Data centre regulation in British Columbia – Competing for a limited supply

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British Columbia recently introduced legislative amendments that will restrict the electrical capacity available for new data centre projects within the Province. As of Feb. 1, 2026, the allocation of new electrical capacity for data centre purposes in British Columbia is subject to system-wide aggregate limits that are allocated under a competitive process administered by the British Columbia Hydro and Power Authority (BC Hydro).

As outlined below, these limits are both quantitative and structural in nature. For the two-year period starting Feb. 1, 2026, BC Hydro is restricted to making available a total of 100 MW of new electricity capacity for conventional data centre purposes and 300 MW of new electricity capacity (plus any unused capacity from the conventional data centre limit) for AI data centre purposes. Further, no single project can be allocated more than 145 MW of capacity.

Taken together, these modest limits, coupled with the need to compete with other projects for a finite supply, will have major implications for proponents looking to develop or expand data centre facilities in British Columbia.

Regulatory framework

These changes are rooted in recent amendments to British Columbia's electricity regulatory regime. The *Utilities Commission Act*, administered by the British Columbia Utilities Commission, is the principal legislation governing the supply of electricity to data centres in British Columbia.

On November 27, 2025, Bill 31, *Energy Statutes Amendment Act, 2025* received Royal Assent and came into force. In broad terms, the Act made key amendments to the *Utilities Commission Act* to empower the provincial government to depart from the existing "first-come, first-served" electricity service model to prioritize certain industries over others for the stated purpose of ensuring electricity access brings the greatest benefit to British Columbia. More specifically, the amendments permitted the creation of limits on the electrical capacity available to cryptocurrency, data centre, and hydrogen-for-export facilities, which the Province identified as being energy intensive while generally providing fewer jobs and less revenue than natural resource projects.

Limits on available electricity capacity

These legislative changes were operationalized through regulation in early 2026. On Feb. 1, 2026, the Data Centre and Hydrogen Production Facility Power Supply Regulation (the Supply Regulation) came into force. The Supply Regulation introduces limits on the allocation of new electrical capacity for data centres and hydrogen-for-export facilities.

For data centres, the Supply Regulation distinguishes between two categories of facilities. Specifically, it applies to:

- conventional data centres (data centres, other than an AI data centres, the primary purposes of which is storage or processing of electronic data); and
- AI data centres (defined to mean data centres, other than a cryptocurrency mining project, in which 10 percent or more of the electricity supplied to the facility is or will be used for: (i) computational tasks related to artificial intelligence; (ii) processing and storing data related to the computational tasks in (i); or (iii) powering equipment and infrastructure used for the purposes referred to in (i) or (ii)).

Within these categories, the Supply Regulation establishes aggregate limits on the total amount of new electrical capacity that BC Hydro may make available for data centre purposes. Specifically, for the two-year period commencing on February 1, 2026, BC Hydro cannot make available more than:

- a total of **100 MW** of new electricity capacity for conventional data centre purposes; and
- the aggregated total of: (i) **300 MW** of new electricity capacity; and (ii) any electricity capacity not made available under the limit for conventional data centre purposes, for AI data centre purposes.

These limits are further tightened over time. For the one-year period between Feb. 1, 2028 and Feb. 1, 2029, these limits will be cut in half: **50 MW** (for conventional data centre purposes) and **150 MW** plus any capacity not used for conventional data centre purposes (for AI data centre purposes). The Supply Regulations also provide that a single request for service cannot exceed **145 MW** of capacity.

Competitive allocation process

Capacity limits are only one part of the new regime. The Supply Regulation further requires BC Hydro to establish and conduct a competitive process for the allocation of new electricity capacity for data centre purposes.

In response to this requirement, on Jan. 30, 2026, BC Hydro and the Government of British Columbia formally announced a 2026 Call for Demand for Emerging Industries (the Call for Demand) to fulfill the competitive process requirement for data centres for the two-year period starting Feb. 1, 2026. The Call for Demand establishes the following eligibility requirements:

1. **Size of request:** The request must be for electrical service of 10 MW or greater, but not more than 145 MW of capacity.
2. **Location:** The project must be located within BC Hydro's service area.
3. **Type of Request:** The project must be a new facility not yet interconnected to the BC Hydro grid or must be for (i) incremental capacity; or (ii) a change in end use of electricity supply at an existing facility.
4. **Facility Type:** Conventional data centre or AI data centre.
5. **Interconnection:** The project is or will be directly or indirectly interconnected to the BC Hydro grid, either via the distribution system or transmission system.
6. **Interconnection Queue:** As of Feb. 1, 2026, the project is: (a) in BC Hydro's transmission or distribution interconnection queue but has not yet signed a facilities study agreement (transmission) or paid a design deposit (distribution); or (b) not yet in BC Hydro's interconnection queue.

Applicants must also meet certain minimum criteria, including financial capacity and readiness to support the proposed project, as well as a willingness and ability to curtail electricity demand on 24 hours' notice.

From a timing perspective, the deadline for initial applications and bid security ($25,000 per MW requested) was March 9, 2026. Eligible applications will be assessed based on criteria established by BC Hydro, including the cost-effectiveness for BC Hydro, economic development and community benefits, data sovereignty, First Nations benefits, and environmental benefits.

Looking ahead, it is expected that a further competitive process will be established for the period commencing Feb. 1, 2028 to Feb. 1, 2029.

Other data-centre-specific regulation has been limited to date

Beyond electricity supply, data centre-specific legislation in British Columbia has been slow to develop. Apart from recent amendments to the *Utilities Commission Act*, there has been limited targeted regulation directed specifically at data centre development.

Conclusion

In practical terms, the modest 300 MW and 100 MW total allocation for AI and conventional data centres (and 145 MW single-project limit) will likely constrain the growth of the industry in British Columbia. This is particularly notable when compared with other jurisdictions, where individual projects often require significantly higher loads.

By way of comparison, in June 2025, the Alberta Electric System Operator (AESO) introduced an interim connection limit of 1,200 MW for large load projects until 2028. The AESO recently announced it has allocated all 1,200 MW to two projects, one requiring 970 MW and the other 230 MW, with other proposed projects contemplating load requirements of up to 1,800 MW.

As a result, proponents in British Columbia need to be aware of potential barriers to obtaining the electricity service required to power their projects. Where grid-supplied electricity is unavailable, power may need to be generated "behind the fence," through renewable or conventional means (such as natural gas), which can give rise to

secondary risks, including potential impacts under the Clean Electricity Regulations (CER) introduced in 2025, see our prior bulletin for more on the CER: Canada's new Clean Electricity Regulations | BLG.

Finally, the limits do not only apply solely to new projects. Requests for incremental capacity or changes in end use are also subject to the limits and competitive allocation process. Accordingly, proponents considering expansion or acquisition of existing facilities will need to carefully assess the risk of being unable to secure additional grid-supplied electricity.

By

Rick Williams, Braeden Stang, Jennifer Archer

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Energy – Power, Data Centres & Digital Infrastructure

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BLG Offices

Calgary
Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa
World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver
1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal
1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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