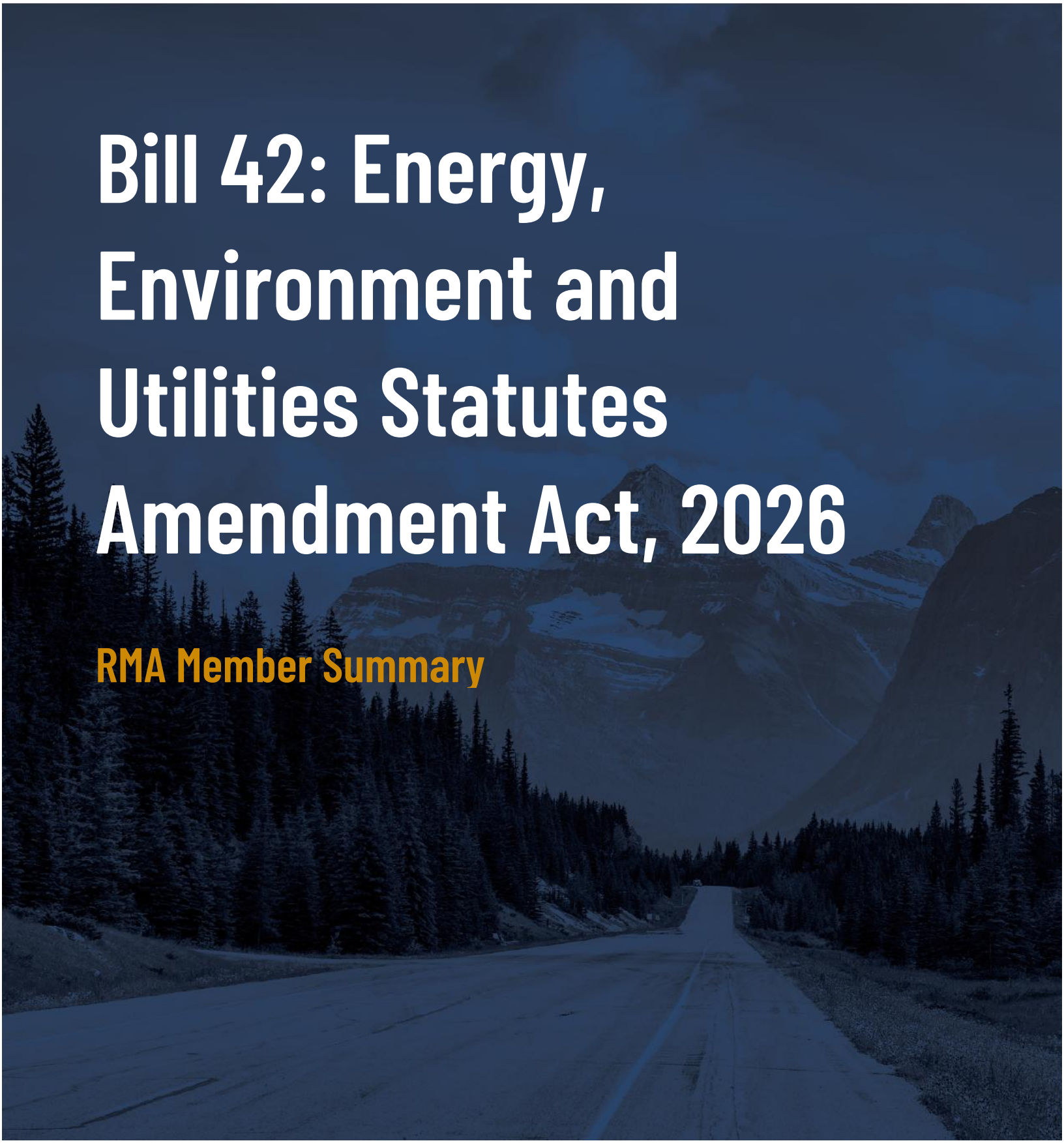
RMA
RURAL MUNICIPALITIES *of* ALBERTA



Bill 42: Energy, Environment and Utilities Statutes Amendment Act, 2026

RMA Member Summary

November 26, 2026

Introduction

Bill 42 Overview

Bill 42: *Energy, Environment and Utilities Statutes Amendment Act, 2026* received first reading in the Legislative Assembly on November 18, 2026. Bill 42 is an omnibus bill that amends the following Acts:

- *Alberta Utilities Commission Act*
- *Electric Utilities Act*
- *Hydro and Electric Energy Act*
- *Environmental Protection and Enhancement Act*
- *Mines and Minerals Act*
- *Forests Act*
- *Oil Sands Emissions Limit Act*

Many of the amendments proposed in Bill 42 will impact rural municipalities directly or rural communities more generally. While the most significant and direct change for rural municipalities is the creation of a new regulatory framework for data centre approvals, other changes related to reclamation security for oil and gas wells, utility rate disparities, and other areas will also be relevant to many or all RMA members.

Purpose of Document

RMA's Bill 42 Member Summary is intended to provide members with an initial overview of the Bill with a focus on the most significant changes for rural municipalities and communities. As the Bill was introduced very recently and has not yet received Royal Assent, this document is not intended to serve as an analysis of the changes. RMA is currently in the process of analyzing the Bill and monitoring potential amendments as it progresses through the legislative process.

Due to the length and complexity of Bill 42 and the importance of providing members with an initial overview as quickly as possible, the document does not address every aspect of the Bill or every specific legislative amendment. The document is intended to focus on providing members with an initial understanding of the most significant changes in the Bill, with further details and analysis to be shared at a later date.

Next Steps

RMA will continue to monitor Bill 42 as it progresses through the legislative process. This will include updating internal analysis and providing members with further information as it is learned. It will also include seeking clarity from relevant government ministries as questions arise.

Any questions on Bill 42 or the information in this document can be directed to Wyatt Skovron, RMA General Manager of Policy and Advocacy, at wyatt@RMAlberta.com.

Data Centre Planning and Approvals

Overview

Bill 42 amends the *Hydro and Electric Energy Act* and the *Alberta Utility Commission Act* to require certain data centre projects exceeding a prescribed megawatt threshold to receive approval from the Alberta Utilities Commission (AUC). This represents a significant departure from the current regulatory framework, under which the data centre itself generally fell within municipal jurisdiction over planning and development, while associated infrastructure such as on-site power generation or transmission lines remained subject to approval by the AUC. At present, it is not clear how the AUC's new approval authority will interact with s. 619 of the *Municipal Government Act*; however, as data centres over the threshold now require AUC approval, it can be inferred that s. 619 will apply to these projects.

Amendments to the *Electric Utilities Act* and *Hydro Electric Energy Act* also introduce the concept of "designated" data centre systems. A number of these provisions expressly contemplate that costs related to transmission infrastructure associated with serving designated data centres must be recovered from project owners and proponents, rather than borne by Albertan ratepayers.

Bill 42 also grants broad regulation making authority to Cabinet to determine classes of agricultural land, data centres, land uses, and structures, and to establish provincial setback requirements for data centres, to which municipalities will be able to request exemptions from or variances to.

Notable Changes

Change	Legislation and Section	Impact
Definitions of data centres and data centre systems	*Hydro and Electric Energy Act;* ss. 1(1), 4.1, 4.2, 11.1(1)(a) *Electric Utilities Act;* ss. 1(1)(h.02) and (h.03)	Data centres, data centre systems, and designated data centre systems are defined for the purposes of the *Electric Utilities Act, Hydro and Electric Energy Act*, and forthcoming regulations and rules. This is an important step towards clearer regulation of this emerging sector. There is now a distinction between a data centre, which is limited to the data processing facility itself, and the data centre system, which encompasses the data centre but also the power generating units, distribution system, transmission lines, and energy storage systems associated with the facility's operation. Importantly, the definition of data centre now also encompasses facilities that are mining digital assets (i.e., cryptocurrency), which have historically been problematic in some instances for rural municipalities. One area where questions remain is the amendment to s. 11.1(1)(a) of the *Hydro and Electric Energy Act,* which provides that as it relates to the approval of data centres, data centre means a data centre that has a maximum

