

Alberta Energy Regulator – Mandate and Roles Document

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1.0 Preamble

1.1 Context

This Mandate and Roles Document is intended to satisfy the requirements of the *Alberta Public Agencies Governance Act* (APAGA) and details the common understanding of the authority, roles, and expectations of the relationship between parties. It is not intended to replace the ongoing dialogue at the staff, Deputy Minister, Chief Executive Officer (CEO), the Chair of the AER board of directors (Chair), and Ministerial levels that is expected and required to ensure that the Alberta Energy Regulator (AER) and the government are operating collaboratively, effectively, and in a timely manner and in a manner consistent with their statutory powers, mandate and functions.

The Mandate and Roles Document for the AER has been developed collaboratively among the Minister of Environment and Parks and the Minister of Energy and the AER to reflect a common understanding of their respective roles and responsibilities.

Nothing in this mandate and roles document is intended to or shall interfere with the AER's proper exercise of any statutory powers, mandate and functions.

Unless otherwise stated, terms used in this document that are defined in the APAGA, *the Interpretation Act* or the *Responsible Energy Development Act* (REDA) have the same meanings as defined in those Acts.

Under section 6(1.1) of the *Designation and Transfer of Responsibility Regulation*, the AER's statutory powers, mandate and functions are governed under both the Ministry of Energy and the Ministry of Environment and Parks.

Under section 6(1.2) of the *Designation and Transfer of Responsibility Regulation*, the AER's mandate to share information with the government is governed under the Ministry of Indigenous Relations, the Ministry of Energy and the Ministry of Environment and Parks.

Therefore, in this document the term "Ministers"* refers to one or more of the Minister of Energy and Minister of Environment and Parks, except where the Minister of Indigenous Relations is expressly added to the reference.

2.0 Mandate

2.1 Background and Legislation

The AER is a corporation established under and subject to the REDA. Although the AER is not an agent of the Crown, it is a public agency as defined under the APAGA. The AER is expected to operate as part of the government's integrated resource management and collaborate with government departments and other agencies to fulfill the AER's mandate.

The AER is also governed by the APAGA, the *Financial Administration Act*, and other applicable legislation. The AER is responsible for carrying out all of its administrative, regulatory and adjudicative functions, in accordance with all applicable legislation, any applicable *Alberta Land Stewardship Act* (ALSA) regional plan and government policies, and in accordance with any directions of the Ministers, issued pursuant to section 67 of the REDA. The AER has no jurisdiction with respect to assessing

adequacy of Crown consultation associated with the rights of Aboriginal peoples as this responsibility remains with the Crown as represented by the Minister of Indigenous Relations.

The Ministers responsible for the AER shall work with the AER to set its long term objectives and its short term targets, if any, and advise the AER of any government policies applicable to the AER or its activities or operations. The Ministers monitor that AER is acting within its statutory powers, mandate and functions, and achieving its objectives and targets, if any, are set.

The Ministers provide written policy direction to the AER in a variety of ways, including but not limited to legislation, regulation, written policies, ministerial orders, department correspondence, and memoranda.

The REDA requires a board of directors consisting of a chair and at least 2 other members appointed by the Lieutenant Governor in Council. The Board is responsible for:

- general management of the business and affairs of the AER, which includes appointing the CEO (subject to the approval of the Ministers);
- setting performance expectations for the CEO (also subject to the approval of the Ministers);
- setting remuneration of the CEO subject to *the Agencies, Boards and Commissions Compensation Regulation* and approval of the Ministers;
- approving the rules that the AER is authorized to make under section 61 of the REDA; and
- ensuring the AER provides notice to the Ministers of any new rule.

The Board is not part of the day-to-day operations or adjudicative functions of the AER.

The AER's day-to-day operations are directed by the CEO. Staff members and the proceedings of hearing commissioners are part of the day-to-day operations of the AER. As such, AER staff and hearing commissioners are accountable to the CEO for their non-adjudicative powers, duties, and functions. Hearing commissioners are appointed by the Lieutenant Governor in Council. The REDA imposes a duty of care upon the directors, hearing commissioners and officers of the AER.

The governing statutes and regulations, programs, policies and works of the government in force during the term of this document define the AER's mandate and purposes.

