

**MEDIA BACKGROUNDER**

# **Data Centre Playbook**



**PROTECT  
ONTARIO**

August 13, 2026

**Ontario** 

# Executive Summary

For decades, data centres have served as the quiet digital backbone of everyday life, acting as a repository for the information and digital services required when sending an email, making financial transactions, storing photos, or accessing a website.

With the expansion of Artificial Intelligence (AI), machine learning and cloud computing, Ontario is experiencing rapid growth in data centre development due to its clean and reliable electricity system, ample land space, cool climate and skilled workforce.

## Context

- As part of the *Protect Ontario by Securing Affordable Energy for Generations Act*, the Ontario government enacted new authorities that give government the final decision on which large-load projects are permitted to connect to the province's electricity grid, including data centres.
- A whole-of-government effort is needed to prioritize the right investments.** Opportunities will need to be assessed against grid considerations and strategic economic considerations (i.e., advance economic development; protect data security and digital sovereignty; and invest in communities and earn public confidence).

## The Data Centre Playbook

- Ontario has an opportunity to meet this moment and leverage new data centre builds and the community investments they bring to create a modern innovation economy with cutting-edge infrastructure.
- To attract the best data centre investments that drive economic growth, ensure Canadians' data remains in Canada and deliver significant and meaningful benefits to local communities, Ontario is proposing a Data Centre Playbook.**
- As part of our plan to protect Ontario and build the most competitive economy in the G7, this Playbook is an early pillar and key enabler of the province's AI strategy to leverage the economic opportunities AI adoption will bring, including generating \$122 billion in economic growth and creating more than 17,000 new jobs every year.

## Core Principles

- The Playbook is anchored in **three core principles** to guide decisions on approving data centre connections to the grid:
- Data centres must invest substantially, both financial and non-financial, in Ontario and local communities.
  - Data centres pay the full cost of electricity costs.
  - Ontario will only offer non-financial support to attract data centre investments.

See next slide for more information

# Vision and Core Principles

**VISION:** Data centres are critical infrastructure for Ontario's present and future. Ontario will be a leader to embrace their expansion as an opportunity to accelerate economic growth with significant community investments, on terms that prioritize Ontario's interests. Projects that bring in significant investment and direct meaningful benefits to host communities, while ensuring data centres pay the full costs related to grid expansion would be prioritized. As a result, Ontario will compete on value, not incentives.

To achieve the data centre vision, the Data Centre Playbook is anchored in these core principles:



**1. Data centres must invest substantially, both financially and non-financially, in Ontario and local communities**

#### Success for government looks like:

- Data centres significantly invest both financially and non-financially in host communities, driving local infrastructure developments, job creation, future economic growth, and training opportunities across multiple sectors while leveraging provincial supply chains.
- Workforce participation supported by evidence that quantifies the number of jobs that are created and the level of capital expenditures.
- Access to additional compute for businesses and SMEs, to help power future economic growth, productivity, GDP, etc.

#### Success for Ontarians could look like:

- New apprenticeship opportunities for mid-career workers who need to reskill.
- New community amenities (e.g., community centre, parks, local roads) aligned with local priorities.
- Critical infrastructure developments (e.g., roads, broadband, grid improvements).
- Indirect economic impacts (e.g., increased demand for accommodations, raw materials, etc. to support data centre buildout and increased household spending of workers).



**2. Data centres pay the full cost of electricity**

#### Success for government looks like:

- Data centres would pay their full cost of electricity costs and invest in necessary generation and transmission upgrades for their operations to maintain the reliability of the grid.
- Other ratepayers do not bear the cost of data centres operating in their area.
- Data centres do not hinder economic strategic growth in other sectors such as manufacturing.

#### Success for Ontarians could look like:

- People's electricity bills are not impacted by data centres.
- Other sectors thrive together with data centre developments.



