Memorandum of Understanding

between the

Government of Canada

and the

Government of Alberta

Protocole d'accord

entre le

Gouvernement du Canada

et le

Gouvernement de l'Alberta

Agreement to strengthen energy collaboration and build a stronger, more competitive, and more sustainable economy

Accord visant à renforcer la collaboration dans le domaine de l'énergie et à bâtir une économie plus forte, plus concurrentielle et plus durable

November 27, 2025
Calgary, Alberta

Le 27 novembre 2025
Calgary, Alberta

Government of Canada
The Right Honourable Mark Carney
Prime Minister of Canada

Gouvernement du Canada
Le très honorable Mark Carney
Premier ministre du Canada

Government of Alberta
The Honourable Danielle Smith
Premier of Alberta

Gouvernement de l'Alberta
L'honorable Danielle Smith
Première ministre de l'Alberta

*For Alberta, the English version of this memorandum of understanding is authoritative.

*Pour l'Alberta, la version anglaise du présent protocole d'accord fait foi.

Canada | Alberta Government

PREFACE

At this pivotal global moment, Canada and Alberta, working closely with Indigenous Peoples and industry, must work together cooperatively, and within their respective jurisdictions, to foster the conditions necessary for infrastructure, including pipelines, rail, power generation, a strong and integrated transmission grid, ports and other means that will unlock and grow natural resource production and transportation in Western Canada. As a result, Canada will be able to reach its international export goals and develop new technologies including Artificial Intelligence (AI), and, through innovation and intergovernmental cooperation, be a source of clean energy to lower global greenhouse gas (GHG) emissions.

WHEREAS

- Canada and Alberta remain committed to achieving net zero greenhouse gas emissions by 2050;
- Alberta and Canada will work together to achieve the shared objective of establishing Canada as a global energy superpower, unlocking the growth potential of Western Canada's oil and gas (including liquified natural gas (LNG)), renewable energy, critical minerals, and other resources that the world needs;
- Alberta and Canada recognize their obligations to consult with, and where appropriate accommodate, Indigenous Peoples; and
- Canada and Alberta are committed to respecting Aboriginal and Treaty rights, engaging in early, consistent, and meaningful consultation with Indigenous Peoples, in a manner that promotes reconciliation, and respects the rights and cultures of Indigenous Peoples while advancing economic opportunities through Indigenous ownership and partnerships.

THE OBJECTIVES

The Governments of Canada and Alberta are focused on achieving the following objectives and have developed the following clear actions towards this goal:

- Increasing production of Alberta oil and gas to reach Canada's export and national security goals, creating hundreds of thousands of new jobs, while simultaneously reaching carbon neutrality by, in part, reducing the emissions intensity of Canadian heavy oil production to best in class in terms of the average for heavy oil by 2050.
- Increasing electrical generation for consumer and industrial use on Alberta's electricity grid, including meeting the needs of AI data centres, while simultaneously reaching net-zero greenhouse gas emissions for the electricity sector by 2050.
- Creating electricity and energy policies that address consumer affordability, electricity grid stability, economic competitiveness and long-term competitive certainty, that attract Canadian and foreign sources of private sector capital investment.
- Reducing layers of regulatory overlap and simplifying regulatory systems to ensure a maximum 2-year timeframe for permitting and approvals with the goal of shorter project approval timelines where feasible.
- Providing meaningful opportunity for Indigenous rightsholders to participate in consultation processes and economic opportunities through Indigenous ownership, partnerships and benefits.

THE PROJECTS

- Construction of one or more private sector constructed and financed pipelines, with Indigenous Peoples co-ownership and economic benefits, with at least one million barrels a day of low emission Alberta bitumen with a route that increases export access to Asian markets as a priority. The application for this pipeline project will be ready to submit to the Major Projects Office on or before July 1, 2026. It is agreed this new pipeline would be in addition to the expansion of the Trans Mountain pipeline for an additional 300,000 to 400,000 barrels per day destined for Asian markets.
- Construction and financing of the world's largest carbon capture, utilization, and storage (CCUS) project (Pathways) for the purpose of making Alberta oil among the lowest carbon intensity produced barrels of oil in the world.
- Construction of thousands of megawatts of AI computing power, with a large portion dedicated to sovereign cloud for Canada and its allies.
- Construction of large transmission interties with British Columbia and Saskatchewan to strengthen the ability of the western power markets to supply low carbon power to oil, LNG, critical minerals, agricultural, data centres and CCUS industries in support of their sustainability goals.