The AER exercises regulatory and adjudicative functions under the REDA as well as a number of delegated statutes and regulations, including:

- *Oil and Gas Conservation Act;*
- *Gas Resources Preservation Act;*
- *Oil Sands Conservation Act;*
- *Coal Conservation Act;*
- *Pipeline Act;*
- *Turner Valley Unit Operations Act;*
- *Public Lands Act;*
- *Mines and Minerals Act, Part 8;*
- *Environmental Protection and Enhancement Act; and*
- *Water Act.*

This list is not exhaustive and may change during the term of this document.

2.2 Mandate

The AER's statutory mandate is found in section 2(1) and 2(2) of the REDA.

The Alberta Geological Survey (AGS), which is part of the AER, performs geoscience research and information gathering on behalf of the AER and the government to support:

- exploration and development of the province's energy and mineral resources,
- planning and resource management decisions by government, and
- the provision of information to the public.

In connection with its statutory mandate the AER is a partner with government departments and agencies in integrated resource management. Integrated resource management requires reciprocal information sharing and cooperation among all participating government departments and agencies. The Ministers' and AER's responsibilities in connection with integrated resource management include information sharing and cooperation among partners. The AER will use best efforts to ensure that its information management systems and information technology systems will accommodate and enable the free and open exchange of information between and among government departments and agencies involved in collaboration with the AER.

It is recognized the requirement for interaction among government departments, agencies and the AER may take time for collaboration. The requirement is not intended to impede the ability of any of the government departments, agencies or the AER in execution of their mandates and taking appropriate action when required.

2.3 Adjudicative Functions

The AER's adjudicative functions include a range of decisions that the AER makes in discharging its statutory powers, mandate and functions under the REDA. The AER, including the hearing commissioners, has the autonomy to execute its adjudicative functions.

Decisions that are part of the adjudicative functions of the AER include, but are not limited to:

- Deciding whether to conduct a hearing with respect to any given application;
- Determining the status of persons wishing to participate in AER hearings and regulatory appeals;
- Deciding on applications including approvals, denials, and imposition of conditions;
- Deciding on the scope of a hearing or regulatory appeal; and
- Alternative dispute resolution.

Generally, AER decisions are subject to regulatory appeal, reconsideration, and appeal to the Alberta Court of Appeal (subject to permission of the Court).

Sections 11 and 12 of the REDA describe the appointment and role of hearing commissioners, mandating that they must be the ones to conduct all hearings in respect of applications, regulatory appeals, and reconsiderations.

Hearings are conducted by the hearing commissioners independently from the Board and CEO. The CEO may direct the Chief Hearing Commissioner to request hearing panels to consider certain issues or to schedule hearings on an expedited basis. The Lieutenant Governor in Council may request an inquiry be conducted by the AER or that a regulatory appeal, reconsideration or inquiry or other proceeding be held jointly with any agency, board, commission or other body constituted in Alberta, or with a government department.

3.0 Roles and Responsibilities

3.1 AER

The AER is a public agency as defined in the APAGA.

3.2 Ministers:

In accordance with the APAGA, the AER is accountable to the Ministers.

Information sharing is also necessary for the Minister of Indigenous Relations to carry out programs in respect of the Crown's duty to consult under section 35 of the Constitution Act, 1982 (Canada) because, under section 21 of the REDA, the AER has no authority to assess consultation adequacy. The timely sharing of information between the Ministry of Indigenous Relations and AER shall be done under the Ministerial Orders with respect to Aboriginal Consultation, any procedures developed under the Ministerial Orders, and pursuant to any formal requests for information under section 16 of the REDA. The AER shall collect, maintain, and share information in formats consistent with government standards and formats, wherever possible.

3.2.1 Policy

The Ministers are also responsible to

- Establish, through government processes, policies applicable to resource development and the AER
- Inform the AER of the government policies and direction which affect the work of the AER;
- Sponsor, introduce, and seek Legislative Assembly approval of new legislation and amendments to existing legislation which may affect the AER;
- Sponsor, introduce and seek approval of regulations in respect of the AER, in accordance with its governing statutes;
- Receive notice under section 22 of the REDA in respect of proposed rules;
- Receive input from the AER, as appropriate, respecting the development, establishment, amendment, termination or repeal of any enactment, program, directive, guideline or policy that is related to the AER's statutory powers, mandate and functions;
- Give directions to the AER under s. 67 of the REDA.

