6.0% until March 31, 2024, 3.0% thereafter

The funded status and amounts recognized in the Consolidated Statement of Financial Position were as follows:

	<u>2025</u>	<u>2024</u>
Market value of plan assets	\$ 98,815	\$ 90,265
Accrued benefit obligations	(79,394)	(72,374)
Plan surplus	19,421	17,891
Unamortized actuarial gains	(3,703)	(4,154)
Pension assets	<u>\$ 15,718</u>	<u>\$ 13,737</u>

The pension benefit costs for the year included the following components:

	<u>2025</u>	<u>2024</u>
Current period benefit cost	\$ 2,646	\$ 2,421
Interest cost	3,932	3,705
Expected return on plan assets	(4,940)	(4,549)
Amortization of actuarial gains	(288)	(280)
	<u>\$ 1,350</u>	<u>\$ 1,297</u>

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 15 EMPLOYEE FUTURE BENEFITS (continued)

(in thousands, unless otherwise noted)

Additional information about the defined benefit pension plans is as follows:

	2025	2024
Benefits paid	\$ 2,885	\$ 2,756
AER contributions	3,328	5,134
Employees' contributions	910	850

The asset allocation of the defined benefit pension plans' investments was as follows:

	2025	2024
Equity securities	45.5%	44.9%
Debt securities	24.9%	24.6%
Alternatives	19.9%	19.7%
Other	9.7%	10.8%
	100.0%	100.0%

Note 16 TANGIBLE CAPITAL ASSETS

(in thousands)

	2025					2024	
	Land	Leasehold improvements	Furniture and equipment	Vehicle	Computer hardware and software	Total	Total
	Indefinite	Term of the lease	3-10 years	5-15 years	3-10 years		
Estimated useful life							
Indefinite							
Historical cost ⁽¹⁾							
Beginning of year	\$ 282	\$ 49,100	\$ 12,499	\$ 584	\$ 147,777	\$ 210,242	\$ 201,063
Additions	-	2,687	1,378	1,330	13,315	18,710	14,114
Disposals, including write-downs	-	(8,757)	(3,225)	-	(1,663)	(13,645)	(4,935)
	282	43,030	10,652	1,914	159,429	215,307	210,242
Accumulated amortization							
Beginning of year	\$ -	\$ 29,635	\$ 10,956	\$ 74	\$ 111,854	\$ 152,519	\$ 144,391
Amortization expense	-	2,040	445	145	9,314	11,944	11,948
Effect of disposals, including write-downs	-	(8,656)	(3,179)	-	(1,618)	(13,453)	(4,775)
Transfers and adjustments	-	-	-	-	-	-	955
	-	23,019	8,222	219	119,550	151,010	152,519
Net book value at March 31, 2025	\$ 282	\$ 20,011	\$ 2,430	\$ 1,695	\$ 39,879	\$ 64,297	
Net book value at March 31, 2024	\$ 282	\$ 19,465	\$ 1,543	\$ 510	\$ 35,923		\$ 57,723

⁽¹⁾ Historical costs include work-in-progress at March 31, 2025 totalling \$16,550 (2024 - \$12,055) comprised of: computer hardware and software of \$16,539 (2024 - \$10,896) and leasehold improvements of \$11 (2024 - \$1,159).

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 17 ACCUMULATED SURPLUS

(in thousands)

Accumulated surplus is comprised of the following:

	2025			2024	
	Investments in tangible capital assets ⁽¹⁾	Unrestricted net assets	Total		Total
Balance at beginning of year	\$ 50,622	\$ 29,524	\$ 80,146	\$ 74,935	
Annual operating surplus	-	7,008	7,008	5,211	
Net investment in tangible capital assets ⁽¹⁾	7,711	(7,711)	-	-	
Balance at end of year	<u>\$ 58,333</u>	<u>\$ 28,821</u>	<u>\$ 87,154</u>	<u>\$ 80,146</u>	

⁽¹⁾ Excludes leasehold improvement costs received by the AER as a lease incentive and related amortization.

Note 18 CONTRACTUAL RIGHTS

(in thousands)

Contractual rights are rights of the AER to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

During the year ended March 31, the AER collected the following amounts for its contractual rights under operating subleases:

	2025	2024
Contractual rights from operating subleases	\$ 442	\$ 592

As at March 31, 2025, estimated amounts that will be received or receivable for each of the next five years are as follows:

2025-26	439
2026-27	182
2027-28	-
2028-29	-
2029-30	-
	<u>\$ 621</u>

Note 19 CONTINGENT LIABILITIES

(in thousands, unless otherwise noted)

The AER is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2025, accruals totalling \$14 (2024 - \$25) have been recognized as a liability.

