Understanding the regulatory impacts of the Alberta–Ottawa MoU on energy development

November 28, 2025

On November 27, 2025, Prime Minister Mark Carney and Alberta Premier Danielle Smith signed a Memorandum of Understanding (MoU) establishing a framework for energy development intended to facilitate a new pipeline to the British Columbia coast. For context, although MoUs do not typically create enforceable legal obligations, they signal a commitment by two governments to work cooperatively on an issue where jurisdiction overlaps. In this case, the MoU records the governments' intention to work together on a range of energy and environmental issues. It comes after a period of sustained tension between Ottawa and Alberta over pipeline approvals, environmental regulation and climate policy.

Breaking down the Alberta-Ottawa MoU

The MoU is centered around four projects: a bitumen pipeline to increase export access to Asian markets (the Pipeline Project); the Pathways carbon capture utilization and storage project (the **Pathways CCUS Project**); the construction of several thousand megawatts of AI-focussed computing capacity; and new transmission interties between Alberta, British Columbia and Saskatchewan. With these projects in mind, Alberta and Canada have made a series of commitments. This article focusses on commitments related to the Pipeline Project and the Pathways CCUS Project. The MoU makes clear that these two projects are mutually dependant, with each initiative treated as a prerequisite to the other's approval and construction. Notable commitments include the following:

Alberta's Commitment

- **Pipeline Advancement:** Alberta will act as the proponent for the Pipeline Project. Alberta will seek to have the Pipeline Project designated as a project in the national interest under the *Building Canada Act* and submit an application to the Major Projects Office by July 1, 2026. The Major Projects Office coordinates the streamlined federal review process for projects in the national interest.

Canada’s Commitments

- **Regulatory Relief:** Canada will not implement the Oil and Gas Emissions Cap. It will also suspend the *Clean Electricity Regulations* in Alberta while Canada and Alberta negotiate a new industrial carbon-pricing agreement under Alberta’s Technology Innovation and Emissions Reduction (TIER) program. Canada will also propose amendments to the *Competition Act* to address the greenwashing provisions that have been controversial and created investment uncertainty.
- **Pipeline Advancement:** Canada will declare the Pipeline Project a project of national interest and refer it to the Major Projects Office for consideration under the *Building Canada Act*. It will work with Alberta to provide an efficient approval process.
- **Possible *Oil Tanker Moratorium Act* Exemption:** If the Pipeline Project is approved, Canada will explore options under the *Oil Tanker Moratorium Act* to enable marine access for exports.
- **Support for CCUS Investment:** Canada will extend federal investment tax credits and other policy supports for large-scale CCUS.
- **Indigenous Financing Support:** Canada will work with Indigenous leadership to use the Canada Indigenous Loan Guarantee Corporation to support Indigenous equity participation in the Pipeline Project and, where appropriate, Pathways CCUS Project.

Joint Commitments

- **Engagement with British Columbia:** Canada and Alberta will engage with British Columbia in a discussion of the Pipeline Project. Although British Columbia was not involved in negotiating the MoU, it will be invited to participate in engagement with affected First Nations in British Columbia. Canada will also work with British Columbia on other projects of national interest in their jurisdiction.
- **Indigenous Engagement:** Canada and Alberta will engage meaningfully with Indigenous Peoples in both Alberta and British Columbia on the Pipeline Project.
- **Carbon Pricing Framework:** Canada and Alberta will design long-term carbon pricing through the TIER program and conclude an agreement by April 1, 2026, including a minimum effective credit price of $130/tonne.
- **Methane Equivalency Agreement:** Canada and Alberta will negotiate a methane equivalency agreement by April 1, 2026.
- **Pathways CCUS Project Implementation:** Canada and Alberta will work with the Pathways companies on a trilateral MoU for the Phase 1 CCUS projects by April 1, 2026. The MoU will include a set of projects that will be built and brought into operation in stages between 2027 and 2040.
- **Impact Assessment & Regulatory Efficiency:** The parties will negotiate a cooperation agreement on impact assessments by April 1, 2026 and streamline regulatory processes to achieve a maximum two-year approval timeline.
- **CO_2 Infrastructure Consultation:** Both governments will work with Indigenous communities in Alberta on consultation and accommodation for CO_2 pipelines and storage facilities linked to the Pathways CCUS Project.

Implementation Committee

- Canada and Alberta will appoint an Implementation Committee responsible for ensuring the required deliverables are completed by the deadlines set out in the MoU.

Legal dimensions and implications for industry participants

The commitments in the MoU have not yet been implemented, and no legal changes will occur until they are. With that in mind, we offer a few initial observations.

First, approval of the Pipeline Project under the *Building Canada Act* may create legal uncertainty. The *Building Canada Act* was enacted in June 2025, has not been used for a major energy project yet, and gives the federal government broad powers to streamline regulatory approvals and exempt projects from parts of federal legislation. A key uncertainty is whether a streamlined approval process under the *Building Canada Act* will provide sufficient opportunities for Indigenous consultation. The Crown's duty to consult applies regardless of the approval pathway and a shortfall could expose the Pipeline Project approval to judicial review. Further, the approval process cannot advance until Alberta secures a private-sector proponent for the Pipeline Project. After approval, construction timelines for a pipeline of this scale are lengthy, meaning it will be some time before producers could see increased access to Asian markets.

Second, Canada has agreed to suspend the *Clean Electricity Regulations* only for Alberta, while they continue to apply elsewhere. This approach may attract scrutiny from the other provinces and perhaps the courts.

Third, the terms of the new industrial carbon-pricing agreement that Alberta and Canada have committed to negotiate by April 1, 2026 will directly affect compliance costs for emitters and influence operating costs and long-term planning.

Fourth, sections 3.2 and 6 of the *Oil Tanker Moratorium Act* require the Minister to consider adverse effects on the rights of Indigenous peoples when granting an exception to the ban on oil tankers along British Columbia's north coast. This underscores the central role of Indigenous rights throughout the Pipeline Project. We note that it is also possible the federal government intends to rely on sections 21 and 22 of the *Building Canada Act*, which allow cabinet to exempt designated national interest projects from certain federal legislation, rather than using the exemption mechanism under the *Oil Tanker Moratorium Act*.

Fifth, Canada has committed to removing the requirement in the *Competition Act* for businesses to substantiate their environmental benefit claims based on internationally recognised methodology standards as well as removing the ability for third parties to bring greenwashing complaints directly to the Competition Tribunal. These changes may be seen as applying less stringent standards for businesses making environmental representations, but may also be viewed as a welcomed removal of ambiguity from the *Competition Act*.

Looking ahead

The MoU contemplates new processes and timelines for pipeline approvals, CCUS development and carbon-pricing arrangements. As these commitments move into implementation, the regulatory landscape will continue to evolve. BLG's multidisciplinary team can assist clients navigating these changes. If you would like to learn more about how the MoU may affect your company's regulatory obligations, please consult the key contacts below.

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