3.2.2 Appointment

The Ministers will

- Recommend to Cabinet the appointment and reappointment of members of the Board and the roster of AER hearing commissioners based on recommendations by the Chair and the Board and the Ministers' assessment that appointees have the appropriate knowledge, skills, experience and values to assist the AER in achieving its objectives and performing its functions. All such appointments shall be at the pleasure of the Crown.

3.2.3 Monitoring

The Ministers will:

- Annually review the AER's strategic plan and annual business plans to ensure strategic alignment with government policy;
- Review the AER's financial reports submitted annually;

- Monitor the AER's operations and performance to ensure that the AER is fulfilling its objectives and statutory powers, mandate and functions in a manner that complies, and is consistent with, government policies;
- Report to the Legislative Assembly regarding the operations and affairs of the AER, including submitting annual performance and financial reports on the AER to the Legislative Assembly.

3.2.4 Interaction

The Ministers will:

- Meet with the Chair to discuss issues relating to the effective execution of the AER's non adjudicative functions; and
- Coordinate regular interactions and contact on existing and emerging issues with the Chair and CEO as applicable, through annual or semi-annual meetings with the Ministers.

3.3 Deputy Ministers:

The Deputy Minister of Energy and the Deputy Minister of Environment and Parks support and act under the general direction of their respective Ministers to advance the mandate of the Ministries and the government.

The Deputy Ministers will coordinate and work with the Chair and CEO, as appropriate, respecting the development and implementation of policy instruments, priorities, business plans, resources, budget, and other matters of mutual interest.

3.4 Chair:

The Chair of the AER, is a member of the Board and represents the AER. The Chair and the CEO act as the primary liaisons in dealing with the Ministers and the Ministries. On behalf of the AER, the Chair and CEO receive direction from either or both Ministers on government priorities requiring AER participation.

The Chair leads the Board to ensure effective operation of the AER's governance responsibilities. The Chair is responsible to

- Ensure the AER, its directors, and executive management demonstrate a commitment to and compliance with the AER's statutory powers, mandate and functions, this document and any other governance related policies adopted over time by the Board that ensure the AER maintains a sound governance framework;
- Plan and manage meetings of the Board;
- Assist in and make recommendations to the Ministers regarding recruitment and selection of directors and hearing commissioners;
- Ensure new directors receive effective orientation that includes information about governance practices and ongoing training and development opportunities for continued competency and excellence;
- Select the chairs of committees of the Board and obtain approval of the Board on all committee appointments;
- Lead a process to conduct an annual evaluation and review of the performance of the Board, its committees, and individual directors;
- Work with the CEO and the Ministers in the development of the long-term objectives and short-term targets for the AER to ensure shared outcomes are achieved;

- Work with the CEO to develop mechanisms to communicate with the Ministers and Deputy Ministers, on items of mutual concern;
- Ensure mechanisms are in place to establish how the AER interacts and communicates with the public and other interested parties;
- Ensure the directors comply with their obligations under the AER Conflict of Interest Policy and Procedures;
- Establish the overall system and proposed process for the management and performance assessment of the Chief Hearing Commissioner and hearing commissioners;
- Assess, with input from the CEO, the performance of the Chief Hearing Commissioner, and the Chief Hearing Commissioner will assess the performance of the full time and part time hearing commissioners; and
- Evaluate, with input from the Board, the performance of the CEO.

3.5 Chief Executive Officer

The CEO is accountable to the Chair and has the general responsibilities of managing the day-to-day operations of the business and affairs of the AER. This includes leading the management team and developing, implementing, and reporting on the AER's operations.

The CEO is also responsible and accountable for:

- The oversight and implementation of the AER's strategic plan(s); and
- Initiatives for continual improvement of the efficiency and effectiveness of the AER's operations, including:
 - Regulatory requirements and processes;
 - Compliance and enforcement activities;
 - Closure and reclamation activities;
 - Scientific and technical expertise;
 - Stakeholder engagement; and
 - Corporate services.

The CEO is also accountable for ensuring the AER's adjudicative functions are adequately supported and resourced.

