September 12th, 2026

Hon. Stephen Lecce, Minister of Energy and Mines
Hon. Victor Fedeli, Minister of Economic Development, Job Creation and Trade

c/o

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Submitted via: data.centre.consultation@ontario.ca

Re: ERO #026-0853, Economic and Strategic Assessment Framework for New Data Centres

Dear Ministers Lecce and Fedeli,

Electro Federation Canada (EFC) is pleased to provide feedback to the Ministry of Energy and Mines (MEM) and the Ministry of Economic Development, Job Creation and Trade (MEDJCT) regarding the proposed economic and strategic assessment framework for new data centres. This submission is in response to the Environmental Registry of Ontario bulletin #026-0853, Economic and Strategic Assessment Framework for New Data Centres.

By way of background, EFC is a national, not-for-profit industry association that represents more than 230 member companies that manufacture, distribute, market, and sell a wide range of electrical and automation products. Member products and technologies include distribution equipment, transformers, switchgears, electric vehicle chargers, lighting, motors & generators, wire & cable, wiring supplies, industrial controls, enclosures, automation software, and more. These products represent the supply chain of critical parts, components, and equipment necessary to power industries, buildings, homes, and transportation across North America.

EFC members contribute over $15.1B to the Canadian economy, of which $6.7B is attributable to Ontario, and support more than 47,000 jobs across the province representing $4B in labour income. The electrical and automation industry, represented by EFC, are the technology experts and supply chain partners for an efficient grid and a net-zero economy.

EFC is aligned with Ontario's objective of supporting responsible data centre growth while protecting electricity affordability, reliability, and system resilience for existing ratepayers. As

demand for artificial intelligence, cloud computing, and advanced digital services continues to grow, Ontario has an opportunity to attract high-value data centre investments that strengthen economic competitiveness, support domestic supply chains, and deliver meaningful benefits to local communities.

EFC appreciates the government's efforts to develop a clear framework for assessing new large data centre projects, including consideration of economic development, digital sovereignty, community benefits, electricity system impacts, and cost responsibility. These considerations are directly relevant to EFC members, whose products, technologies, and expertise will be essential to enabling the grid infrastructure, energy management systems, and advanced electrical solutions required to support new data centre development.

For the ministries' consideration, EFC puts forward the following recommendations to help ensure Ontario's approach to data centre growth is supported by a resilient electrical supply chain, modern grid infrastructure, demand-side innovation, and clear policy signals that advance both economic growth and electricity system affordability.

General Thoughts

EFC supports the proposed three-pillar framework and Ontario's objective of prioritizing data centre projects that provide the greatest long-term value for the electricity they consume. The framework should assess projects holistically, recognizing their economic contribution, role in supporting digital sovereignty, benefits for host communities, and impacts on Ontario's electricity system.

Data centres represent an important growth opportunity for Ontario's electrical and automation sector. Research indicates Canada's data centre market is valued at $13.06 Billion USD in 2026 and will grow to reach $25.09 Billion USD by 2031 with a Compound Annual Growth Rate of 13.95 per cent.[1] Electrical products account for approximately 30 to 40 per cent of a data centre's bill of material.[2] Data centre buildout can spur local economic development, supporting Ontario-based engineering and construction jobs, skilled trades, electrical equipment manufacturers and distributors, and ongoing maintenance activities. It can also drive investment in transmission and distribution infrastructure, new generation, storage, microgrids, demand response, and advanced energy-management technologies.

[1] Canada Data Center Market Size & Share Analysis – Growth Trends and Forecast (2026-2031) – Mordor Intelligence

[2] Datacenter equipment demand is reshaping industrial markets - RBC Capital Markets

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EFC recommends that the final framework be transparent, outcomes-based, and technology-neutral. Proponents should be provided with clear criteria while retaining flexibility to determine how best to achieve Ontario's economic, energy, security, environmental, and community objectives.

