

Carney, Smith set to make energy announcement; carbon price deal expected

May 15, 2026



Prime Minister Mark Carney is seen with Alberta Premier Danielle Smith at the start of a meeting in Ottawa, Monday, Oct. 6, 2025. THE CANADIAN PRESS/Adrian Wyld

CALGARY - Prime Minister Mark Carney and Alberta Premier Danielle Smith are to meet today in Calgary, where they're expected to announce an agreement on the future of industrial carbon emission pricing in the province.

A source with knowledge of the discussions has said the leaders are expected to reveal a plan for Alberta to raise its emission price to \$130 per tonne by 2040.

Last year, Alberta froze its industrial carbon emission price at \$95 per tonne.

The two governments pledged in a memorandum of understanding in November to several steps, including a carbon price plan, in order to build a bitumen pipeline to the West Coast.

Carney has said today's agreement would advance that new pipeline.

Smith has called the announcement another step toward resetting the province's relationship with Ottawa.

A price of \$130 per tonne for Alberta would force Ottawa to be more lenient with other provinces that follow the federal price. A judge ruled in 2021 that all jurisdictions need equal treatment for carbon pricing.

The source said while the effective carbon price is expected to reach \$130 per tonne by 2040, the headline price in Alberta would reach \$100 per tonne by 2027 before rising to \$130 per tonne by 2035.

The difference between the effective carbon price and the headline price is the way in which companies accumulate credits to comply with their emission limits.

The effective carbon price — the market price — is the price at which credits are bought and sold on the open market.

The headline price is what companies pay the Alberta government to reach compliance. The money goes into a general fund to invest in emissions reduction technology.

Oil and gas industry leaders have said in recent weeks that Ottawa's carbon policy is putting Canada at a competitive disadvantage, especially compared to other oil-exporting nations that don't have a carbon tax.

Others, including Nancy Southern, chief executive officer of ATCO, have said Canada's industry can afford a higher price.

"I believe that all of us in industry will find ways to make ourselves just as competitive as we have been in the past with a new carbon price," Southern said this week.

"For our company, it's something we can prepare for, and it's not something we disagree with — having strong carbon pricing. It allows a whole different set of opportunities in the future."

Former federal environment minister Catherine McKenna told The Canadian Press ahead of the Calgary announcement that the expected industrial carbon pricing schedule for Alberta doesn't make sense from an environmental or economic perspective.

"What is really unfortunate is it isn't that we're just weakening the industrial carbon price. It seems that our entire climate plan is being dismantled because of demands by Alberta's reckless Premier Danielle Smith," McKenna said.

She also pointed the finger at "rich oil and gas companies."

"It shouldn't be basically free for oil and gas companies to pollute. They're the only sector in our economy that have not reduced their emissions," said McKenna.

Smith and Carney have said their deal is necessary to convince Alberta's separatist movement not to give up on Canada.

Earlier this week, a judge threw out a petition that sought to put a separation question on a ballot, saying it should have never been issued and that Smith's government neglected its duty to consult First Nations.

Smith has said the province will appeal the ruling.

This report by The Canadian Press was first published May 15, 2026.

— By Jack Farrell in Edmonton, with files from Lauren Krugel in Calgary and Nick Murray in Ottawa