		demand (in megawatts) of an amount prescribed in the not-yet-released regulations.
Data Centres are now expressly covered by *Alberta Utilities Commission Act* and AUC regulations	*Alberta Utilities Commission Act;* ss. 9(3)(b), 17(1), 22(1) *Hydro and Electric Energy Act;* s. 5(1), 11.1(2)(b), 19(2)(a-e)	The *Hydro and Electric Energy Act* provides that no data centres will be permitted to be constructed or operated without approval from the AUC and in accordance with the regulations, and the *Alberta Utilities Commission Act* provides that data centres will now be treated the same within the AUC's hearing process as any other AUC-managed facility. Further, the AUC has authority to make regulations about data centres in the same way as power plants, energy storage facilities, transmission lines, or distribution systems within their purview. Together, this is the most consequential change for rural municipalities considered by Bill 42, as it brings most – if not all – data centre facilities within the jurisdiction of the AUC, similar to power plants and transmission lines. Given that s. 619 of the *Municipal Government Act* allows a license, permit, approval or other authorization granted by the AUC to supersede municipal authority over land use planning, it may be the case that data centre developments will no longer be locally regulated.
"Designated" data centre systems	*Hydro and Electric Energy Act;* s. 4.1	For a data centre system to become "designated", it must be larger than 75 MW; smaller projects may become designated, as determined by the regulations. Designated data centre systems are now separate from the rest of Alberta's interconnected electric distribution facilities and transmission facilities. Further, power that is generated by and consumed by a data centre system on-site – that never enters the grid – is exempt from the application of the *Electric Utilities Act.* In their application for designation, the "responsible person" – elaborated on below – must provide the AUC with an ISO assessment of the data centre system's impact on the provincial electrical system and evidence showing that all costs associated with the data centre system's transmission facility are to be wholly borne by the owners of the data centre system. The AUC is then required to consider whether designating the data centre system could reasonably be expected to ensure that transmission costs are paid by the owners, supports the provincial grid's efficiency, and maintains or improves the reliability and adequacy of the provincial electric system.

"Responsible Person" defined for data centre legislation	*Hydro and Electric Energy Act;* s. 1(1)(l.1), 4.3, 4.4(a) and (b) *Electric Utilities Act;* s. 1(1)(ss.111)	The person – either a prescribed person, or a prescribed class thereof – who applies for the designation of a data centre under s. 4.1 is now the "responsible person" for the purposes of the *Hydro and Electric Energy Act*, *Electric Utilities Act*, and other legislation. It is not clear whether "person" refers to a single individual or to a corporation, which are included within the definition of a person in Canadian law. These persons will be the sole party authorized to apply for system access service for a data centre system under the *Electric Utilities Act*, enter into agreements with the ISO regarding transmission tariffs, act as the electricity market participant for the data centre system, and manage the technical and operating requirements for any system connections to the provincial grid.
Transmission Infrastructure Costs	*Electric Utilities Act;* ss. 1(1)(z), 2(1)(b.2), 30(2.1), 30(3)(a), 37, 37.1, 121(2)(d), 122(2)(b),	Additionally, changes to the *Electric Utilities Act* explicitly prevent the costs of transmission infrastructure associated with designated data centres from being passed on to Albertans through the ISO tariff or their utility distribution rates, and grants the ISO a just and reasonable share of the costs associated with data centres' transmission systems. Where owners of transmission facilities within designated data centre systems own lines outside of the data centre system, they may file a tariff with the AUC showing how they will recover the transmission facility's costs and that none of the costs incurred are included in their ISO tariff. While these particular changes have little impact to municipalities, it makes explicit that no costs related to data centres' transmission infrastructure will be passed on to Albertans.
Expanded Ministerial regulation making authority	*Electric Utilities Act;* s. 41.01	The Minister has broad regulation-making authority. This includes the ability to establish classes of data centres, manage a data centre's access to the provincial system including load management, load shedding, and consumption of provincial grid power, and even determine the AESO's authority over data centre system access or exempt a data centre from the *Electric Utilities Act* entirely.
Data Centre Approvals and High-Quality Agricultural Land	*Hydro and Electric Energy Act;* ss. 11.1	This section confers regulation making authority on Cabinet to determine the definition of high-quality agricultural land, the designation of specific high-quality agricultural lands, and the delegation of certain matters