By virtue of certain delegations of authority by the Board under section 6(2) of the REDA, subject only to any express directions or decisions given or made by resolution of the AER directors, the CEO has the power to act for, and in the name of, the AER in the execution, performance, and carrying out of any act or matter that is within the power of the AER, except:

- Making rules; or
- Directing the conclusions or decisions of hearing commissioners when they are engaged on adjudicating a matter.

The CEO:

- Prepares, and presents to the Board for approval, a strategic plan, the business plan and the annual report that reflects the long-term objectives and priorities as agreed on by the Ministers and the Board;
- Ensures the AER operates within the standards and budget approved by the Board;
- Establishes and maintains appropriate systems and resources (physical, human, fiscal, technical) for the general administration, information technology, and financial management and control of the AER;

- Ensures the proper administrative and operational support is available for adjudicative process such as hearings;
- May, on the CEO's own initiative or at the request of the Lieutenant Governor in Council, undertake or request the hearing commissioners to undertake or conduct inquiries, or investigate matters, and make recommendations, independent of the Board, CEO or Ministers, related to regulation of energy resource activities;
- Monitors AER performance and takes corrective action when problems are identified;
- Ensures the proper management of risks faced by the AER;
- Supports and collaborates with the Chair in communicating with the Ministers and the Minister of Indigenous Relations and Deputy Ministers and the Deputy Minister of Indigenous Relations on items of mutual concern and interest;
- Provides support to the Board to allow it to carry out its responsibilities;
- Maintains an effective corporate communications strategy;
- Leads the AER's interactions with many government departments and agencies;
- Leads the AER's participation in the government's integrated resource management committees;
- Participates with the Chair, Board, and the Deputy Ministers and the Deputy Minister of Indigenous Relations, in resolving key stakeholder issues to ensure shared outcomes are achieved;
- Ensures the AER makes decisions through fair and transparent processes;
- Ensures decisions of the AER are published in a timely and transparent manner;
- Provides the Ministers with regular updates on AER operations and inform the Ministers of emerging issues;
- Ensures timely information-sharing with the government by ensuring the AER's information management systems and information technology systems accommodate and enable the open exchange of AER and government information; and
- Ensures coordination of external communications with the Ministers' communications staff and AER's staff so that proper planning, review or collaboration, where practicable, can occur.

3.6 Board:

The Board is a fundamental element of the AER's structure and design. The Board is accountable to the Ministers for ensuring that the AER fulfills its statutory powers, mandate and functions. Areas of responsibility include making rules, governance, and advisory and corporate roles. The Board works under the leadership of the Chair. Pursuant to section 6(1) of the REDA, the Board is responsible for the general management of the business and affairs of the AER.

All AER directors are appointed at pleasure of the Crown by Order in Council, pursuant to section 5 of the REDA. Their remuneration is set by the Lieutenant Governor in Council as per section 5(2) of the REDA. Under section 9 of the REDA, the directors have a duty of good faith, must avoid conflicts of interest, and must act reasonably. The directors are responsible for the overall governance of the AER and address this responsibility through service on the Board, various AER board committees, and task forces as assigned from time to time by the Chair. The board provides oversight and direction on the formulation and implementation of the AER's strategic plan.

The Board

- Is accountable for making rules for the AER within the AER's statutory powers, mandate and functions;
- Ensures compliance with the Board's responsibility to approve rules under section 6 of the REDA;

- Ensures the AER complies with its statutory powers, mandate and functions as well as the government's applicable policies, direction and programs; and
- Is responsible for evaluation of the CEO.

3.6.1 Governance

The Board is accountable for the governance of the AER as follows:

- Ensure the board of directors collectively, and each director individually, acts honestly and in good faith;
- Ensure preparation of and compliance with AER governance, governance-related policies and procedures (including this document);
- Evaluate the Chair annually;
- Ensure approval of and compliance with applicable AER policies governing the conduct of AER directors, hearing commissioners, officers, and employees; and
- Establish governance, audit and finance, and other board committees as it considers necessary.