ALBERTA ENERGY REGULATOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 20 CONTRACTUAL OBLIGATIONS

(in thousands)

As at March 31, 2025, the AER had contractual obligations totalling \$123,917 (2024 - \$146,267).

Contractual obligations are obligations of the AER to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2025, estimated payment requirements for obligations under operating leases and contracts for each of the next five years and thereafter are as follows:

2025-26	\$ 36,649
2026-27	30,599
2027-28	19,385
2028-29	13,070
2029-30	13,325
Thereafter	10,889
	\$ 123,917

Note 21 ASSETS UNDER ADMINISTRATION

(in thousands)

The AER administers security deposits in accordance with specified acts and regulations. Security deposits are held on behalf of depositors with no power of appropriation and therefore are not reported in these Consolidated Financial Statements. The AER does not have any financial risk associated with security collected. Security, along with any interest earned, will be returned to the depositors upon meeting specified refund criteria. Security may be forfeited and transferred to the Orphan Well Association for the cost of suspension, abandonment, site decontamination and surface land reclamation.

As at March 31, assets under administration included the following types of security deposits:

	2025			2024	
	Cash	Letters of credit	Surety Bond	Total	Total
Liability Management programs and landfills	\$ 106,665	\$ 347,972	\$ -	\$ 454,637	\$ 426,627
Mine Financial Security program	123,891	990,734	613,102	1,727,727	1,687,864
Other programs	12,550	13,890	5,628	32,068	31,020
	\$ 243,106	\$ 1,352,596	\$ 618,730	\$ 2,214,432	\$ 2,145,511

Note 22 COMPARATIVE FIGURES

Certain 2024 figures have been reclassified, where necessary, to conform to the 2025 presentation.

Note 23 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These Consolidated Financial Statements were approved by the AER Board of Directors on May 15, 2025.

ALBERTA ENERGY REGULATOR
ENERGY REGULATION EXPENSES - DETAILED BY OBJECT
YEAR ENDED MARCH 31, 2025
(in thousands)

Schedule 1

	2025	2024
Salaries, wages and employee benefits	\$ 166,876	\$ 155,370
Consulting services	23,423	23,380
Computer services	20,089	20,668
Buildings	18,098	19,056
Amortization of tangible capital assets (Note 16)	11,944	12,903
Administrative	4,017	2,798
Travel and transportation	2,710	2,511
Equipment rent and maintenance	273	298
Loss on disposal and write-down of tangible capital assets	174	148
	<u>\$ 247,604</u>	<u>\$ 237,132</u>

ALBERTA ENERGY REGULATOR
SALARY AND BENEFITS DISCLOSURE
YEAR ENDED MARCH 31, 2025
(in thousands)

Schedule 2

Position	2025					2024 Restated ⁽⁴⁾	
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾		Total	Total	
Board Members ⁽⁵⁾	\$ 560	\$ -	\$ 51	\$ 611	\$ 534		
President and Chief Executive Officer ⁽⁶⁾	55	7	18	80		-	
Former President and Chief Executive Officer ⁽⁷⁾	318	28	89	435		465	
Chief Hearing Commissioner	253	16	63	332		323	
Chief Operations Officer	300	15	87	402		388	
Executive Vice-President, Law and General Counsel ⁽⁴⁾	296	12	85	393		387	
Vice-President of Finance and Chief Financial Officer ⁽⁴⁾	264	10	72	346		351	
Vice-President of People, Culture and Learning ⁽⁴⁾	255	13	64	332		317	

(1) Includes retainers and per diems for Board Directors and regular salary for Executives.

(2) Other cash benefits include payments in lieu of vacation, pension and health benefits, variable pay, as well as vehicle allowances and other cash reimbursements.

(3) Other non-cash benefits includes employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension, supplementary retirement plans, health care and payments made for professional memberships, tuition fees, parking and other taxable benefits.

(4) The 2024 figures have been restated to reflect a change in the pension contribution rates, following the completion of a valuation in October 2024 with an effective date of January 1, 2024.

(5) The incumbent Board of Directors consisted of seven members.

(6) The incumbent held the position effective February 18, 2025. Other cash benefits include a short-term incentive plan of \$5 earned during the year.

(7) The incumbent held the position until February 18, 2025.

