

Association of Major Power Consumers in Ontario

The Voice of Industrial Power Users

***Submission to ERO Posting #*025-1001:**

New Requirements for Data Centres Seeking to Connect to the Electricity Grid in Ontario

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Policy Coordination and Outreach Branch
Ministry of Energy and Electrification
77 Grenville Street, 5th floor
Toronto, ON
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Submitted via portal.

RE: *Submission to ERO Posting* #025-1001:

New Requirements for Data Centres Seeking to Connect to the Electricity Grid in Ontario

The Association of Major Power Consumers in Ontario ("AMPCO") would like to thank the Ministry of Energy and Electrification ("Ministry") for providing an opportunity for comment on the regulations under Bill 40 authorizing the Minister of Energy and Mines to prioritize and approve connections for covered data centres.

AMPCO is the voice of industrial power users in Ontario. We collectively represent approximately 15 terawatt hours ("TWh") of annual demand in Ontario, or more than 10 per cent of all power consumed in the province. A reliable and affordable energy supply is critical to the success of our businesses, both today and tomorrow.

Our members believe in ensuring that Ontario industry remains competitive in global markets through an affordably priced electricity sector and promoting rates that are designed to support ongoing capital investments in Ontario's energy intensive industries.

The below submission responds to the government's request for input on ERO posting #025-1001.

Please do not hesitate to reach out with any questions on this submission. AMPCO looks forward to working with the government on implementing plans and strategies for Ontario energy consumers that prioritize affordability, reliability, and economic competitiveness.

Sincerely,



Brad Duguid
President

Executive Summary

AMPCO represents Ontario's largest industrial electricity consumers across mining, steel, auto, petrochemical, cement, forestry, and advanced manufacturing. We strongly support the Government of Ontario's objective to manage the rapid growth of data-centre load in a way that protects system reliability and Ontario's economic prosperity. New data centre connections must not increase costs, risks, or connection delays for existing Class A industrial customers. This is of even more significance given the challenging economic environment for Ontario industries due to US tariffs and protectionism. With the alarming electricity price increases projected in the IESO's 2025 Annual Planning Outlook (APO), any further cost pressures on Ontario large energy consumers would be untenable.

Ontario should continue doing everything possible to retain and expand energy-intensive manufacturing with competitively priced, reliable power. To that end, AMPCO recommends a "no cross-subsidy, no crowd-out" policy framework for large data centres.

AMPCO recommends:

- that data centres be made to be financially responsible for the incremental grid costs they trigger
- that locations and designs that minimize system expansion be given priority
- that queue capacity and timely upgrades be preserved for industrial expansions
- that consideration be given to establishing a distinct rate class and firmness/curtailment options tailored to data-centre load profiles to reduce grid impacts

Context: What the Proposal Would Do

The ERO notice contemplates regulations under Bill 40 authorizing the Minister of Energy and Mines to prioritize and approve connections for covered data centres, including criteria on economic, security and local benefits; potential policy/pricing mechanisms so large users that necessitate system expansion contribute a greater share of infrastructure costs; and whether to adopt a distinct electricity rate class for large data centres. It also explicitly asks how to balance data-centre electricity needs with other energy-intensive industries.

Why Protecting Existing Class A Customers Matters Now

The IESO's 2025 APO indicates significant growth in system demand and total system costs through 2050 as Ontario builds out generation and infrastructure to meet the anticipated need from electrification and the proliferation of data centre growth.

The 2025 IESO Annual Planning Outlook (APO) data modules forecast that the average marginal energy price (Ontario Zonal Price - OZP) will increase by 165%, to ~$85/MWh, within the next 3 years. For a 50 MW manufacturing facility this means an additional $17-23 million cost annually. If unaddressed, Class A customers will experience total electricity cost increases of 30–55% (depending on load factor) between 2025-2028. Those cost projections alone represent a real and present danger to the ability of Ontario's industrial base to compete and must be addressed. Any additional potential cost increases to industrial electricity costs must be considered in conjunction with that very troubling backdrop.

The ERO notice itself projects that the data-centre sector could represent ~13% of new electricity demand by 2035—a substantial driver that must be managed without shifting costs onto existing employers.

Job Creation Reality Check: Data Centres vs. Core Industrial Employers

Facility Type (Ontario Examples)	Typical Ongoing Jobs (Direct)	Source

Auto assembly/value-chain (Honda Alliston/EV value chain)	~4,200 retained + ~1,000 new	Honda Canada, 2025 reports
Steel (ArcelorMittal Dofasco, Hamilton)	~5,000	Company data
Mining –Agnico Eagle Detour Lake	~1,500–1,600	Media Report
Petrochemicals (NOVA Chemicals, Sarnia-Lambton)	1,000+	Industry reports
Greenhouse grower cluster	>32,000 province-wide	OMAFRA / sector analysis
Hyper Date Centre	~20-50 permanent workers	Good Jobs First (US)

While data centres can spur valuable construction and indirect employment, their steady-state staffing is modest compared with manufacturing, mining, steel and agri-food facilities that anchor regional economies.

AMPCO Recommendations

- ✓ Firm principle: no cost shifting to existing Class A customers.
- ✓ Give priority to locations that limit the need for system expansion and require proponents to cover all connection expenses.
- ✓ Establish a distinct rate class for large data centres reflecting their load profile and enabling interruptibility.
- ✓ Create a separate and ring-fenced connection queue to protect industrial expansions.
- ✓ Apply balanced economic-benefit tests weighting ongoing jobs and supply-chain breadth more heavily than capital spend.
- ✓ Require data centres to provide grid-support capabilities such as storage or curtailment.
- ✓ Ensure transparency through published timelines and public dashboards for connection applications.

Risks to Avoid

Without firm cost-responsibility rules, low-job-density projects like data centres could shift grid costs to existing employers, eroding competitiveness and deterring industrial expansion. Merging their requests into standard queues could delay critical industrial projects with far greater economic multipliers.

Closing

AMPCO appreciates the opportunity to comment. With prudent siting, full cost responsibility, and a distinct rate class, Ontario can protect the competitiveness of our industrial base that provides far more direct employment per facility.