

Canada and Alberta sign draft cooperation agreement on impact assessment after historic MOU

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Authors: [Sander Duncanson](#), [Brad Gilmour](#), [Deirdre A. Sheehan](#), [Paula Olexiuk](#), [Vivek Warrier](#), [Ian Clarke](#), [Zeyad Aboudheir](#)

Key Takeaways

- Canada and Alberta have made public a draft agreement on a new environmental assessment process, with Alberta recognized as best placed to lead assessments for projects within its jurisdiction.
- The new process aims to reduce duplication and streamline approvals, potentially completing assessments within two years.
- The draft agreement creates a stable environment for investment, lowering risk and improving investor confidence in major projects.

After more than a decade of conflict between Canada and Alberta on the environmental assessment process for projects located in Alberta, including multiple constitutional challenges by Alberta to the federal *Impact Assessment Act* (IAA), the two governments have tentatively agreed to a new process that recognizes Alberta as being “best placed” to undertake environmental assessment for projects primarily within its jurisdiction.

The agreement removes key aspects of regulatory uncertainty for project developers in Alberta and is meant to avoid duplicative proceedings, which should accelerate the approval process for most major projects in the province.

A single environmental assessment process

In our [earlier Osler Update](#), we described the November 2025 Memorandum of Understanding (MOU) between Canada and Alberta as an “unequivocal signal” that the regulatory and political friction between Ottawa and Alberta “may have finally reached a resolution.” Among the MOU’s commitments was that Canada and Alberta would conclude a cooperation agreement on impact assessments by April 1, 2026, to “reduce duplication through a single assessment process that respects federal and provincial jurisdictions.”

That agreement (the draft agreement) has now been [tentatively reached](#) and has been posted for public comment until March 27, 2026. Key aspects of the draft agreement include the following.

One regulator; reduced duplication

For projects primarily within provincial jurisdiction — which captures the vast majority of oil sands, carbon capture and storage (CCS), power generation and midstream developments — Canada will recognize Alberta as “best placed” to undertake the assessment and will rely on Alberta’s environmental assessment or other regulatory processes, including to address “adverse effects within federal jurisdiction” as that term is defined under the IAA. The Alberta Energy Regulator, the Alberta Utilities Commission and Alberta Environment and Protected Areas become, in practical terms, the single venue for public-interest decision-makers for these and other types of primarily provincially regulated project reviews.

For Alberta projects that trigger the IAA, Canada and Alberta will develop coordinated roles, responsibilities, activities and timelines to ensure the IAA’s legislative requirements are met through the single assessment process. Among other things, the Impact Assessment Agency of Canada (IAAC) and Alberta will jointly review potential conditions for the decision statement under the IAA and the applicable provincial decision or approval(s) to minimize duplication and regulatory burden. Where duplication of potential assessment conditions is identified, federal conditions will defer to provincial conditions and authority, when applicable provincial legislation, regulation, policies and/or processes exist.

An aspect of uncertainty that remains is the definition of “adverse effects within federal jurisdiction” under the IAA, where overly broad interpretations by the IAAC may continue to lead to jurisdictional conflict with Alberta and uncertainty for proponents.

A two-year time limit

Canada and Alberta commit to completing the single assessment process within a maximum of two years from receipt of the initial project description. This is less time than is typical currently for reviews undertaken by both levels of government.

Federal resources

IAAC will provide support, technical resources and coordination to Alberta to address potential adverse effects within federal jurisdiction.

Indigenous consultation

Alberta is recognised as best placed to consult with Indigenous Peoples on effects of provincial decisions, with both parties committing to meaningful participation of Indigenous Peoples in the assessment process and respect for section 35 rights (the constitutional recognition and affirmation of existing Aboriginal and treaty rights of First Nations, Inuit and Métis Peoples in Canada).

The draft agreement preserves the ability to incorporate Indigenous-led assessments and does not limit potential cooperation with Indigenous Peoples on assessment matters.

Commercial benefits

As we noted in an [earlier analysis](#), private equity and infrastructure capital thrive in environments where “policy is stable, capital programs have certainty and are coordinated, infrastructure priorities are clear and governments are aligned.” The draft agreement advances those conditions. It creates a more predictable and time-bound framework for major project reviews that should lower risk premiums, improve investor confidence and expedite time to cash flow for major projects.

A note on durability

The draft agreement can be terminated by either party on 90 days' notice, and Alberta expressly does not concede the constitutionality of the IAA, noting its ongoing legal challenge. The framework's durability is therefore political, not legal.

For clients with long-dated project timelines, this is a residual risk worth monitoring, though it is substantially mitigated by the fact that assessments underway at the time of any termination continue under the draft agreement's terms.