

Data Centre Playbook

Economic and Strategic Assessment Framework for New Data Centres in Ontario

Submitted by: Business Renewables Centre-Canada (BRC-Canada)

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Re: Environmental Registry of Ontario posting 026-0853

Summary

Ontario's data centre framework should **make energy a core pillar** of its strategy to help grow the sector responsibly, ensure digital sovereignty, and safeguard communities and the environment while aligning with Ontario's economic vision. To provide data centre developers and all businesses with more options to procure energy while supporting the affordability and reliability of Ontario's bulk electricity system, the Government of Ontario should:

- **Initiate an energy procurement program to match the scale of data centre build out.** New data centre demand could account for 13% of Ontario's electricity consumption by 2035, putting pressure on grid reliability and price escalations for consumers. A substantial and equivalent buildout of new energy supply is necessary to fully enable data centre build out while protecting consumers.
- **Allow data centres to participate in the IESO's corporate PPA (C-PPA) program.** Energy should be expanded from a cost-allocation principle to a distinct core pillar of Ontario's data centre strategy. The program should also be expanded to **include all Class B Industrial Conservation Initiative (ICI) customers** to ensure that both data centres and other industries in Ontario can directly procure energy for their operational and environmental goals.
- **Allow companies to make use of battery energy storage.** The C-PPA regulation O. Reg. 429/04 (June 2025) should be amended to include battery storage. Without battery storage, the program's current structure cannot ensure peak-hour coverage or support a move toward 24/7 power.

Introduction

Business Renewables Centre-Canada (BRC-Canada) welcomes Ontario's effort to establish a clear framework for assessing new data centre development. Data centres can be an important source of investment, municipal revenues, and economic opportunity. Ontario

should pursue this opportunity while protecting electricity customers, supporting community priorities, and accelerating the clean energy and grid investments needed for an affordable, reliable system.

The framework should prioritize enabling data centres to bring new, clean energy resources and grid value to Ontario, while ensuring that costs attributable to data centre electricity demand and associated infrastructure do not increase bills for households, small businesses, and other electricity consumers. BRC-Canada recommends that Ontario take a robust approach built on the following principles to attract valuable investment and strengthen Ontario's electricity system and communities.

Initiate an energy procurement program to match the scale and ambition of data centre build out

The immense scale and ambition of data centre developers to invest and build rapidly is unprecedented for both economic investment and Ontario's electricity system. While the IESO's 2026 Annual Planning Outlook (APO) reference case projects data centre energy demand to grow from 4.5 to 10.3 TWh per year between 2027 and 2035¹ reflects, conservatively, a 662 MW load. Similarly, the entire commercial sector including data centres is projected to consume around 50 TWh per year from 2027 through 2035, representing roughly 5,700 MW of load.

Meanwhile, the Government of Ontario has already reported 6,500 MW of new data centre connection requests by 2035 – 10 times the volume of the 2026 APO reference case projection.² BRC-Canada recognizes that not all of these connections will be completed but acknowledges a concerning gap between the current trajectory of IESO energy and capacity procurements and Ontario's plans for data centre growth.

Based on **BRC-Canada's analysis of comparable market structures**,³ we recommend that the **IESO run a green sleeve-deal program that explicitly procures new clean energy supply to match this large data centre demand as the government approves projects**. Such a program would send a strong signal to data centre developers and communities that Ontario is balancing economic competitiveness with electricity affordability and system reliability. By operating the procurement as a green program and limiting participants to low-emissions options, it will also help data centre developers meet their own corporate sustainability objectives while still meeting the IESO's reliability and cost-effectiveness objectives, as through the existing medium- and long-term procurements.

¹ <https://ieso.ca/-/media/Files/IESO/Document-Library/planning-forecasts/apo/2026/2026-APO-Demand-Forecast-Module-Data.xlsb>

² <https://news.ontario.ca/en/release/1006141/ontarios-energy-plan-unlocking-opportunities-in-the-digital-economy>

³ https://businessrenewables.ca/sites/default/files/2025-12/2025%20Powering%20Corporate%20Choice%20FINAL_0.pdf

Allow data centers to procure energy under the existing C-PPA program

Ontario's corporate Power Purchase Agreement (C-PPA) program, established through amendments to Ontario Regulation 429/04 in June 2025, was a strong start to a public policy program that improves grid reliability and affordability, encourages more economic investment in clean energy, and supports operational infrastructure. However, it is currently limited to the largest commercial electricity consumers, and deployment barriers remain. Its main design is to enable demand response through limited mechanisms to acquire new energy supply.

Without new procurement, the existing C-PPA program should be leveraged to support the growth of data centres in Ontario. The C-PPA program is promising and could support economic competitiveness and the smart, affordable buildout of electricity infrastructure, but it would benefit from a second phase or iteration.

As currently designed, the C-PPA program does not enable the full range of long-term, flexible contractual arrangements needed to support new generation that will power growing industries and support grid reliability and affordability. In other words, Ontario is limiting the options available to businesses to conduct their operations.