3.6.2 Advisory

The Board:

- Through the Chair, will work with the CEO to ensure alignment with government initiatives, providing information, advice, or recommendations as requested; and
- Through the Chair, will work with the CEO to promote the AER working closely together with government departments and agencies to achieve alignment of the AER's policy assurance functions with the government's policy development functions.¹

3.6.3 Strategic Direction

The Board will:

- Subject to approval by the Ministers, appoint a CEO and determine his or her remuneration based on the Agencies, Boards and Commissions Compensation Regulation;
- Provide direction on the development and implementation of the AER long-term strategic plan and business plan;
- Ensure appropriate processes to identify, evaluate, mitigate, monitor, and communicate risks and annually review the AER risk portfolio;
- Work with the CEO to deliver to the Ministers the business plan for each fiscal year and provide annual reporting through the Ministers' annual reports;
- Monitor AER performance with respect to its statutory powers, mandate and functions and the business plan to ensure it meets its objectives, priorities, and performance measures;
- Assist in succession planning with respect to the CEO and senior executives;
- Assist the Chair in identifying and recruiting directors; and

¹ **Note to reader:** The "policy development" component involves the analysis and development of policy options Around resource development. Through policies, the government establishes directions and priorities, and sets policy outcomes. The "policy assurance" component implements policies and regulates upstream oil, gas, oil sands and coal development activities in order to achieve the policy outcomes set by government. This includes the use of decision-making, compliance monitoring and enforcement mechanisms.

- Monitor the financial performance of the AER, ensuring that the financial results are reported on a timely and regular basis and in accordance with any legislated requirements and the Public Sector Accounting Standards.

3.7 Hearing Commissioners, including the Chief Hearing Commissioner

All AER hearing commissioners are appointed at pleasure of the Crown by Order in Council pursuant to section 11 of the REDA. Their remuneration is set by the government under section 11(2) of the REDA. Under section 9 of the REDA the AER's hearing commissioners, have a duty of good faith, must avoid conflicts of interest, and must act reasonably. The hearing commissioners are charged with conducting hearings on applications, regulatory appeals, reconsiderations, and on inquiries upon request by the CEO, Board or Lieutenant Governor in Council. Proceedings conducted by hearing commissioners are part of the day-to-day operations of the AER, and decisions made by hearing commissioners constitute decisions of the AER.

The Chief Hearing Commissioner reports to and is accountable to the Chair. The part time and full time hearing commissioners report to and are accountable to the Chief Hearing Commissioner. This does not include the conduct and outcomes of hearings as they are the independent responsibility of the respective panels of hearing commissioners. The Chief Hearing Commissioner is accountable for ensuring that decisions made by the hearing commissioners are properly communicated to the AER through the CEO in order to ensure the AER Chair, CEO and, if applicable, the Ministers, are properly briefed on decisions that have been previously made by hearing commissioners. Hearing commissioners may participate in the development of AER's rules, practices, and procedures and are entitled to receive professional, technical, administrative, and operational support from the AER in fulfilling their responsibilities.

Hearing commissioners:

Report and are accountable to the Chief Hearing Commissioner;

- Will, in carrying out their adjudicative functions, make decisions independently in accordance with the principles of AER's regulatory decision making as set forth in this document, the AER's Code of Conduct for Hearing Commissioners, all applicable legislation, and in a manner consistent with relevant policies, directions and programs of the government;
- Will ensure continuous improvement in efficiency and effectiveness of the hearing process;
- Will make decisions following hearings on applications, regulatory appeals, and reconsiderations, as well as matters referred to the hearing commissioners by the CEO, Board or the Lieutenant Governor in Council;
- Once finalized, communicate their decisions to the CEO to ensure the Chair, CEO and the Ministers may be properly briefed on decisions made by hearing commissioners prior to publication; and
- Share the adjudicative function workload of the AER equitably.

The Chief Hearing Commissioner will periodically inform the Board directors about decisions made by the hearing commissioners.

The Chief Hearing Commissioner is responsible for assigning hearing panels to adjudicate matters referred to the hearing commissioners from the CEO or its delegates, the Board and the Lieutenant Governor in Council, and to conduct hearings on applications, regulatory appeals, and reconsiderations.

3.8 Committees of the AER Board

The AER is accountable for ensuring adherence to government policy, direction and programs, including this document in order to maintain a sound and robust governance framework. To address this

responsibility, the Board may establish one or more board and internal committees as it considers necessary and appropriate.

