Pan-Canada Perspectives/Alberta

Spring, 2026

The Energy MOU: Bridge or Folly?

The Governments of Canada and Alberta signed a non-binding MOU last November to enhance energy collaboration, supporting a new bitumen pipeline to the West Coast, but also promising regulatory flexibility for Alberta on emissions and electricity. The MOU tries to shift conflict to collaboration between Ottawa and Alberta on energy and environmental policy. It suspends a cap on oil and gas emissions and specific clean electricity regulations, however, and allows a delay in low-cost methane regulation. Is Prime Minister Carney bending over backward to try to buy federal-provincial peace? Critics cite risks to climate targets, potential for high public subsidies, and abandonment of stricter federal regulations. Premier Smith's government has weakened the proposed $130 industrial carbon price shortly after the MOU was reached, by undermining the market for the Province's Technology Innovation and Emissions Reduction (TIER) credits. Despite a headline price of $95 per tonne, TIER credits were trading between $17 and $39 in 2025.

Almost every Albertan knows someone who has worked for the oil industry. While it only employs only about 140,000 people today due to automation, the province, problematically, relies on non-renewable resources for 20-25% of its revenues. Alberta's identity, characterized by a pronounced, unapologetic sense of pride in the sector is profoundly intertwined with the oil and gas industry. Detrimentally, it can fuel separatist sentiments against federal environmental policies such as the carbon tax or pipeline limitations. While 2 out of 3 Albertans are concerned about climate change, most, including the provincial NDP, view the MOU agreement as a necessary approach to resource development. A November 2025 survey found 55% of Canadians and 72% of Albertans support building a new oil pipeline to the BC coast. In spite of the MOU, Alberta keeps challenging federal legislation through the Alberta Court of Appeal.

In late winter 2026, Alberta pushes for more concessions as Premier Smith is facing pressure from within her UCP party. The "grand bargain" is proving difficult to execute, due to conflicting demands from environmental advocates and the Alberta fossil fuel sector.

March, 2026
Victor Dorian