Alberta doubles down on data centre mandate

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The Government of Alberta has reaffirmed its commitment to its Artificial Intelligence & Data Centre Strategy (Strategy), doubling down on its ambition to make Alberta a leading North American hub for AI and AI infrastructure by leveraging Alberta's strengths in power capacity, sustainable cooling, provincial wide fibre-optic, and economic growth.

To advance implementation, the Province has committed to several initiatives, including modernizing regulatory frameworks, establishing a purpose-built data centre concierge, and promoting partnerships with municipal governments and Indigenous communities to accelerate responsible growth.

Mandate letter

In a recent mandate letter to Minister Nate Glubish (Technology and Innovation), Premier Danielle Smith reaffirmed the government's focus on making Alberta the most attractive jurisdiction for data centre investment in North America. The letter emphasizes cross-ministerial collaboration to deliver stable and affordable electricity, modernize digital infrastructure, and ensure Albertans benefit from long-term returns on innovation.

Beyond reiterating earlier commitments under the Strategy, the mandate letter expands Alberta's technology agenda in several ways. The Premier has directed the Minister to:

- Complete and publicly announce Alberta's AI data centre attraction strategy in coordination with Treasury Board and Finance and Affordability and Utilities, ensuring a balance between investor confidence, reliable electricity, and fair returns for Albertans;
- Amend the mandates of Alberta Enterprise Corporation and Alberta Innovates to enable direct co-investment in technology companies;
- Develop an intellectual property strategy that enables Alberta to take an ownership interest in the ventures, technologies, research and other intellectual property developed and built with the support of taxpayer dollars;
- Finalize Alberta's digital strategy to modernize service delivery while prioritizing privacy and data security;
- Continue implementation of the Alberta Technology and Innovation Strategy to attract innovators and diversify the provincial economy;

- Advance Alberta's Broadband Strategy, including connecting First Nations and Métis Settlement communities in collaboration with the Minister of Indigenous Relations;
- Lead the development of an AI productivity initiatives roadmap that includes tools, training, and performance measurement to enhance Alberta Public Service's workforce capabilities and better government operations;
- Work with the Minister of Affordability and Utilities to fast track the regulatory processes for AI data centres who use a "bring your own power" approach for power generation; and
- In collaboration with Service Alberta and Red Tape Reduction and Infrastructure, modernize government operations by improving procurement practices through full One Government experience (1GX) adoption and category management, enhancing call-centre efficiency with artificial intelligence and automation, and continuing to streamline regulatory processes for emerging and blockchain-based technologies.

The mandate letter is a signal to the Province and abroad that Alberta remains serious about enabling large-scale data-centre developers and investors assessing where to deploy capital.

Ongoing challenges with data centre projects

The Strategy's confirmation arrives as developers face a complex risk environment. Persistent issues include intellectual-property protection, regulatory uncertainty, supply-chain volatility, and environmental compliance. Developers must also navigate several Alberta-specific considerations:

- **Self-supply and grid connection**. Developers are exploring co-located generation models (pairing data centre facilities with onsite power generation) to secure reliable power without overburdening Alberta's grid (or being held-up by AESO grid allocation – see below). Yet, redundancy demands mean that even self-supplied projects likely must maintain a level of grid connection to ensure continuity during outages or maintenance.
- **Interconnection scarcity and grid allocation**. Despite Alberta's overall energy capacity, power demand from large-load data centres exceeds available transmission capacity on the provincial grid. To manage this, the Alberta Electric System Operator (AESO) has implemented a phased intake process limiting new large-load connections. This creates timing constraints for ready developers and may delay project advancement until additional grid capacity is built out, additional generation comes online, or fully behind-the-fence projects achieve redundancy feasibility.
- **Market design changes**. The Restructured Energy Market (REM) – a comprehensive overhaul of Alberta's power market intended to stabilize prices and enhance reliability – is slated to launch in 2027. The policy and design work are complete, but steps remain to operationalize the new structure and finalize tariffs and rate classes. For large industrial customers such as data centres, these changes could reshape how they buy, generate, or sell electricity.
- **Alberta's Data Centre Levy**. The proposed data centre levy adds another layer of uncertainty for data centre developers. The levy would impose a 2 per cent computer hardware levy on any grid-connected data centre drawing 75 MW or

more in power. The levy will be fully creditable against Alberta corporate income tax once a data centre becomes profitable.

- **Federal policy**. Ongoing tension between Alberta and Ottawa over the Clean Electricity Regulations – which target the phase-out of unabated fossil generation by 2035 – remains a source of policy risk for developers seeking long-term cost and emissions certainty.

Looking ahead

Despite these ongoing challenges, Alberta continues to gain traction as a go-to location for data centre investment. Among several projects announced in recent months, a project was recently approved in Red Deer for a 1,000 sqm (10,765 sq ft) modular data center on a 120-acre land parcel.

As the Province continues to approve data centre projects and put its Strategy to work, regulatory frameworks and industry trends will continue to develop. BLG's multidisciplinary team advises on every phase of data-centre development, from regulatory and environmental approvals to power procurement, financing, construction and Indigenous and community engagement. Our lawyers will continue to monitor Alberta's evolving policy and regulatory landscape and support clients in structuring projects that leverage the Province's Strategy. If you would like to learn more about how your organization can leverage Alberta's AI & Data Centre Strategy, please feel free to contact us.

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