**3. Ontario will only offer non-financial support to attract data centre investments**

#### Success looks like:

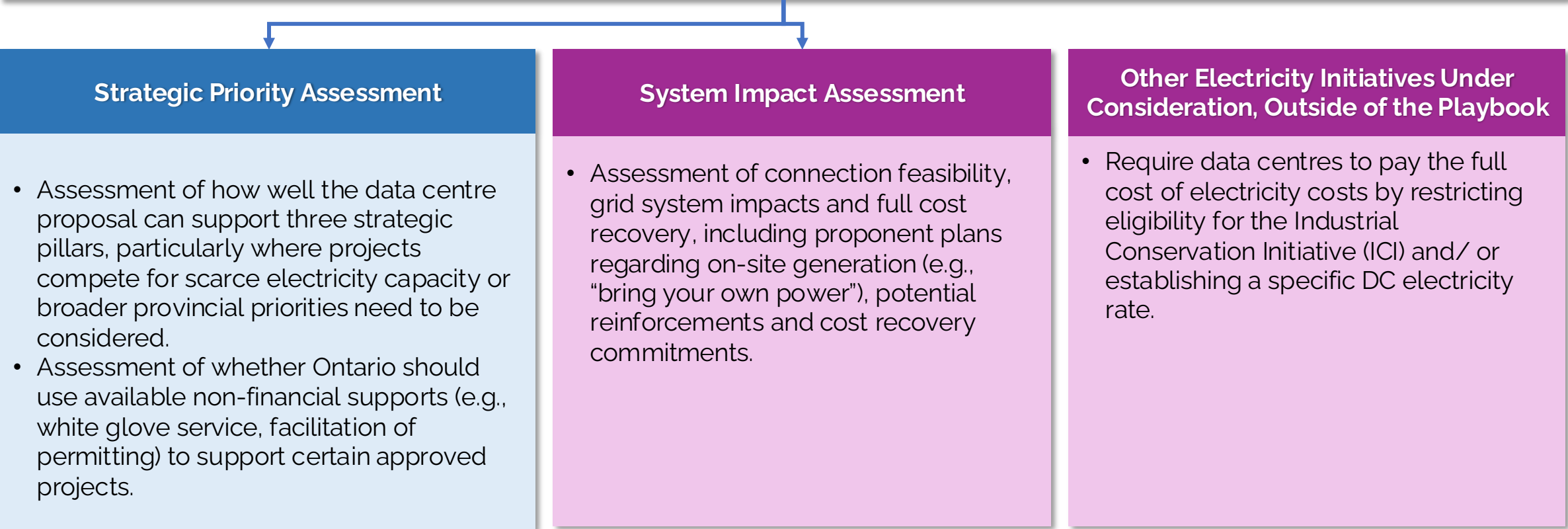
- Leveraging Ontario's existing strategic advantages (e.g., clean and reliable electricity system, ample land space, cool climate, and skilled workforce) and potential non-financial enabling supports to attract data centre investments (e.g., white glove service, facilitation of permitting).

#### Success for Ontarians could look like:

- Ontarians of all ages enjoy access to better jobs, education, community amenities and more without having to pay more.

# Draft Data Centre Playbook

The Data Centre Playbook (“Playbook”) is under development to establish an evidence-based, transparent, and consistent method to provide input into government’s decision to connect a regulated\* data centre to the electricity grid. The Playbook will help assess whether particular regulated\* data centre projects would align with the core principles and consists of two key components:



\*Data centres that meet thresholds to be set out in a future regulation under the Electricity Act. These data centres would require approvals to connect to the grid.

# Draft Strategic Priority Assessment Pillars

The Playbook will include a strategic priority assessment to assess the economic development and strategic considerations related to data centres. The assessment examines the following pillars:

## Pillar 1: Advance Economic Development

Helps evaluate whether projects create durable, high-value benefits for Ontario's economy. Data centres should:

- Create high-quality jobs.
- Bring in significant investment and generate new tax revenue for the Province and municipalities.
- Support Ontario and Canada's domestic supply chains and local supplier participation where feasible.
- Help businesses in Ontario be more productive and innovative, including through compute<sup>1</sup> for Ontario SMEs.

