Electricity implications of the Canada-Alberta memorandum of understanding

December 11, 2025

Alberta Premier Danielle Smith and Prime Minister Mark Carney signed the historic Canada-Alberta Memorandum of Understanding (the MoU) on Nov. 27, 2025, in Calgary.

On Nov. 28, 2025, BLG published an article exploring the implications for the Oil & Gas industry including the Carbon Capture, Utilization and Storage (CCUS) market. This overview will focus on the MoU's implications for electricity generation, transmission and carbon policy in Alberta.

The MoU commits Alberta and Canada to build new transmission interties between British Columbia, Alberta and Saskatchewan, to supply low-carbon power from British Columbia to industrial sectors in Alberta and Saskatchewan. The MoU also includes a commitment to develop a nuclear energy generation strategy by 2027 to serve Alberta and its interconnected markets by 2050. Finally, the MoU commits the federal government to suspending its Clean Electricity Regulations in Alberta pending an updated carbon-pricing regime.

Putting the Clean Electricity Regulations (CER) into abeyance

The Clean Electricity Regulations (CER) aimed to reduce emissions from electricity generation in Canada, by providing emissions limits on an electricity generator's operations.

Prior to and since the inception of CER, several provinces (including Ontario, Alberta and Saskatchewan), electricity system operators (including the AESO and Ontario IESO) and numerous industry participants have expressed skepticism and concern over the ability to achieve the CER's ambitions.

In the MoU, Canada commits to:

> *Suspend immediately the Clean Electricity Regulations (CER) in Alberta pending a new carbon pricing agreement, which includes the electricity*

> *sector, administered through Alberta's TIER program to be negotiated by the parties on or before April 1, 2026. Upon completion of the new carbon pricing agreement and factoring all other measures to the satisfaction of both parties, Canada will place the CER in Alberta in abeyance.*

The MoU formally suspends CER for Alberta, committing to putting it into abeyance once a new industrial carbon pricing agreement is reached. It also reaches a compromise on the backstop with a road to Alberta's TIER pricing ramping up to $130/tonne.

This arrangement suggests a possible path forward for other provinces and territories to negotiate bilateral carbon pricing arrangements with Ottawa as a means to suspend the operation of the CER in that province or territory.

For proponents of emitting electricity generation facilities, placing the CER into abeyance in the province is certainly better than the status quo. But it still leaves the industry facing uncertainty that would not be present if the CER were to be entirely rescinded.

It remains to be seen whether a simple MoU agreement to put the CER into abeyance will provide sufficient comfort to investors and lenders who are considering financing the development of new emitting generation facilities to power Alberta's growing electricity needs.

Electricity interties

The MoU's ambitious goals of sustainably constructing one or more new pipelines to supply 1 million barrels of oil to the Asian market, building the world's largest CCUS facility, and constructing thousands of megawatts (MWs) of AI computing power are predicated on new electricity transmission interties with the provinces of British Columbia and Saskatchewan.

In the MoU, Alberta commits to:

> *Collaborate with Canada to significantly increase the inter-tie transfer capability between the western provinces (with consideration to the northern regions) to build the low carbon generation and transmission grid that supports the growth of low intensity heavy oil, LNG, critical minerals, agriculture, data centres and CCUS industries for export growth and domestic use.*

The proposed interties are intended to supply low-carbon power to heavy industries such as oil, LNG and critical minerals in Alberta and Saskatchewan, primarily via British Columbia's abundant hydroelectric resources.

The proposed interties would be incremental to the existing 500 kV intertie running from Cranbrook, British Columbia, to near Calgary, Alberta, and could be mutually beneficial to both provinces—Alberta's flexible natural gas fired units, and large scale wind and solar, can complement BC's hydro, resulting in a more coordinated regional grid.

It represents a continuation of Canada's support for other electricity transmission projects that facilitate broader decarbonization efforts, including the Wasoqonatl Intertie Project between Nova Scotia and New Brunswick and the 500 kV North Coast Transmission Line, which will run from Prince George, British Columbia, to Glennanan, BC, eventually reaching Terrace, BC in Phase 2.

Nuclear power commitments

In the MoU, Alberta commits to:

> *On or before January 1, 2027, collaborate with Canada to develop a nuclear generation strategy to build and operate competitive nuclear power generation that can serve the Alberta and inter-connected markets by 2050.*

Canada commits to:

> *Work collaboratively with Alberta to design policy supports that enable deployment of nuclear technology, CCUS and energy storage to enable decarbonization of the electricity system, while ensuring its reliability and affordability.*

These commitments signal a fundamental shift in Alberta's energy strategy. The province has historically relied on natural gas as its primary source for electricity generation, with limited use of non-emitting sources. Developing a nuclear strategy with a view towards deploying nuclear power generation by 2050 will provide a long-duration, non-emitting power source that supports Alberta's industrial, commercial, residential and digital infrastructure goals.

Given the proximity of Saskatchewan's uranium supply and Canada's lack of domestic capabilities to enrich its own uranium, one would wonder whether a heavy water reactor design would be a natural fit for the contemplated facility.

Looking ahead

The Canada-Alberta Memorandum of Understanding commits Alberta and Ottawa to a diversified, low-carbon and expanded grid for British Columbia, Alberta and Saskatchewan, proposes a new modality of carbon pricing and expands Canada's nuclear fleet further west.

An east-west Canadian electricity transmission vision is a long-term blueprint for a deeply interconnected nation moving low-carbon, affordable power across jurisdictions. A strong new intertie between British Columbia, Alberta and Saskatchewan promises to boost national security, decarbonize heavy industry and increase grid resiliency.

The MoU, unfortunately, does not provide details on the additional infrastructure, including new transmission lines, required to support the east-west transmission vision, nor does it offer solutions to reconcile the potential mismatch between the long timelines to develop transmission infrastructure and nuclear generation versus the urgent load demand of AI Data Centre load. While Alberta will be relieved that the CER has been

placed in abeyance, the development of the new industrial carbon pricing regime may also be controversial. These issues will require further collaboration and clarification.

BLG's Electricity Markets group has deep expertise advising provincial and territorial governments, project proponents and utilities on transmission projects and interties. Please connect with any of the key contacts below for further guidance on how the MoU may impact your organization.

By

John A.D. Vellone, Peter A. Bryan

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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