While the Board retains overall governance responsibilities, specific governance functions may be managed through standing committees of the Board.

The membership and chairs of AER board committees normally rotate every two years. AER committees are accountable to the Board for meeting their respective mandates. Currently, the Board has six committees: Governance Committee, Audit and Finance Committee, Regulatory Review Committee, Risk Management Committee, Human Resources, Health and Safety Committee, and the Nomination Committee. Details of the Board's committees are available on the AER's website.

4.0 Financial, Staffing, and Administrative Arrangements

4.1 Financial

The AER is subject to the *Financial Administration Act* and the *Fiscal Management Act* and applicable directives. The AER receives its funding through administration fees levied on industry, in accordance with the provisions of section 29 of the REDA. Financial and general administration is the responsibility of the AER.

The Department of Energy provides the deadline for the AER to submit its annual financial reporting and budget for inclusion in the Ministry of Energy's financial report to Treasury Board and Finance. The Treasury Board authorizes the agency's spending limit, while the Treasury Board and Finance approve the budget.

The AER must submit its annual financial reporting and budget to the Ministers for review and input by the Department of Energy and the Department of Environment and Parks before inclusion in the Ministry of Energy's financial report to Treasury Board and Finance. The AER operates consistent with the Ministers' expectation of prudent fiscal management.

4.2 Audit

The Auditor General conducts auditing of the AER, and reports to the Legislative Assembly.

4.3 Staffing

The AER is not subject to the *Public Service Act*. The AER is responsible for establishing effective and efficient human resource management.

The Ministers expect the AER's staffing and human resource management systems to align with government expectations of prudent fiscal management in the discharge of the AER's statutory powers, duties and functions.

4.4 Planning and Reporting

Each year, in line with applicable Ministry practices, the AER must submit a business plan and budget to both of the Ministers, consistent with government requirements respecting content, timing, and consideration of priorities. The business plan shall cover, at a minimum, the next three year fiscal periods

and shall include strategic priorities, objectives, and strategies to achieve those objectives and a system of performance measures.

Within six months after the end of each fiscal year, the AER shall deliver to both of the Ministers a summary of the AER's performance for inclusion in the Ministry of Energy's Annual Report. Additional performance reporting is provided through the Ministry of Energy's quarterly financial statements.

The Ministers may also request additional information pursuant to section 16 of the REDA.

4.5 Recruitment, Appointment & Evaluation of Board Members and Hearing Commissioners

4.5.1 Recruitment and Appointment of Board Members

Directors are appointed by Order in Council on recommendation by the Ministers.

The Chair will identify and implement a competency matrix for the Board as a whole, and the competencies and values required for individual directors. In preparing the matrix, the Chair will consult with and obtain approval of the Ministers.

Directors are recruited through a competitive public process under the responsibility of the Chair, in accordance with the APAGA.

Working through the Nomination Committee, the Chair will establish a selection panel to review and assess any response to its public advertisement and will recommend a short list of candidates to the Ministers.

4.5.2 Recruitment and Appointment of Hearing Commissioners

Hearing commissioners are appointed by Order in Council on recommendation by the Ministers.

The Chief Hearing Commissioner and the Chair, with input from the CEO, will identify and implement a competency matrix for the hearing commissioners as a whole, and the competencies and values required for individual full-time and part-time hearing commissioners. In preparing the matrix, the Chair will consult with and obtain approval of the Ministers.

Hearing commissioners, including the Chief Hearing Commissioner, are recruited through a competitive public process under the responsibility of the Chair. Hearing commissioner vacancies will be publicly advertised.

The Chair shall create a selection panel to review and assess any response to its public advertisement and will recommend a short list of candidates to the Ministers. The selection panel will include the CEO, Chief Hearing Commissioner, and other persons the Chair considers appropriate.

4.5.3 Term of Office of Directors and Hearing Commissioners

Terms are established by the Lieutenant Governor in Council, at the pleasure of the Crown. Pursuant to APAGA, a director may serve for no more than 10 consecutive years, and a hearing commissioner may serve for no more than 12 consecutive years.

4.5.4 Evaluation of Directors

Directors will be evaluated annually by the Chair with due regard to performance in the execution of their responsibilities.

Evaluations will be utilized by the Chair and the Ministers in contemplation of any reappointment of the director.