## Pillar 2: Protect Data Security and Digital Sovereignty

Helps evaluate whether projects can advance Ontario or Canada's control over high sensitivity and critical data, as well as critical digital infrastructure. Data centres should:

- Ensure alignment with policies regarding digital sovereignty to safeguard intellectual property and critical systems.
- Safeguard and advance Ontario's security and cybersecurity objectives and people's information.
- Preferably be Canadian-owned and operated.
- Align with federal planning on digital sovereignty and residency<sup>2</sup>.

## Pillar 3: Invest in Communities and Earn Public Confidence

Helps evaluate whether projects invest in host communities and can earn public confidence. Data centres should:

- Deliver significant and meaningful investment and benefits to local communities.
- Ensure local labour participation, training, apprenticeships and workforce pathways.
- Seek local support and public confidence through engagement.
- Minimize impacts on the technical and fiscal capacity<sup>3</sup> of host communities and their utilities.
- Minimize environmental impacts, e.g., through modern data centre technology such as closed-loop cooling to limit water use.<sup>4</sup>

<sup>1</sup> Compute refers to the processing power and technical resources required to carry out AI training or inference (use).

<sup>2</sup> Ontario has written to the federal Minister of Artificial Intelligence and Digital Innovation to encourage the federal government to prioritize digital sovereignty to protect Ontario, considering the risks and restrictions to Ontario's information and information technology from foreign governments, and to strengthen protections for consumer data and privacy in the digital landscape.

<sup>3</sup> The technical and fiscal capacity of host communities refers to, for example, (1) the ability of, and time available for, appropriate staff to assess a proposal's alignment with applicable zoning, building standards, and financial impacts to the community, and (2) their financial capacity to provide roads and expand water and sewer systems that would be needed by the proposal.

<sup>4</sup> Environmental impacts may include noise (from cooling fans and backup generators), water use and potential contamination, heat, emissions and air pollution from energy use (including back-up generators), and electronic waste.

# Delivering the Ontario Data Centre Playbook

To ensure a comprehensive approach to the development of the Data Centre Playbook, the government is seeking public input through the Environmental Registry of Ontario (ERO) and the Ontario Regulatory Registry (ORR) for a 30-day public comment period beginning August 13, 2026.

Input received through the consultation will help refine the proposed draft framework before the Ontario government releases the final Data Centre Playbook to support the broader upcoming AI Industrial Strategy this fall that will lay a foundation to attract investment, support workers, protect intellectual property and build critical infrastructure.

## Posting components

### Strategic Priority Assessment Pillars

- **Focuses on the economic development and strategic considerations in relation to data centres.**

### Separate Electricity Rate Class for Data Centres

- **Focuses on ensuring data centres pay the full cost of electricity costs, advancing the core principle of protecting ratepayers from increased bills.**

# Appendix

# Building The Next Generation Data Centre Infrastructure

- Ontario's clean and reliable electricity system provides a key competitive advantage for attracting data centres, enabling the province to use non-financial incentives (i.e., white glove service and facilitation of permitting) over direct financial support.
- Ontario will ensure the next generation of data centres uses cutting-edge technology to reduce environmental and community impact, such as:
  - **Closed-loop and waterless cooling:** Rather than continuously consuming fresh water, cooling fluids are recirculated through the system. Newer systems can use outdoor air or dry coolers to release heat, bringing water use down to less than a golf course.
  - **Direct-to-chip liquid cooling:** A cooling plate sits directly on high-heat components such as CPUs and GPUs and carries heat away from the processing chips. More powerful equipment and higher computing density can be installed with the application of this technology.
  - **Noise-reduction engineering:** New facilities can use quieter cooling equipment, acoustic enclosures and smart placement of mechanical equipment to reduce noise pollution.
  - **Waste-heat recovery:** Excess heat can be captured and used to heat nearby buildings, reducing emissions and increasing efficiency.