THE COMMITMENTS:

Alberta commits to:

- Act as proponent for advancing the development of a bitumen pipeline to Asian markets, that offers the opportunity for Indigenous co-ownership and other forms of economic benefits, for designation and authorization under the Building Canada Act.
- In consultation with Indigenous leadership, utilize the Alberta Indigenous Opportunities Corporation (AIOC) to help backstop Indigenous co-ownership of the bitumen pipeline project and, if appropriate, Pathways.
- Extend the Alberta Carbon Capture Incentive Program (ACCIP) to support Pathways.
- Foster the development of sequestration permitting, worker training, and the capability for Alberta exports of CCUS-related products and services.
- On or before July 1, 2026, implement a policy framework to incentivize large investments in data centre development, including incentives for Canadian sovereign computing.
- 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.
- 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.
- Collaborate with B.C. to ensure British Columbians share substantial economic and financial benefits of the proposed pipeline.

Canada commits to:

- In consideration for the mutual commitments agreed to in this MOU, Canada will not implement the Oil and Gas Emissions Cap, which has not yet been put into effect.
- Acknowledge Alberta's approach to regulating heavy electricity generation emitters through Alberta's Technology Innovation and Emissions Reduction (TIER) program for Alberta to provide long-term certainty and time needed by industry and innovators to develop the needed CCUS, direct air capture, nuclear infrastructure and other emissions technologies necessary to achieving a net-zero power grid by 2050.
- 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.
- Declare that an Alberta bitumen pipeline to Asian markets as a priority, that offers opportunities for Indigenous co-ownership and economic benefits, is a project of national interest and can be referred to the Major Projects Office for consideration of designation under the *Building Canada Act*.
- Collaborate with Alberta to provide a clear and efficient approval process for the Alberta bitumen pipeline under the *Building Canada Act*.
- In consultation with Indigenous leadership, utilize Canada Indigenous Loan Guarantee Corporation to help backstop Indigenous co-ownership of the bitumen pipeline project and, if appropriate, Pathways.
- If an Alberta bitumen pipeline is ultimately approved under the *Building Canada Act* and provides opportunities for Indigenous co-ownership and shared economic benefits, Canada confirms that it will enable the export of bitumen from a strategic deep-water port to Asian markets, including if necessary through an appropriate adjustment to the *Oil Tanker Moratorium Act*.
- Extend federal ITCs and other policy supports to encourage large scale CCUS investments, including Pathways and enhanced oil recovery in order to provide the certainty needed to attract large additional sources of domestic and foreign capital.
- 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.
- As outlined in Budget 2025, propose amendments to the *Competition Act* to remove some of the "greenwashing" provisions that are creating investment uncertainty.
- Undertake to conduct good faith consultations with Alberta on the development and implementation of federal regulatory or policy measures that might impact Alberta industry and the shared goal of making Canada a global energy superpower.

Canada and Alberta together will:

- Canada and Alberta agree to engage with British Columbia immediately in a trilateral discussion on the pipeline project, and during the potential development and construction of the bitumen pipeline referred to in this MOU, and to further the economic interests of B.C. related to their own projects of interest that involve the Province of

Alberta including interties. In addition, Canada will work with B.C. on other projects of national interest in their jurisdiction.