In consultation with the chair of the Governance Committee, the Chair will implement a formal collective evaluation mechanism for the entire board of directors.

The Ministers are responsible for evaluation of the Chair.

4.5.5 Evaluation of Hearing Commissioners

The Chair, with input from the CEO, will assess the performance of the Chief Hearing Commissioner.

The Chief Hearing Commissioner will assess the performance of the full time and part time hearing commissioners. The evaluation process for all hearing commissioners will be conducted in a manner that respects the independence of hearing commissioners when performing their adjudicative functions.

Evaluations will be utilized by the Chair and the Ministers in contemplation of any reappointment of a hearing commissioner.

The Chief Hearing Commissioner will ensure that a formal evaluation system exists for the hearing commissioners. The Chief Hearing Commissioner may seek input from the Chair and the CEO as part of the hearing commissioner evaluation system.

4.5.6 Orientation, Training and Development

The Chair ensures the orientation of new directors to the practices of the AER, including its governance practices, and provides ongoing development opportunities for directors to ensure continued competency and excellence.

Directors will individually work with the Chair to establish development plans for a director to maintain and enhance competency and excellence.

The Chief Hearing Commissioner ensures the orientation of new hearing commissioners to the practices of the AER, including its governance, adjudicative functions, administrative and regulatory processes, and provides ongoing training and development opportunities for hearing commissioners to ensure continued competency and excellence.

Hearing commissioners will individually work with the chief hearing commissioner to establish development plans to maintain and enhance competency and excellence.

The chief hearing commissioner will individually work with the Chair to establish development plans for the chief hearing commissioner to maintain and enhance competency and excellence.

5.0 Code of Conduct

5.1 Duty of Care and Conflicts of Interest

Under section 9(1) of the REDA, AER directors, hearing commissioners, and officers must, in carrying out their powers, duties, and functions, act honestly and in good faith, avoid conflicts of interest, and exercise the care, diligence, and skill that a reasonably prudent person would exercise under comparable circumstances.

Although the Chair, CEO, directors, and hearing commissioners are not subject to the *Conflict of Interest Guidelines for Senior Public Officials* administered by The Office of the Ethics Commissioner (Ethics Commissioner), they are subject to the AER's *Conflict of Interest Policy and Procedure* (Conflict Policy). While part time hearing commissioners are not subject to the disclosure and divestment provisions of the Conflict Policy, they must declare any real and potential conflicts of interest each time they are assigned to a hearing panel.

5.1.1 The Conflict Policy

In addition to the statutory powers, mandate and functions required of the AER, the Conflict Policy:

- Requires directors, officers, full-time hearing commissioners, and employees to conduct themselves impartially in carrying out their duties;
- Prohibits directors, officers, full-time hearing commissioners, and employees from acting in self-interest or furthering their private interests by virtue of their positions or through the carrying out of their duties;
- Requires directors, officers, hearing commissioners, and employees to disclose real and apparent conflicts of interest; and
- Prohibits directors, officers, full-time hearing commissioners, and employees from having any direct or indirect monetary or financial interest, including securities, in issuers or entities regulated by the AER, unless those interests are held in a blind trust arrangement that complies with the *Conflicts of Interest Act*.

All hearing commissioners are also subject to the *AER Code of Conduct for Hearing Commissioners* when performing their decision-making responsibilities on behalf of the AER.

Following the practice of the former Energy Resources Conservation Board, the AER will continue to consult with and report to the Ethics Commissioner on matters relating to conflicts of interest, when appropriate.

The AER Conflict Policy and *AER Code of Conduct for Hearing Commissioners* policies are posted on AER's public website.

6.0 Interaction and Communications

6.1 Interaction

The AER has interactions with many government departments and agencies, though most commonly with the Ministries of Energy, Environment and Parks, and, as required, Indigenous Relations. In general, the CEO will discuss and agree on these interactions and resource implications with the Deputy Ministers and

Ministers. Where there are competing priorities and AER resource constraints are apparent, the CEO will attempt to resolve them through discussions with the respective Deputy Ministers and the Ministers, as applicable.

Where there are significant implications to the AER, the industry, or government, the CEO will collaborate with the Ministers, Deputy Ministers or their designates, as applicable, to ensure shared outcomes are achieved that are consistent, with legislation and government policies and objectives, while being efficient and cost-effective.