		to the Minister or the AUC, in addition to the amount of demand for a data centre to be covered by this section, such as the 10 MW discussed in press releases. However, it also provides regulation making authority to specify minimum setbacks for data centres and establish various classes of land (such as irrigated land), land uses, data centres, and structures. It also establishes the right for a municipality to request an exemption from or variance in respect of a setback determined by regulation.
Cabinet - Regulation Making Authority	*Hydro and Electric Energy Act;* ss. 11.1	Despite the province's Bill 42 press materials explicitly mentioning development of a provincewide water use standard and design or operation requirements regarding excess heat recovery for other industries, the Bill does not contain legislative amendments regarding these statements. What ss. 11.1(2)(c) and 11.1(5)(d)(i) do, however, is grant broad authority for Cabinet to make regulations "respecting the construction or operation of a data centre." It is likely that a number of the province's publicly stated intentions will be implemented through regulation.
Specially Designated High-Quality Agricultural Land	*Hydro and Electric Energy Act;* s. 11.1(7)	Section 11.1 also discusses specially designated high-quality agricultural land; s. 11.1(7) states that s. 11.1(2)(a) – which bars construction or operation of a data centre on high-quality agricultural land except as approved by an order from Cabinet – is of no force and effect as of September 20, 2027. Further, subsection (2)(a) also will not apply if the project is at a stage of construction or operation prescribed in the regulations on the coming into force of these amendments. It is not immediately clear to RMA why the requirement for an order from Cabinet to allow construction of a data centre on high-quality agricultural land is of no force and effect as of September 20, 2027. It is possible this timeline relates to construction of a specific project, or it is intended as an interim measure until development of regulations to data centres on high-quality agricultural land under ss. 11.1(5)-(6). RMA plans to seek further clarity on this section from the Government of Alberta, and will request involvement in any engagement related to developing regulations for the purpose of agricultural land protection.

Setbacks and municipal variance requests	*Hydro and Electric Energy Act;* s. 11.1(5)(d)(iv)	The Minister is empowered to develop regulations regarding data centre setbacks, and the "right" of a municipality to request a variance. The ability links to regulation-making power established in s. 11.1(5)(d)(ii), which allows for regulations relating to setbacks from various parcels of land, structures, and property types. According to the GOA's public statements related to Bill 42, the only expected setback established through regulation will be related to distance from residential dwellings. It is unknown whether additional setback requirements will be established by the AUC as part of the regulatory approval process.
Deemed Approvals	*Hydro and Electric Energy Act;* s. 11.2	If a person is constructing a data centre before this legislation comes into force, then they are deemed to be the holder of an approval from the AUC, but are otherwise subject to the provisions of the *Hydro and Electric Energy Act*. For municipalities that are currently hosting data centres approved or under construction, this allows projects to proceed with a deemed approval from the AUC rather than starting over.
No Permit for Industrial Systems' Transmission Lines	*Hydro and Electric Energy Act;* s. 16(1)	The *Hydro and Electric Energy Act* requires transmission lines to be permitted and licensed by the AUC prior to construction and operation, except within industrial systems for industrial use alone. These amendments provide the same exemptions to transmission lines within data centre system, including on the land where the system is located or across public highways dividing the land where the designated system is located.
Statutorily Designated Data Centre Systems	*Hydro and Electric Energy Act;* s. 4.2	As described in the Schedule, the Cougar 1101S Switching Station is a statutorily designated data centre.