Recommendation 1: Recognize the Full Economic and Supply Chain Benefits of Data Centre Investment

EFC supports Pillar 1: Advance Economic Development and recommends that Ontario assess the full economic contribution of proposed data centres, including their support for domestic manufacturing and supply chains.

The assessment should recognize capital investment, local engineering and construction activity, skilled trades, electrical equipment manufacturing and distribution, and ongoing maintenance and technical employment. It should also consider the extent to which proponents source equipment, technologies, and services from Ontario and Canadian suppliers.

Ontario should recognize enabling electrical infrastructure as a strategic investment in the province's broader economy. Investments made to support data centres may also strengthen the infrastructure needed to accommodate housing, manufacturing, electric vehicle charging, and future electrification. The framework should therefore consider not only the size of a proposed investment, but the economic and electricity-system value it creates.

More broadly, EFC recommends that electricity-system value, grid resilience, and energy productivity be elevated as core considerations under Pillar 1, alongside traditional measures of capital investment and job creation. This ensures the framework rewards projects that strengthen the reliability and productive capacity of Ontario's grid, not solely those with the largest economic footprint.

Recommendation 2: Support Data Security and Digital Sovereignty

EFC supports Pillar 2: Protect Data Security and Digital Sovereignty. Ensuring the security and resiliency of the infrastructure that stores and processes sensitive data is an appropriate consideration when Ontario evaluates proposed data centre projects.

The framework should assess whether projects support Canadian data residency, cybersecurity, continuity of critical digital infrastructure, and alignment with relevant provincial and federal objectives. Assessment criteria should be clear and focused on demonstrable security and sovereignty outcomes.

Ontario should also recognize that secure digital infrastructure depends on reliable physical infrastructure. The electrical distribution, protection, automation, monitoring, and control systems supporting data centre operations are critical to maintaining continuity of service. Consideration of digital sovereignty should therefore account for the resiliency of both a facility's digital systems and its supporting electrical infrastructure.

Recommendation 3: Advance Sustainability and Community Benefits

EFC supports Pillar 3: Invest in Communities and Earn Public Trust and recommends that sustainability be included as a central consideration under this pillar.

Data centre proponents should demonstrate how they will manage their environmental and electricity-system impacts, engage with host communities, and contribute to local economic and workforce development. Relevant considerations could include energy efficiency, demand management, responsible use of water and other resources, integration of energy storage or on-site generation, local employment and skilled-trades opportunities, and the use of Ontario and Canadian suppliers.

The framework should establish clear sustainability outcomes rather than prescribing particular technologies, allowing proponents and their technology partners to deploy the solutions best suited to each facility, location, and electricity-system context while remaining accountable for measurable performance.

Recommendation 4: Recognize Grid-Integrated Data Centres

EFC recommends that Ontario recognize and encourage data centres that are designed and operated as grid-integrated assets, including projects that demonstrate leading energy-efficiency performance, load flexibility, demand management, energy storage, on-site generation, microgrids, or other capabilities that reduce electricity-system impacts and support reliability. Grid-interactive data centres can respond quickly to changing system conditions through fast load response, reduce demand during peak periods, export energy where technically feasible, and provide other services that contribute to grid stability, helping these facilities function as a source of system resilience rather than solely as a load on the grid.

This form of grid integration is relevant across more than one pillar of the assessment framework. Under Pillar 1, it represents an additional and durable form of economic value beyond jobs and capital investment. Under Pillar 3, reduced peak demand and improved system efficiency deliver a direct benefit to host communities and existing electricity customers. EFC recommends adding "strengthening Ontario's electricity system" as an explicit assessment criterion, with particular weight under Pillar 1. Projects that support transmission

or distribution investment, generation, storage, microgrids, demand response, load optimization, or other measures that increase system capacity and flexibility should receive additional consideration.

The assessment should prioritize efficient and flexible electricity users, not simply the projects proposing the largest capital investment or electricity demand. Ontario should evaluate the value created for every megawatt consumed, including whether a project can reduce demand during system peaks, optimize its load, or make better use of existing system capacity.