Such interactions include:

- Collaboration on development of rules to ensure shared outcomes are achieved and the overall regulatory framework is consistent and clear;
- Regular contacts between the Chair or CEO and the Ministers or Deputy Ministers;
- Ongoing collaboration and communication at the staff level;
- Ongoing interactions with their respective operations staff to ensure efficient and effective work processes;
- Annual or semi-annual meetings between the Board and the Ministers or designates of the Ministers;
- The filing of a 3 year business plan that includes priorities and goals;
- The filing of the annual report with the Ministers;
- Collaborating on policy development and changes to policies which have a significant impact on the AER's performance; and
- Advising on changes to budget and finances.

6.2 Information Sharing and Advisory Services

While the government is solely responsible for policy development, where the AER has concerns and wants to engage on policy development, the Ministers will facilitate such interactions.

The AER collects, stores, analyzes, appraises, and disseminates data and information to interested parties, including government departments and agencies. The government, the AER, and the Alberta Geological Survey have regular and ad hoc needs for information, advice, or expertise from one another.

The primary focus of the information, advice, and expertise supplied by the AER is

- Analysis and appraisal of reserves and the productive capacity of Alberta's energy resources in Alberta;
- Appraisal of Alberta's requirements for energy resources and energy and external markets' needs for Alberta's energy resources or energy;
- Collecting and recording, and timely and useful dissemination of information regarding the energy and mineral resources of Alberta as appropriate;
- Collecting, recording and assessing information and data on environmental performance of energy resource activities; and
- Collaboration with government departments and agencies respecting environmental monitoring, evaluation and reporting.

6.3 Communications

The Ministers, Board and the CEO are accountable for the AER's effectiveness in delivering the AER's statutory powers, mandate and functions, and alignment with the policies and objectives of the government.

The Ministers through their delegates and through the efforts of their departments:

- Inform the AER of government policies, legislation, regulation, policies and direction affecting AER's operations and responsibilities; and
- Inform the AER of, and make available to the public, any government policy that must be followed by the AER in carrying out its statutory powers, mandate and functions.

The CEO with the support of the AER staff:

- Provides the Ministers with advice on matters requested by either or both Ministers or as deemed appropriate by the Board; and
- Use best efforts to advise both Ministers prior to issuing news releases, to ensure their departments are aware of and prepared for any necessary response.

The CEO, Ministers, Deputy Ministers, and Assistant Deputy Ministers responsible are committed to the timely exchange of information and effective consultation, where appropriate, to enable the fulfillment of their respective responsibilities.

The CEO, Ministers, Minister of Indigenous Relations, Deputy Ministers, Deputy Minister of Indigenous Relations, and Assistant Deputy Ministers responsible will inform and consult with each other directly and through their staff on issues in a timely manner, where appropriate and necessary, to enable the fulfillment of their respective responsibilities.

Where practicable, external communications shall be coordinated among the Ministers' departments' and agencies' communication staff and AER's staff to ensure proper planning and review can occur before information is communicated. Communications should be timely, clear, transparent, and constructive.

The AER through its CEO and staff will resolve key stakeholder issues in collaboration with the Deputy Ministers and, as required, the Deputy Minister of Indigenous Relations to ensure outcomes are achieved. This collaboration is not intended to interfere with the adjudicative functions of the AER.

7.0 Administration

7.1 Review of the Mandate and Roles Document

The AER Mandate and Roles Document must be reviewed by the Ministers and renewed, amended or replaced within three years after the date it is signed.

A review of the AER mandate and purpose will be carried out every seven years by the Ministers in accordance with the APAGA.

7.2 Transparency

Copies of the AER Mandate and Roles will be available to the public on the AER public website and on the Agency Governance Secretariat website.

7.3 Signatures

The *Alberta Energy Regulator Mandate and Roles* signed this 29 day of June, 2014, is accepted and agreed to by

ENERGY
Original Signed by

The Honourable Margaret McCuaig-Boyd
Minister

ENVIRONMENT AND PARKS
Original Signed by

The Honourable Shannon Phillips
Minister

ALBERTA ENERGY REGULATOR
Original Signed by

Gerry Protti
Chair