Oil and Gas Well Security Requirements

Overview

Bill 42 significantly updates the *Mines and Minerals Act* to address risks and liabilities associated with resource asset holders failing to meet their regulatory and financial obligations. The amendments expand ministerial oversight, strengthen enforcement tools, and introduce greater flexibility in the administration of resource agreements under the Act. They broaden the Minister's ability to manage contractual arrangements, create new oversight of changes in control of lessees, and enhance the Crown's ability to recover debts through statutory security interests and expand liability provisions. The amendments also support emerging resources by expressly recognizing geothermal development, carbon sequestration activities, and alternative gases such as hydrogen and helium.

Bill 42 also moves forward some recommendations from the Government of Alberta's Mature Asset Strategy through the creation of a new Resource Asset Closure Assurance and Stewardship framework. The framework creates an industry-supported fund intended to support closure, reclamation, remediation, and post-closure activities for resource assets while maintaining industry responsibility for associated liabilities. The Minister is also granted new powers to assume management and control of a resource asset when the asset poses an environmental or safety risk. This would not relieve responsible parties of their obligations. However, most mechanisms of the fund – such as levy amounts, covered assets, eligibility requirements, payment mechanisms, and stewardship requirements – are not yet determined, being left to be established in future regulations.

Notable Changes

Change	Legislation and Section	Impact
Expanded Ministerial Powers and Flexibility for Agreements	*Mines and Minerals Act*; ss. 5(1.1), 9(1)(a)(v.2), 9(2), 9(3), 16(2), and 54(5)-(7)	Expansion of the Minister's authority to enter into and vary contractual agreements under the Act. The Minister gains the ability to vary or waive certain statutory requirements when authorizing certain activities related to minerals, geothermal resources, and carbon sequestration.
Enhanced Liability, Debt Recovery, and Security Framework	*Mines and Minerals Act*; ss. 19.1, 20, 38(7.1), 91.4(e), 95(3.1)	Strengthens the Crown's ability to recover debts and enforce obligations under agreements made under the Act. The amendments create statutory security interests, expand joint and severable liability among lessees, treat certain audit findings as debts owing to the Crown, and allow the Crown to register security notices on lessee interests.
Oversight of Lessees and Resource Rights	*Mines and Minerals Act*; ss. 1(1)(l), 1(1)(r.1), 1(1)(w)(i), 80(2)(a), 82.1, 91.1, 91.2	Clarifies obligations under agreements made under the Act. The amendments broaden the scope of capture of certain resources, repeal the shallow rights reversion program, and introduce ministerial review of changes in control of lessees.

		By doing so, the Minister gains greater oversight of transfers and corporate transactions involving resource assets. Ideally, this would help ensure debt and regulatory obligations remain with entities capable of fulfilling them.
Introduction of Resource Asset Closure Assurance (Mature Asset Management) and Stewardship Fund	*Mines and Minerals Act*; Part 10, ss. 125-35	Part 10 creates a new system to fund, manage, and oversee the closure and post-closure stewardship of energy resource assets. The framework tries to ensure closure, reclamation, and remediation obligations are funded throughout an asset's life cycle, ideally reducing the risk that liabilities become orphaned or unfunded by actors that benefitted from them. The provisions establish the Resource Asset Closure Assurance and Stewardship Fund (the "Fund"), which will be financed through closure-assurance levies, top-up levies, fees, and penalties paid by responsible parties. The Fund may be used to support closure work, post-closure stewardship activities, and the administration of the program. Responsible persons may be eligible to recover a resource asset's attributed value once prescribed closure obligations and other requirements have been satisfied. Amounts owed to the Fund are treated as debts recoverable by the Crown. The amendments also grant the Minister authority to assume and delegate management and control of a resource asset where necessary to prevent impairment or damage, while expressly preserving the liability of the responsible person. The Crown does not assume responsibility for closure obligations under the framework. Many of the program's practical operation remains dependent on future regulations, including which assets are covered, who qualifies as a responsible person, levy amounts, payment eligibility criteria, Fund administration requirements, and the circumstances under which the Minister may exercise various powers. As a result, the overall structure of the program is established in the legislation, but many of its operational details and financial impacts remain to be determined through regulation.

