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A new era of alignment: unlocking Canada's energy investment potential

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Key Takeaways

- Canada's energy sector is experiencing rapid transformation due to substantial policy changes and significant infrastructure investments.
- Together, the *Building Canada Act* and Canada-Alberta Memorandum of Understanding create a favourable environment for private equity investors by improving policy stability and reducing development risks.
- The commitment to massively expand Canada's export capacity for its oil and natural gas production signals numerous investment opportunities across the energy value chain.

Canada's energy sector has undergone a period of rapid transition and renewed investment over the past two years. Strong commodity prices through 2022 and 2023 enabled oil and gas producers to de-leverage and return capital to shareholders, while the achievement of major infrastructure milestones reshaped the national energy landscape.

The completion of the Trans Mountain Pipeline expansion in 2024 (a project for which Osler acted as counsel) unlocked greater export capacity for Alberta crude to Pacific markets. At the same time, Canada advanced its position in the global LNG market, with the commencement of commercial operations of the LNG Canada facility in British Columbia. The renewable energy subsector also accelerated, with significant capital flowing into wind, solar and hydrogen projects, supported by federal and provincial incentives and growing institutional investor demand for clean energy assets.

Looking ahead, Canada's energy sector is entering a rare moment of alignment where policy, capital and market demand are converging in a way that could redefine the country's economic trajectory. For private equity investors searching for scalable assets, stable regulatory frameworks and long-term value creation, two policy developments in Canada have created a pipeline of opportunities that is both deep and diverse.

The *Building Canada Act* (the BCA) has laid the groundwork for a large-scale infrastructure and energy build-out, and the recent Memorandum of Understanding between the federal government and the government of Alberta further bolsters this momentum. Together, these developments have crystallized to create one of the most compelling investment environments the Canadian energy industry has seen in decades.

The Building Canada Act

The *Building Canada Act*, known colloquially as Bill C-5, aims to expedite development of “national interest projects” (NI projects) by streamlining federal approval processes. It creates the Major Projects Office (MPO), which is located in Calgary and is intended to be a single point of contact between proponents and the federal government. The BCA establishes a process through which projects are designated as an NI project, which essentially streamlines federal permits and mitigates a number of regulatory risks, thereby providing greater project development certainty and efficiency. In 2025, an initial 11 projects were announced as NI projects, including LNG Canada Phase 2, the North Coast Transmission Line, the Ksi Lisims LNG export facility and several critical minerals mines. Additional details on the BCA can be found in our Osler Legal Outlook article.

The BCA seeks to expedite major nation-building projects and strengthen the Canadian economy while respecting Indigenous rights and environmental interests. This introduces a level of policy clarity and federal-provincial alignment on nation-building projects that will necessitate ancillary projects and stimulate investment opportunities for private equity investors rarely seen in the energy space. By streamlining approvals, accelerating infrastructure funding and prioritizing energy infrastructure expansion, the Act reduces development risk and expedites time-to-execution, two of the biggest barriers to the deployment of private capital.

The Memorandum of Understanding between Alberta and Canada

Last fall, the governments of Canada and Alberta delivered an unequivocal signal that the regulatory and political friction between these two levels of government that has long undermined investment in Canadian major energy infrastructure projects may have finally reached a resolution. On November 27, 2025, Alberta Premier Danielle Smith and Prime Minister Mark Carney announced the “Memorandum of Understanding between the Government of Canada and the Government of Alberta: agreement to strengthen energy collaboration and build a stronger, more competitive and more sustainable economy” (the MOU).

The MOU represents a “grand bargain” between the federal government and Alberta designed to catalyze investment from both domestic and foreign financial and strategic investors into Canadian oil and gas, renewable energy, artificial intelligence (AI) and power and electricity. Additional details on the MOU can be found in our earlier Osler Update.

Strengthening the case for equity investment in Canada’s energy sector

In our view, the BCA and the MOU are more than just political theatre. Together, they establish a framework that aspires to shift the regulatory landscape meaningfully to shape an environment that can unlock Canada’s potential to be a global energy superpower while still maintaining credibility as a jurisdiction committed to responsible energy development. For private equity and infrastructure investors, the MOU signals a shift toward stability, coordination and accelerated project execution.

Speed and certainty of development are key value drivers for private capital. Private equity thrives in environments where policy is stable, capital programs have certainty and are coordinated, infrastructure priorities are clear and governments are aligned. The BCA and the MOU advance all of these priorities. The move by the federal government to prioritize energy development as a national imperative through the BCA and MOU will create opportunities across the energy value chain. Greater access to markets will give rise to compelling upstream opportunities in emerging resource plays. Streamlined regulatory processes should catalyze the midstream space in Canada, which already offers an attractive combination of yield, inflation protection and long-duration asset characteristics.

In addition, the commitment to dramatically expand Canada's LNG export capacity will require massive investment and will inevitably give rise to opportunities beyond the liquefaction facilities themselves, including midstream infrastructure to feed export terminals, expanding upstream development plans for Canada's massive natural gas reserves and the broader service ecosystem required to support large-scale LNG operations. For private equity investors considering deploying capital into Canada's energy landscape, we anticipate this will mean lower risk premiums, shortened development cycles and enhanced rates of return on investment by expediting time to cash flow.

Osler has extensive experience in project development and investment in Canadian energy, including from a private equity standpoint. If you have any questions about Canada's energy investment landscape or how we can assist with your project, please contact the authors.