Submission to ERO Posting #026-0853

Economic and Strategic Assessment Framework for New Data Centres

Association of Major Power Consumers in Ontario (AMPCO)

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Introduction

The Association of Major Power Consumers in Ontario (AMPCO) appreciates the opportunity to comment on the Government of Ontario's proposed framework for assessing and connecting new large data centres.

AMPCO represents Ontario's largest industrial electricity consumers across sectors including steel, automotive, mining, forestry, petrochemicals, cement and advanced manufacturing. Collectively, AMPCO members consume approximately 15 TWh of electricity annually, representing more than 10 per cent of Ontario's electricity consumption.[1]

AMPCO recognizes the economic and strategic importance of building domestic artificial intelligence and data centre capacity. Access to computing capacity will be increasingly important to Ontario companies seeking to adopt AI, improve productivity and compete globally. Domestic capacity can also strengthen Canadian control over sensitive data and critical digital infrastructure and support cybersecurity, data sovereignty and national security objectives.[2]

At the same time, this development must not undermine the competitiveness or growth of the industrial economy already operating in Ontario.

Ontario industry is confronting an exceptionally difficult competitive environment. Geopolitical and trade uncertainty, U.S. tariffs and protectionism, and intense competition for investment are occurring at the same time as large industrial consumers face rapidly rising electricity costs. The IESO's 2025 Annual Planning Outlook projected significant increases in Ontario electricity market prices, creating an additional challenge for energy-intensive industries competing in international markets.[3]

Anything that further increases industrial electricity costs or limits the ability of existing Ontario industries to expand represents another blow to their competitiveness and increases the longer-term risk of deindustrialization.

AMPCO therefore supports the direction of the proposed framework, provided it is implemented according to two fundamental principles:

No cross-subsidy: Data centre development should not increase electricity costs for existing Class A industrial consumers.

No crowd-out: Data centre development should not prevent or unreasonably delay existing Ontario industries from obtaining the electricity capacity required to invest and expand.

1. Areas of the Proposed Framework AMPCO Supports

AMPCO's October 2025 submission recommended a "no cross-subsidy, no crowd-out" approach. It called for data centres to be responsible for incremental grid costs they create, protection of connection capacity for industrial expansions, consideration of a distinct electricity rate class and priority for projects that minimize their impact on the electricity system.[4]

AMPCO is pleased that the proposed framework responds positively to several of these recommendations.

Separate rate treatment for new data centres

AMPCO supports the proposal to establish separate Global Adjustment treatment for large new data centres. The proposed approach recognizes that the scale and rapid growth of data centres can create electricity-system costs and risks that are materially different from those associated with existing industrial consumers. A separate class provides an opportunity to ensure those costs are appropriately allocated rather than transferred to existing Class A consumers.

Protecting existing consumers from data centre costs

AMPCO particularly welcomes the Government's stated principle that data centre growth should not increase electricity bills for existing customers.[5] Data centres should be responsible for the incremental electricity-system costs reasonably attributable to their development, including connection and necessary system expansion costs. This principle must extend beyond the immediate cost of physically connecting an individual facility. If significant new data centre demand requires or accelerates major investments in Ontario's electricity system, those costs should not simply be passed on to existing industrial consumers already facing significant electricity price increases.

Protecting the Industrial Conservation Initiative

AMPCO supports the proposal that new data centres captured by the new rate class not be eligible for the Industrial Conservation Initiative (ICI).[6] ICI remains an important competitiveness and demand-management mechanism for Ontario industry. Creating separate treatment for large new data centre loads protects the integrity of ICI and reduces the risk that their participation could increase costs for existing Class A consumers.

Strategic assessment of data centre projects

AMPCO also supports assessing prospective data centre projects according to their broader contribution to Ontario. Where electricity capacity is constrained, government should consider the economic and strategic benefits associated with competing uses of that capacity. Permanent employment, domestic supply-chain activity, investment, productivity, access to computing capacity for Ontario businesses, community benefits and contributions to Canadian data sovereignty should all be relevant considerations.[7]

2. A Critical Gap: Protect Connection Capacity for Ontario Industrial Expansion

While the proposed framework represents progress, AMPCO remains concerned that it does not provide a sufficiently explicit safeguard for existing Ontario industrial facilities that need additional electricity capacity to expand.

This was a central recommendation in AMPCO's original submission and should be directly addressed in the final framework.[8]

Ontario is entering a period in which available electricity connection capacity will increasingly be a valuable economic development asset. The Ministry estimates that requests for new data centre connections could cumulatively exceed 10,000 MW, compared with recent Ontario peak demand of approximately 25,000 MW.[9]

At the same time, existing manufacturers, mines, steel producers and other industrial facilities may require additional capacity to expand production, electrify operations, decarbonize or undertake major new capital investments.