As proposed, Ontario's playbook would not allow data centres to participate under the current C-PPA framework.⁴ As mentioned above, the gap between projected energy supply and demand from new data centres is concerning; all planning and procurement tools should be used to address this gap. Specifically, BRC-Canada recommends the following adjustments to the C-PPA program and related electricity regulations or processes.

Create a framework to permit data centres to procure clean electricity supply directly

Ontario must prioritize creating a framework that allows data centres to procure clean electricity through both physical and virtual PPAs. This can be done by considering **energy as a dedicated pillar** alongside the economic, strategic, and community considerations. Electricity supply, transmission constraints, demand flexibility, and consumer cost impacts are fundamental to data centre development and should not be treated as secondary details within a broader economic assessment.

- Any new large data centre project should be able to bring forward new, clean energy supply through procurement and investment decisions. Many emerging jurisdictions are already putting this into practice. For example, in Nevada, Amazon has invested in geothermal and solar projects to power its data centres,

⁴ <https://www.ieso.ca/Sector-Participants/Settlements/Corporate-Power-Purchase-Agreements-for-ICI-Participants>

- covering all power costs, new energy infrastructure and generation, and ensuring these costs are not passed on to residents and businesses in the region.⁵
- BRC-Canada agrees that projects should support the reliable operation of the province's electricity system and contribute fairly to the cost of transmission development, distribution system improvements, and other infrastructure needed for data centre development.

Establish a separate rate class

In the absence of a new framework for direct buying, BRC-Canada supports creating a separate rate class for data centres, but this rate **class must be allowed to participate in the province's C-PPA program**. The C-PPA program is currently the only available path for firms to procure power directly in Ontario.

Currently, the C-PPA program is restricted to Class A customers and is part of the ICI bundle of initiatives. Under the current proposal, data centres would be exempt from the ICI program. This exemption appears intended to ensure that data centres pay all associated energy costs. However, this also prevents data centres from procuring their own energy directly.

A separate rate class can provide a transparent mechanism to ensure that data centres pay the electricity system costs associated with their consumption, peaks, and infrastructure requirements. Rate setting should be guided by the principles of fair cost recovery, ratepayer protection, predictability and transparency to support investor confidence and customer satisfaction with performance incentives for new clean supply and flexibility. The rate class should be reviewed as newer and larger loads enter the market and conditions evolve.

Amend C-PPA eligibility to include energy storage

The C-PPA program, as currently structured, has not attracted industry interest and requires careful modifications to create certainty for buyers and investors. A current barrier to using the C-PPA program is the exclusion of energy storage. This has created a situation where developers and off-takers must balance both the risk of future power prices and the risk of generation aligning with peak demand hours. This has made the current system untenable for vPPAs in Ontario.

Because energy storage is not an eligible resource under the C-PPA program, amending the current program to **include energy storage** is an essential first step to ensure data centres can directly procure all required power for their operations and provide certainty of peak-hour coverage. Beyond program viability, energy storage can help data centres manage peaks,

⁵ <https://www.aboutamazon.com/news/sustainability/amazon-renewable-energy-updates?p=amazon-invests-in-new-geothermal-and-solar-projects-to-power-future-nevada-data-centers>

improve resilience, support the integration of renewable generation, and reduce pressure on the electricity system during high-cost or high-demand periods.

Regulatory approval must come earlier in the process

BRC-Canada supports Ontario's objective of ensuring data centre growth does not come at the expense of existing electricity customers. The *Protect Ontario by Securing Affordable Energy for Generations Act*⁶ establishes regulatory authority to require specified large load facilities, including large data centres, to receive government approval before connecting to the grid. This authority can be an important tool to protect ratepayers and ensure new large loads align with provincial energy policy objectives.

However, **the approval must be incorporated much earlier in the process** to provide reasonable certainty for data centre projects and the associated new energy generation required, and not at the connection phase. By this phase, proponents may have already invested millions of dollars in site selection, land arrangements, engineering, commercial negotiations, and clean energy procurement. A late-stage discretionary decision severely undermines investor confidence.

Conclusion

The Business Renewables Centre-Canada thanks the Ontario government for initiating a new framework for data centre development and the opportunity to provide comments. The government must design this framework to enable data centres to procure and bear the cost of new generation, grow the market for clean electricity, and improve Ontario's competitiveness as an investment destination.

This will help data centre proponents prioritize clean energy investment, ensure data centres bear generation costs, and deliver broader system benefits than a project-by-project approach to data centre demand. Moreover, by amending the C-PPA program, the province would enable large load centres to obtain virtual PPAs that provide geographical flexibility and long-term financial settlement mechanisms that ensure electricity supply, typically spanning 10-25 years, reducing spot market exposure.

These enabling policies could snowball into new generation investment, provide revenue certainty for developers, and create opportunities for Indigenous, municipal, and community participation in clean energy projects. They can also support community benefit agreements, local tax revenues, employment, and other non-financial community benefits associated with new energy development.

⁶ <https://www.ola.org/en/legislative-business/bills/parliament-44/session-1/bill-40>