

Canada and Alberta Publish Agreement-in-Principle Regarding Methane Emissions

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On March 25, 2026, the Government of Canada and the Government of Alberta (the "**Parties**") published an agreement in principle (the "**Agreement in Principle**") to establish a new outcome-based methane equivalency agreement that would allow Alberta's provincial regulatory regime to operate in place of federal methane regulations.

Background

The Agreement in Principle is a framework agreement setting out certain key terms that the Parties intend to include in a future, final, binding equivalency agreement. As with the [Draft Co-operation Agreement on Environmental and Impact Assessment](#) published earlier this month, negotiations are taking place pursuant to the [Canada-Alberta Memorandum of Understanding \("MOU"\)](#). Specifically, the Parties agreed in the MOU to enter into a methane equivalency agreement with a 2035 target date and a 75% emissions reduction target, relative to 2014 levels.

[Federal methane regulations](#) have been in place since 2018, and Canada released [enhanced regulations](#) in December 2025 (the "**Enhanced Methane Regulations**"), which are designed to accommodate equivalency agreements under the *Canadian Environmental Protection Act (CEPA)*.

Key Commitments Under the Agreement in Principle

Pursuant to the Agreement in Principle, Canada and Alberta have committed to develop an outcome-based equivalency agreement under *CEPA*. Once finalized, the federal Enhanced Methane Regulations will not apply in Alberta. Instead, provincial regulations designed to deliver equivalent methane reductions over the life of the equivalency agreement will apply.

The parties have committed to publishing a draft equivalency agreement, carrying out a 60-day public consultation period, and finalizing the equivalency agreement, by the end of 2026. The equivalency agreement may be adjusted in the event of a *force majeure* event (such clauses typically contemplate natural disasters, wars, pandemics, etc.). Canada and Alberta have also committed to jointly selecting a third-party expert, with costs shared equally, to conduct methane modelling, assess emissions reductions, and evaluate overall performance against agreed targets. Alberta will publish information describing the methane sources covered by the equivalency agreement and the province's regulatory approach to achieving emissions reductions.



Expected Outcomes and Operation of the Agreement

The equivalency agreement is expected to support a 75% reduction in methane emissions by 2035, comparative to 2014 levels. Ongoing third-party assessments will determine whether Alberta is on track to meet its target and if it falls short, Alberta will take corrective measures.

The equivalency agreement is intended to come into force by January 1, 2027, and to remain in effect for ten years. Its implementation is subject to the passage of proposed amendments to *CEPA* included in the federal *Budget 2025 Implementation Act*.

Importantly for industry, Canada's Enhanced Methane Regulations do not impose initial compliance obligations until 2028. Until the new equivalency agreement is finalized and in force, the existing Canada–Alberta methane equivalency agreement will continue to apply, avoiding a regulatory gap.

Looking Forward

Given that Canada's Enhanced Methane Regulations do not impose initial compliance obligations until 2028, until the new equivalency agreement is finalized and in force, existing emissions laws will continue to apply. If you have questions about the Agreement in Principle, please reach out to our [Energy](#) or [Business Law](#) groups.