An existing Ontario industrial employer should not discover that it cannot expand an established operation—or that an expansion must be delayed for years—because available transmission or distribution capacity has been allocated to proposed data centres.

The connection framework should ensure that existing Ontario industries with credible expansion plans are not crowded out by the rapid allocation of capacity to large computational loads.

AMPCO therefore recommends that the final framework establish an explicit industrial expansion safeguard, giving government, the IESO, transmitters and distributors the ability to protect or prioritize reasonable capacity for expansions of existing Ontario industrial operations and strategically important new industrial investments where connection capacity is constrained.

This would put AMPCO's "no crowd-out" principle directly into practice.

3. Economic Assessments Should Recognize the Full Value of Industrial Employment and Investment

AMPCO supports the proposed Advance Economic Development pillar, including consideration of employment, capital investment, government revenues, domestic supply chains and productivity.[10]

However, the assessment should not place disproportionate weight on headline capital investment.

Data centres can involve very substantial initial investment while generally supporting fewer permanent operating jobs than many traditional industrial facilities requiring significant amounts of electricity. AMPCO's original submission highlighted this distinction when comparing the ongoing employment associated with large industrial facilities and data centres.[11]

Ontario should therefore consider the full and lasting economic contribution of competing projects, including permanent employment, wages, domestic supply-chain activity, exports, productivity benefits, government revenues and long-term reinvestment.

Capital investment is important, but it should not become the dominant measure when allocating scarce electricity capacity.

4. Domestic AI Capacity Has Economic and Strategic Value

AI is rapidly becoming an important technology across the global economy. Ontario manufacturers and other businesses will increasingly rely on AI and advanced computing to improve productivity, automate processes, develop products and compete internationally.

Access to secure computing capacity within Canada can therefore contribute to industrial competitiveness.

Domestic capacity also has broader strategic value. Canadian control over sensitive data and critical digital infrastructure can strengthen data sovereignty, cybersecurity and national resilience and reduce dependence on foreign-controlled or foreign-located infrastructure. The federal government's Sovereign AI Compute Strategy similarly identifies domestic AI compute capacity as important to Canada's economic competitiveness, technological sovereignty and national security.[12]

AMPCO therefore supports the proposed Protect Data Security and Digital Sovereignty pillar.

Ontario should seek to build the digital infrastructure required for the economy of the future while protecting and expanding the industrial economy that exists today.

5. The New Data Centre Rate Must Protect Class A Consumers

AMPCO supports a new data centre class, potentially Class C, provided the final rate design ensures that data centre growth does not increase electricity costs for existing Class A consumers.

New data centres should bear the incremental costs reasonably attributable to serving their electricity requirements, including necessary connection, transmission, distribution and other system expansion costs.

The objective is not to penalize data centres. It is to ensure that existing industrial consumers are not required to subsidize the electricity infrastructure required to serve a new category of exceptionally large load.

The Government should provide sufficient transparency around the final rate methodology to demonstrate that this principle is being achieved.

6. Encourage Projects That Reduce Pressure on the Electricity System

AMPCO supports giving appropriate connection consideration to data centre proposals that can demonstrate they will reduce their impact on Ontario's electricity system.

Projects that provide new electricity supply, energy storage, meaningful demand flexibility or other measures that reduce their need for additional grid capacity should receive appropriate consideration when connection decisions are made.

This could include on-site generation or storage, as well as arrangements with new generation or storage elsewhere in Ontario where they demonstrably reduce the project's impact on the electricity system.[13]

Any such arrangements should provide a real electricity-system benefit. New supply or storage should only be recognized to the extent that it can actually reduce the data centre's demand on the grid when and where that capacity is needed.

This approach can encourage data centre proponents to help address the electricity requirements associated with their projects rather than transferring those requirements and costs to existing consumers.

7. AMPCO Recommendations

1. Establish an explicit industrial expansion safeguard so that existing Ontario industrial operations and strategically important new industrial investments can obtain the electricity capacity required to expand.

2. Implement a firm no-cross-subsidy principle ensuring that incremental costs associated with data centre development are not transferred to existing Class A consumers.

3. Establish separate rate treatment for large new data centres and maintain the proposed exclusion of those facilities from ICI.

4. Assess the full economic contribution of competing projects, including permanent employment, domestic supply chains, productivity, exports and long-term investment—not simply headline capital spending.

5. Recognize the economic, data sovereignty and national security value of domestic AI and computing capacity as part of the strategic assessment.

6. Give appropriate connection consideration to projects that reduce their impact on the electricity system through new supply, storage, demand flexibility or other measures that demonstrably reduce pressure on the grid.

7. Provide greater transparency around constrained connection capacity so that existing industrial facilities can make informed expansion and investment decisions.

8. Monitor the cumulative impact of data centre development on generation requirements, transmission investment, reliability and electricity costs.