The costs detailed below are only for those employees, included in Schedule 2, who were employed during the years ended March 31, 2024 and 2025, and participated in the SEPP and SRP maintained by the AER. The SEPP and SRP provide retirement benefits to compensate senior staff who do not participate in the Government of Alberta's management pension plans.

Position	2025			2024	
	Current service cost	Prior service and other costs		Total	Total
President and Chief Executive Officer	\$ 11	\$ -	\$ 11	\$ -	
Executive Vice-President, Law and General Counsel	21	(6)	15		17
Vice-President of Finance and Chief Financial Officer	28	(3)	25		27
Vice-President of People, Culture and Learning	20	(3)	17		19

The accrued obligation for each executive under the SRP is outlined in the following table:

Position	Accrued obligation April 1, 2024	Changes in accrued obligation	Accrued obligation March 31, 2025	Accrued obligation March 31, 2024
			2025	2024
President and Chief Executive Officer	\$ -	\$ 14	\$ 14	\$ -
Executive Vice-President, Law and General Counsel	244	214	458	244
Vice-President of Finance and Chief Financial Officer	139	43	182	139
Vice-President of People, Culture and Learning	100	17	117	100

ALBERTA ENERGY REGULATOR
CONSOLIDATED ACTUAL RESULTS COMPARED WITH BUDGET
YEAR ENDED MARCH 31, 2025
(in thousands)

Schedule 3

	Budget (Note 4)	Adjustments ⁽¹⁾	Adjusted budget	Actual
Revenues				
Administration fees	\$ 225,246	\$ 860	\$ 226,106	\$ 226,107
Orphan fund levies and transfers	135,500	11,000	146,500	150,376
Government of Alberta grants	15,877	6,462	22,339	18,127
Investment income	6,299	(186)	6,113	6,339
Information, services and fees	1,499	1,840	3,339	4,039
	<u>384,421</u>	<u>19,976</u>	<u>404,397</u>	<u>404,988</u>
Expenses				
Energy regulation	246,421	8,976	255,397	247,604
Orphan well abandonment	135,500	11,000	146,500	150,376
	<u>381,921</u>	<u>19,976</u>	<u>401,897</u>	<u>397,980</u>
	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>7,008</u>
Capital				
Capital investment	14,500		14,500	18,710
Less: Amortization of tangible capital assets	(12,000)		(12,000)	(11,944)
Net loss on disposal and write-down of tangible capital				(174)
Proceeds on disposal of tangible capital assets				(18)
Net capital investment	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>6,574</u>
Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434</u>

⁽¹⁾ The adjustments represent modifications to the original budget approved by the Treasury Board. These changes include incorporating additional grant funding for government-initiated projects that were not initially budgeted, a decrease in investment income due to declining interest rates, and adjustments for administration fee penalties. Security forfeitures and first-time license fees transferred to the Orphan Well Association are included as adjustments.

ALBERTA ENERGY REGULATOR
RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2025
(in thousands)

Schedule 4

The AER, in the normal course of business, entered into various transactions with entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. These entities are considered to be related parties of the AER. Related parties also include key management personnel and close family members of those individuals in the AER. In 2025, there were no amounts or transactions, other than compensation, between the AER and its key management personnel. Key management personnel compensation is disclosed in Schedule 2.

Related Party Transactions with Government of Alberta Entities

The AER recognized the following transactions with Government of Alberta entities in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry of Energy				Other entities	
	2025		2024		2025	
	2025	2024	2025	2024	2025	2024
Revenues						
Government of Alberta grants	\$ 17,104	\$ 14,185	\$ 1,023	\$ -		
Information, services and fees	305	346	695	700		
	\$ 17,409	\$ 14,531	\$ 1,718	\$ 700		
 Expenses						
Computer services	\$ 686	\$ 414	\$ 2,552	\$ 3,006		
Buildings	-	-	485	505		
Administrative	-	-	559	476		
Consulting services	-	-	537	182		
	\$ 686	\$ 414	\$ 4,133	\$ 4,169		
Receivable from	\$ 168	\$ 145	\$ 6	\$ 14		
Prepaid expenses and other assets	\$ -	\$ -	\$ 38	\$ 38		
Payable to	\$ 195	\$ -	\$ 1,379	\$ 1,216		
Deferred revenue	\$ 8,697	\$ 5,782	\$ 619	\$ 133		
Contractual obligations ⁽¹⁾	\$ -	\$ -	\$ 6,340	\$ 6,210		

⁽¹⁾ Contractual obligations are obligations of the AER to related parties that will become liabilities in the future when the terms of those contracts or agreements are met.



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