

May 5, 2026

Right Honourable Mark Carney
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Subject: Canadian climate policy and the Alberta memorandum of understanding

Dear Prime Minister Carney,

Your first year in government has been defined by a series of world-altering events which have had obvious implications for Canada's national unity, security, sovereignty, and economic stability. We understand that proactively managing these issues has, with good reason, been the primary objective of your government for the last twelve months.

Nevertheless, a year into your mandate, it is more important than ever that you begin to deliver meaningful action on policies that will scale domestic clean energy solutions, reduce emissions, and set Canada up for economic success in a rapidly decarbonizing world.

The ongoing situation in Iran is only making this more urgent. Just as we saw with Europe's response to the outbreak of war in Ukraine in 2022, oil supply shocks play out differently now than they did in the past. In the short term, governments have rapidly recalibrated where they are purchasing oil and gas from, as they rush to keep their economies functioning. However, now more than ever, we are seeing governments simultaneously expedite their plans to scale up clean energy solutions – such as building wind and solar energy projects, or shifting as much transportation as possible to electric vehicles – in order to shield their populations from future oil and gas supply shocks. In other words, those in Canada who continue to argue that the war presents an opportunity to expand Canada's oil and gas exports, including to new Asian markets, are making a consequential miscalculation.

While countries across Asia and Europe engage in short-term energy rationing and longer-term restructuring of their economies away from oil and gas dependence and towards domestically produced clean electricity, here in Canada, we are stuck in an unhelpful feedback loop of discourse about the need for more oil and gas infrastructure and the loosening of environmental regulations on multi-billion dollar oil and gas companies. Nowhere is this more evident than in the delay to the promised resolution of the Alberta-federal memorandum of understanding (MOU) on energy and climate policies.

We are increasingly concerned that your voluntary deadline of April 1 came and went without an agreement, and that several critical issues remain unresolved.

- **Industrial carbon pricing:** This is the most important element of the MOU. Reaching a minimum effective TIER credit price of \$130 – a commitment that we emphasize both

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governments already signed onto in the original MOU text — is crucial. This must be achieved in short order; we suggest by 2030. Doing so will unlock a high-growth, low-carbon economy across Western Canada. According to analysis of publicly available information on potential projects, **tens of billions of dollars** in industrial investment is currently held up by the lack of resolution on this question.

- **Clean electricity:** Alberta, along with the rest of Canada, is facing steep increases in electricity demand in the coming years. Grid planners and provincial governments must make serious, credible plans to grow their electricity supply in a way that is cost-effective and ensures long-term reliability and energy security while lowering emissions. There is no realistic pathway to this outcome in Alberta that does not include the widespread deployment of wind and solar, much more than is possible under current market reforms and provincial red tape. This is true even if Alberta continues to explore other, much more expensive and slower-to-deploy options, such as nuclear or gas-with-CCS. The Clean Electricity Regulations were designed to ensure new investments are not locking in higher-emitting technology. Alberta needs to commit to a policy suite that achieves an equivalent pathway to 2050 by removing current barriers to renewable energy investment *in addition* to setting an effective industrial carbon price.
- **Methane:** We saw positive signals in your March 25 agreement-in-principle with Alberta, particularly the use of third-party modeling and emissions verification.

However, the actual methane regulations subsequently published by Alberta on March 27 clearly do not deliver emissions reductions equivalent to current federal regulations, and so cannot be the basis for the “outcomes-based equivalency agreement” described in the agreement-in-principle and the MOU.

On September 10, in Edmonton, you told your national caucus that Canada’s response to climate change is “not just a moral duty, but an economic imperative.” This is true, and your handling of the negotiations with Alberta is your most consequential opportunity to turn those words into real action.

This is what effective industrial carbon pricing, good faith efforts to grow clean electricity, and ambitious methane regulations can do — but neither the climate nor investment will wait indefinitely for Canada and Alberta to come to the table.

In your second year as prime minister, we trust that you will do more to actively facilitate the prosperous, climate-safe future that all Canadians deserve. We remain committed to helping your government, and all governments, find policy solutions to do so.

Yours sincerely,



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