Conclusion

AMPCO supports Ontario's objective of developing domestic data centre and AI infrastructure. Secure Canadian computing capacity can contribute to productivity, economic competitiveness, data sovereignty and national security.

The proposed framework represents meaningful progress from the earlier consultation. In particular, AMPCO supports separate rate treatment for new data centres, protecting ICI for existing industrial consumers, the principle that data centre development should not increase costs for existing customers, and a broader economic and strategic assessment of proposed connections.

One significant issue remains insufficiently addressed: protecting the ability of existing Ontario industries to obtain the electricity capacity required to expand.

Ontario's industrial employers are already confronting geopolitical and trade uncertainty, intense global competition and rapidly rising electricity costs. Constrained access to electricity infrastructure or additional costs resulting from data centre growth would further undermine Ontario's industrial competitiveness.

Ontario can develop the AI and digital infrastructure needed for the future without sacrificing its existing industrial base. The final framework should therefore firmly establish two principles: no cross-subsidy and no crowd-out.

With those safeguards in place, Ontario can capture the economic and strategic benefits of domestic AI infrastructure while protecting the industrial investment, jobs and economic activity that are critical to the province's prosperity.

Thank you for the opportunity to participate in this important consultation.

Best regards,

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Sources and Footnotes

[1] *Association of Major Power Consumers in Ontario, Submission to ERO Posting #025-1001: New Requirements for Data Centres Seeking to Connect to the Electricity Grid in Ontario, October 31, 2025. AMPCO states that its members collectively represent approximately 15 TWh of annual Ontario electricity demand, or more than 10 per cent of provincial consumption.*

[2] *Government of Ontario, Environmental Registry of Ontario, ERO #026-0853, proposed Data Centre Playbook and Economic and Strategic Assessment Framework, August 2026. The proposed strategic assessment includes data security and digital sovereignty considerations, including Canadian control over sensitive and critical data and digital infrastructure.*

[3] *Independent Electricity System Operator (IESO), 2025 Annual Planning Outlook. See also AMPCO, Submission to ERO Posting #025-1001, October 31, 2025. AMPCO's submission cited the APO data modules as forecasting an approximately 165 per cent increase in the average Ontario Zonal Price within three years and significant increases in total electricity costs for Class A customers.*

[4] *AMPCO, Submission to ERO Posting #025-1001, October 31, 2025. AMPCO recommended that data centres bear incremental grid costs, that locations and designs minimizing system expansion receive priority, that connection capacity be preserved for industrial expansion and that consideration be given to a distinct data centre rate class.*

[5] *Government of Ontario, Environmental Registry of Ontario, ERO #026-0853, August 2026. The Government's proposed framework establishes the principle that data centre growth should not increase electricity costs for other consumers.*

[6] *Government of Ontario, ERO #026-0853, August 2026. The proposed framework contemplates separate Global Adjustment treatment for large new data centres, potentially through a new Class C, with affected new data centres not eligible for ICI.*

[7] *Government of Ontario, ERO #026-0853, August 2026. The proposed strategic assessment includes economic development, data security and digital sovereignty, and community benefits. Economic considerations include capital investment, high-quality employment, Ontario and Canadian suppliers, productivity, innovation and access to compute for Ontario businesses.*

[8] *AMPCO, Submission to ERO Posting #025-1001, October 31, 2025. AMPCO specifically recommended a separate and ring-fenced connection queue to protect industrial expansions and warned that including data centres in standard connection queues could delay industrial projects.*

[9] *Government of Ontario, ERO #026-0853, August 2026; Sussex Strategy Group, Ontario Data Centre Playbook: Policy Framework, Implications and Recommended Actions, August 14, 2026. The Ministry estimates that requests for new data centre connections could cumulatively exceed 10,000 MW, compared with recent Ontario peak demand of approximately 25,000 MW.*

[10] *Government of Ontario, ERO #026-0853, August 2026. The proposed Advance Economic Development pillar considers capital investment, high-quality employment, provincial and municipal revenues, participation by Ontario and Canadian suppliers, productivity and innovation.*

[11] *AMPCO, Submission to ERO Posting #025-1001, October 31, 2025. The submission compared permanent employment associated with several major Ontario industrial facilities and sectors with the significantly smaller ongoing employment typically associated with hyperscale data centres.*

[12] *Government of Canada, Innovation, Science and Economic Development Canada, Canadian Sovereign AI Compute Strategy, 2024. The strategy identifies sovereign compute infrastructure as important to Canadian AI development, competitiveness and technological sovereignty and includes investment in secure computing infrastructure for national security.*

[13] *Government of Ontario, ERO #026-0853, August 2026; Sussex Strategy Group, Ontario Data Centre Playbook: Policy Framework, Implications and Recommended Actions, August 14, 2026. The emerging framework contemplates "bring your own power" approaches and consideration of on-site generation, while questions remain regarding the treatment of off-site generation, third-party supply and energy storage.*