Utility Distribution Rates

Overview

Bill 42 renames the Balancing Pool the Alberta Utilities Trust to "refine and refocus the agency's role in supporting utility affordability."

Amendments to the re-titled *Utility Rebate Act* establishes a rebate for electric distribution service costs and distinguishes it from rebates for utility commodities (electricity, gas, propane, heating oil or other fuel for heating purposes). The Minister is enabled to determine that an electric distribution rebate is justified, rebate details, and require a distributor to provide the rebate to eligible consumers. Rebates provided to direct providers (e.g., retailers) must be passed through to eligible consumers. The Alberta Utilities Trust, formerly the Balancing Pool, is obliged to manage rebate funding payments between parties. Details are intended to be set out in future regulation; timing is unknown. Changes may benefit rural municipalities and consumers disadvantaged by low population density and higher distribution charges compared to urban areas. It is not clear how this will impact rural electrification associations.

Notable Changes

Change	Legislation and Section	Impact
Renames Balancing Pool as Alberta Utilities Trust and replaces all instances of "Balancing Pool" in *Electric Utilities Act* and *Alberta Utilities Commission Act*	*Electric Utilities Act;* Part 4 *Alberta Utilities Commission Act*; ss. 31(1)(a), 39, 46(1), 59	Changing the name to the Alberta Utilities Trust is intended to "refine and refocus the agency's role in supporting utility affordability." Additional provisions include designated data centre systems within the relevant responsibilities of the Alberta Utilities Trust, and duty to carry out any function or duty given to it under the *Utility Rebate Act* or regulations under the Act.
Rename legislation	*Utility Commodity Rebate Act, cU-3.5* is renamed to *Utility Rebate Act, cU-5*	Aligns title of the Act to its amended scope.
Creation of electric distribution rebate	*Utility Rebate Act;* ss. 1(a.1)-(a.3)	Added definition differentiates this rebate from a utility commodity rebate. This rebate is intended to assist eligible consumers with the cost of electric distribution services as defined under the *Electric Utilities Act.* Creation of a rebate specifically for electric distribution costs may directly benefit consumers in rural municipalities where distribution charges are high compared to regions with higher population density.

Creation of "rebate funding payment" definition	*Utility Rebate Act;* s. 1(c.1)	Added definition clarifies the payment made by the Alberta Utilities Trust, formerly the Balancing Pool, to distributors for providing electric distribution rebates to eligible consumers.
Creation of “utility commodity rebate” definition	*Utility Rebate Act;* s. 1(d.1)	“Utility commodity” was previously defined in the Act. The added definition clarifies that rebates can be provided for utility commodities in the Act.
The Minister is enabled to direct the provision of an electric distribution rebate	*Utility Rebate Act;* s. 2(1.1)	The Minister can determine that a rebate may be justified to assist eligible consumers with the cost of electric distribution services. The rebate can be any amount over any period. The details of how the rebate will be determined and provided will depend on future regulations. Timing for regulation development is unknown.
The Minister is enabled to require a distributor to provide electric distribution rebates	*Utility Rebate Act;* s. 3(2.1)	Specifies that a distributor may be required to provide an electric distribution rebate to eligible consumers or to a direct provider for the benefit of eligible consumers. There is no information about regional or customer class considerations. Regulation defining who is not an "eligible consumer" may be developed in the future.
Clarification of the type of rebate	Throughout.	References to “rebate(s)” throughout Act replaced with “utility commodity rebate(s)” and/or “electric distribution rebate” depending on whether the clause refers to electric distribution services. It is not clear whether or how either rebate will appear on an eligible consumer’s bill.
Expand Lieutenant Governor in Council regulation-making authority	*Utility Rebate Act;* ss. 10(1)(e.1), (f.1), (j.1), (k.1), (n.1), (n.2)	Added sections expand the Lieutenant Governor in Council’s regulation-making authority to authorize electric distribution rebates, define the circumstances in which a person is not an eligible consumer, electric distribution rebate periods, electric distribution rebate amounts, and rebate funding payments to the Alberta Utilities Trust.
Specifies how electric distribution rebate funding payments are managed	*Utility Rebate Act;* s. 7.1(1)	New section updates the obligations of the Balancing Pool, now the Alberta Utilities Trust, in respect of electric distribution rebates and how rebate funding payments are managed between the distributor, the Alberta Utilities Trust, and the Government. The *Electric Utilities Act,* Part 4 is amended accordingly.