Ontario should also encourage the retrofit and modernization of existing data centres. Upgrading electrical equipment, controls, monitoring systems, cooling infrastructure, and energy-management hardware and software can improve energy efficiency, optimize facility loads, and extend the productive life of existing assets. Supporting these investments would complement the framework for new facilities by reducing the electricity-system impact of Ontario's existing data centre stock and making more efficient use of available grid capacity.

Data centre owners may require appropriate incentives to participate in demand-flexibility programs or invest in capabilities that provide benefits beyond their own facilities. Ontario should work with the IESO, local distribution companies, and industry to establish measurable criteria and practical participation opportunities for grid-supportive data centres.

EFC notes that the majority of data centres operating in Canada are built to Tier 3 standards, which typically require greater reliance on energy storage to manage load transitions and maintain continuity of service.[3] This reinforces the case for recognizing storage investment as a core, rather than incidental, component of a grid-integrated data centre.

Recommendation 5: Establish Transparent, Cost-Based Rate Treatment

EFC supports the principle that data centres should bear an appropriate share of the incremental electricity-system costs and financial risks associated with serving their load. Any new rate treatment should be transparent, predictable, and grounded in cost causation.

At the same time, rate design should recognize meaningful differences among facilities, including their load characteristics, location, system impacts, and demonstrated contributions to grid reliability and efficiency. A data centre that operates as a flexible load, reduces demand during critical periods, or invests in storage and advanced energy-management technologies may impose different costs and risks than a similarly sized facility operating as an inflexible load.

[3] Data Center Tiers Explained - Encor Advisors

In particular, data centres designed to support two-way interaction with the grid – including the ability to export stored or generated energy, participate in demand response, or otherwise act as a grid-integrated resource – should be eligible for more favourable rate treatment than facilities that draw power on a one-way basis only. This distinction would send a clear signal that Ontario values bidirectional, grid-supportive infrastructure.

The framework should reward data centres that reduce their impact on the electricity system through demand flexibility, energy storage, advanced energy-management technologies, or other investments that improve system utilization. Verified contributions should be appropriately recognized in rate treatment so that the new framework encourages, rather than discourages, investment in grid-supportive capabilities.

EFC recommends that charges be supported by clear methodologies and provide sufficient predictability for long-term investment decisions. The approach should protect existing ratepayers while avoiding a one-size-fits-all treatment that does not reflect the actual costs, risks, and benefits associated with individual facilities.

Recommendation 6: Base Any Exemptions or Differentiation on Actual System Impacts

If Ontario establishes exemptions or differentiated treatment under the proposed rate class, EFC recommends prioritizing the following criteria:

- Load characteristics, including demand profile, peak coincidence, and operational flexibility;
- Electricity-system impact and location, including available capacity and effects on transmission and distribution infrastructure;
- Service criticality; and
- Demonstrated strategic or public benefit.

These criteria would provide a more accurate basis for assessing costs and risks than facility size alone, and would allow Ontario to distinguish between projects based on their actual electricity-system impacts and contributions.

Conclusion

EFC supports Ontario's objective of enabling responsible data centre growth while protecting electricity affordability, reliability, and public confidence. The proposed three pillars provide an appropriate foundation for assessing projects, provided the final framework recognizes domestic manufacturing and supply chain benefits, supports data security and digital sovereignty, advances sustainability and community benefits, and gives explicit consideration to electricity-system value.

EFC and its members are ready to help put these recommendations into practice. We would welcome the opportunity to work with the Ministry of Energy and Mines, the Ministry of Economic Development, Job Creation and Trade, the IESO, and local distribution companies as the assessment framework and proposed rate class are developed and implemented.

EFC appreciates the opportunity to provide our insights to MEM and MEDJCT. Please do not hesitate to contact me directly should you have any questions or require additional information.

Warm Regards

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