Data centres in Canada: Current state

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Data centres have rapidly emerged as a dominant force in global infrastructure investment, accounting for more than *25 per cent* of global greenfield investment in 2025. While they generate fewer jobs and contribute less to GDP than other sectors, such as natural resources, jurisdictions across the world are actively seeking to attract these projects to secure data sovereignty, boost national security and bridge tech leadership gaps. Yet as AI reshapes the global economy, a central constraint is emerging: the capacity to site, build, and power data centres at sufficient scale.

Canada is an attractive setting for data centre development, owing to its cold climate, abundance of hydroelectric power and proximity to the United States market. Yet, Canada remains a comparatively small player. As of early 2026, the U.S. boasted 40.6 GW of live data centre capacity, compared to Canada's modest 1.4 GW of live capacity in September 2025.

What does this mean for data centre proponents seeking to connect in Canada? It depends on the jurisdiction. In Canada, electricity generation, transmission, and distribution are administered by government-owned provincial authorities. Opportunities and requirements vary widely depending on which province you are considering for a new project. This publication examines four provinces and thus four distinct regulatory approaches to data centre development.

From British Columbia, BLG Partner and National Leader of the Environmental Group, Rick Williams, delves into B.C.'s electricity regulatory regime and how recent changes impact data centre proponents. In Alberta, BLG Partner Jordan Hulecki will explore what has made the province one of Canada's most proactive jurisdictions for the development of large-scale data centres. Moving east to Ontario, BLG Partner and Professional Engineer Colm Boyle describes recent regulatory developments and measures being taken to ensure the provincial electricity grid is positioned to accommodate new data centre connections. Finally, in Québec, BLG Partner Adina Georgescu provides a general overview of Hydro-Québec's regulatory framework, the processes governing load connections, and the policies shaping power availability and allocation for energy-intensive facilities.

Regardless of the legal tools used to manage it, grid stress has emerged as the defining constraint across all four jurisdictions, and provincial regulators are unified by a ratepayer-first approach. Alberta's explicit preference for "bring-your-own power" self-

supply and B.C.'s behind-the-fence workarounds reflect this pressure, as does Ontario's Impact Assessment requirement for facilities over 10 MW, a process that can exceed 12 months in a sector where construction timelines are typically measured in months, not years. In Québec, Bill 69 introduces scrutiny of new and expanded facilities to align with provincial priorities and responsible energy use.

Across all four provinces, Indigenous consultation is emerging as a criterion in the approval and connection process, particularly in British Columbia. Regulatory frameworks in all four jurisdictions remain in early stages of maturity: Ontario's Bill 40 amendments to the *Electricity Act* are sparse on detail, with substantive elements deferred to forthcoming regulations, while Québec's Bill 69 includes data centre-specific provisions, including proposed new tariffs and updated allocation criteria, are still working through the Régie de l'énergie.

The greatest divergence across jurisdictions arises from how each province prioritizes access for data centre proponents. Alberta stands apart. Its Memorandum of Understanding with the federal government suspends its Clean Electricity Regulations obligations and explicitly encourages expanded electricity access for made-in-Canada data centres, making it the most openly welcoming of the four. Ontario, Québec, and British Columbia are not closed to data centres, but constrained grid capacity limits how many large connection requests each can absorb. B.C. will make 400 MW available over two years commencing February 2026, capped at 145 MW per project. Ontario requires proponents to bear marginal system costs through connection asset payments, expansion deposits, and participation in locational marginal pricing. Hydro-Québec has proposed a dedicated industrial tariff for data centres requiring more than 5 MW of approximately 13 ¢/kWh - roughly double the current large-power rate.

The benefits of data centre development in Canada are clear. As a result, national and provincial governments are positioning Canada, supported by its strong energy and power bases, cool climate, abundant fibre connectivity and availability of natural resources as an attractive jurisdiction for proponents via competitive power costs and an attractive corporate tax environment. However, successfully developing data centres in Canada requires navigating complex legal and regulatory requirements across jurisdictions. Explore the perspectives below regarding data centres in Alberta, British Columbia, Ontario and Québec to learn more.

Whether you are entering the Canadian market for the first time or scaling existing operations, the regulatory nuance across these four provinces makes early, jurisdiction-specific legal advice essential. Contact any of our authors to discuss your project.

By

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