Other Relevant Changes

Overview

The *Oil Sands Emissions Limit Act* is repealed with no anticipated impact on rural municipalities or companies as the Act was never operationalized.

The *Mines and Minerals Act* is amended to improve clarity around treatment of grants, contracts and agreements including provisions to ensure company obligations, liabilities and debt are met while an authorization is held and when it is transferred or there is a change in control. An agreement granting rights to explore and mine minerals now includes the rights to explore and develop geothermal resources. Other provisions improve alignment between processes for mineral, geothermal and other subsurface resource exploration and development. The changes may improve clarity and consistency and support more streamlined approval processes for development across emerging sectors such as geothermal energy, critical minerals, hydrogen, carbon capture and storage, and others.

The *Environmental Protection and Enhancement Act* is amended to establish minimum fines and increase maximum fines for offences related to unauthorized disposal of waste by individuals and corporations. Added provisions introduce jail time for offenders of minimum 30 days and maximum six months.

Amendments to the *Forests Act* include new provisions surrounding information disclosures, changes to how timber dispositions are assigned and the establishment of delegated authorities.

Notable Changes

Change	Legislation and Section	Impact
Repeal of *Oil Sands Emissions Limit Act*	*Oil Sands Emissions Limit Act;* SA 2016 cO-7.5	The *Oil Sands Emissions Limit Act* was never implemented through regulation. There are no impacts on rural municipalities.
Clarify how Alberta manages Crown mineral agreements	*Mines and Minerals Act;* ss. 9, 16, 19.1, 20	Clarifies treatment of grants, contracts and agreements that the Minister may enter into including timing for decision and execution, conditions, and ability to secure debt owing.
Definition of “natural gas” expanded	*Mines and Minerals Act;* s. 80(2)(a)	Definition of “natural gas” updated to include non-hydrocarbon gases, such as helium and hydrogen and applies a similar regulatory treatment. This change may help clarify the division of regulatory roles and responsibilities between the AER and EPA.
Increased fine amounts for offences and introduction of jail time	*Environmental Protection and Enhancement Act;* s. 228	Penalty increases, for both persons and corporations, would apply across industries, including the data centre sector, and would be

		in addition to existing cleanup and remediation obligations.
Assignment of timber dispositions	*Forests Act;* ss. 1, 1(2), 16(3.1), 28(2.1)	Amendments specify that changes in corporate control for holders of timber dispositions (forest management agreements or timber quotas, licenses or permits) are now deemed as an assignment of the disposition in question, which requires written consent from the Minister. Changes in corporate control are further defined in amendments to s. 1. Amendments help support consistent government oversight of industry actors and promote transparency.
Establishment of delegated authorities	*Forests Act;* s. 4(l.8)	Proposed amendments would enable the GOA to confer rights, powers and duties under the *Forests Act* to delegated authorities as designated by the GOA. This may confer more decision-making authority and powers to stakeholders in the forestry industry. Depending on how they are used, proposed amendments may support local economic development, but may also compromise or undermine accountability for responsible forest management. Minimal clarity exists on how delegated authorities may be defined, determined or overseen.
Disclosure of information	*Forests Act;* s. 12.1	Proposed changes provide the Minister with overall discretion on what may be disclosed and to whom, including to delegated authorities as defined in section 4. RMA plans to seek further clarity on the purpose and impacts of the new disclosure sections of the Act.