- Canada and Alberta also agree to engage meaningfully with Indigenous Peoples in both Alberta and British Columbia on this project, with the involvement of the B.C. Government for engagement with B.C. First Nations.
- Work collaboratively to design and commit to globally competitive, long-term carbon effective prices, carbon levy recycling protocols, and sector-specific stringency factors for large Alberta emitters in both the oil and gas and electricity sectors through Alberta's TIER system. The TIER system will ramp up to a minimum effective credit price of $130/tonne. The parties will conclude an agreement on industrial carbon pricing on or before April 1, 2026.
- Examples of issues to be addressed in the new agreement include the date for introduction of the effective price and the price increases over time.
- This industrial carbon pricing agreement will include a financial mechanism to ensure both parties maintain their respective commitments over the long term to provide certainty to industry, and to achieve the intended emissions reductions.
- Recognizing Alberta's jurisdiction over the TIER system, Canada and Alberta agree to work co-operatively to ensure the Alberta carbon market functions reliably and provides a predictable basis for decision-making by industry and investors. This includes a shared undertaking that following the completion of this Memorandum of Understanding, the two governments will work co-operatively to ensure the application of Alberta's carbon pricing system (including pricing and stringency) is adapted to the specific circumstances of the electricity sector, the oil and gas sector, and other large emitters such as fertilizer and cement sectors.
- Enter into a methane equivalency agreement on or before April 1, 2026, with a 2035 target date and a 75% reduction target relative to 2014 emissions levels.
- Work cooperatively with the Pathways partner companies to develop and enter into a tri-lateral MOU on or before April 1, 2026 for a multi-phased approach to delivering a set of emissions savings projects (the "Phase 1 Pathways Projects"), focused predominantly on carbon capture and storage, solvent-based replacements or other actions taken by Pathways that reduce emissions intensity. The Phase 1 Pathways Projects will be built and commence operations in a staged manner between 2027 and 2040 to achieve committed emissions reductions at date-certain intervals. Canada and Alberta agree this tri-lateral MOU and the approval and commencement of the initial Phase 1 Pathways Projects will be a precondition to the commencement of the approved bitumen pipeline referred to in this MOU.
- Canada and Alberta agree that the approval, commencement and continued construction of the bitumen pipeline is a prerequisite to the Pathways project, including the extension of the Alberta ACCIP Program.
- Canada and Alberta agree that the Pathways Project is also a prerequisite to the approval, commencement and continued construction of the bitumen pipeline, given that the two projects referred to in this MOU are mutually dependent.
- Canada and Alberta agree that in order to hold all parties to account for all phases of the Pathways projects, the trilateral MOU with Pathways must include effective enforcement

mechanisms to ensure the completion of all phases of the infrastructure and the associated emissions reductions by the Pathways companies as outlined in the MOU. Such mechanisms could include, but are not limited to, tax and regulatory measures.

- Canada and Alberta agree to work collaboratively, including with other provinces where appropriate, to develop domestic carbon capture supply chains and Canadian steel and pipe production supply chains.
- Negotiate a cooperation agreement on impact assessments on or before April 1, 2026, that reduces duplication through a single assessment process that respects federal and provincial jurisdictions.
- Work cooperatively to streamline the regulatory processes among federal agencies, the Canadian Energy Regulator, the Alberta government and municipalities to achieve a maximum 2-year timeframe for approvals while targeting shorter approval timelines where feasible.
- Work cooperatively with Indigenous parties in Alberta to consult and accommodate on the CO2 pipeline and capture and storage facilities related to Pathways.
- Continue to work together to achieve the objectives set out in this MOU.
- Establish a communications protocol whereas each party must agree to public communications of this MOU and its content prior to information being released.

Implementation Committee:

Canada and Alberta will appoint an Implementation Committee responsible for delivering the following outcomes:

- A carbon pricing equivalency agreement on or before April 1, 2026.
- A methane equivalency agreement on or before April 1, 2026.
- A tri-lateral MOU with the Pathways companies on or before April 1, 2026.
- A cooperation agreement on impact assessments by on or before April 1, 2026.
- Determining the means by which Alberta can submit its pipeline application to the Major Projects Office on or before July 1, 2026.
- Acquiring feedback from the federal government for Alberta’s policy framework for AI data centres which is to be finalized by Alberta on or before July 1, 2026.
- Collaborating with Alberta on the design of Alberta’s nuclear power generation strategy which is to be finalized by Alberta on or before January 1, 2027.