

**Remarks by: Karen Nesbitt, Director of
Policy and Government Relations, AMO**

November 18, 2025

**Presentation to Standing Committee on
the Interior**

***Bill 40, Protect Ontario by Securing
Affordable Energy for Generations Act***

Thank you, Mister Chair, for the opportunity to address the committee today. My name is Karen Nesbitt, and I am Director of Policy and Government Relations at the Association of Municipalities of Ontario, also known as “AMO.”

Joining me virtually is Spencer Sandor, AMO’s Senior Advisor on Land Use Planning, Energy and Economic Development.

The municipal sector is committed to working with the province and energy partners to deliver clean, reliable, and affordable energy. AMO advocates for an electricity system that supports economic growth, energy sovereignty, and the national interest. We are pleased the province has been responsive, working with municipal and energy sectors, to find coordinated solutions that grow Ontario’s energy supply while protecting municipal interests.

Bill 40: regulator mandate change

I’ll now move to AMO’s feedback on the legislation under discussion today. AMO supports the changes Bill 40 proposes for the *Electricity Act* and the *Ontario Energy Board Act* that would embed economic growth as a consideration for the Independent Electricity System Operator and Ontario Energy Board’s decision-making processes. This is an important step to ensure that the agencies coordinating our electricity system are working to align their planning with the ambitious economic growth that municipalities, Ontario and Canada are working to deliver. Our shared economic success relies on being able to deliver electricity when and where it is needed for projects to proceed.

Bill 40: data centers

Building on the theme of protecting our shared economic success, I will focus my remarks on Bill 40's proposed framework for prioritizing the connection of large load facilities to the electrical grid.

First, a point of clarification: while the Bill uses the term "specified load facilities," my comments today will primarily reference "data centres." We understand this term currently applies to data centers but could expand to any high-electrical-demand facility. Our feedback applies equally if that definition expands..

Municipal governments are experiencing an increase in data centre proposals. This coincides with historic growth in housing and economic development, all placing immense pressure on our electrical distribution and transmission systems. Modern data centres, especially those powering AI, can require the power of a small city. Now is the time for provincial leadership to set a clear framework to protect the ability of municipalities to balance competing priorities.

In this context, we welcome this legislation and the new data centre prioritization framework. This mechanism enables necessary strategic decisions about competing electricity demands. The goal is to safeguard top priorities like new housing and economic growth from being unduly constrained by data centre development.

AMO's support for this Bill is based on the understanding that this framework does not *prioritize* data centre connections over other growth projects. Instead, it seeks

to coordinate and rationalize electrical connections for all growth and trade-enabling priorities that municipalities are working hard to deliver in partnership with the provincial and federal governments. This includes new housing, hospitals, manufacturing centres, critical mineral extraction and processing, among others, including future projects of provincial and national importance.

This brings me to AMO's advice on the large load framework. Protecting utility capacity for growth is the most important consideration. We also recognize that domestic data centres can offer strategic opportunities to improve Canada's data sovereignty, cybersecurity, and employment opportunities in the high-tech sector. Data centers that bring these benefits should be prioritized.

Competing draws on electricity isn't the only issue either. Many proposed data centres rely on local water or wastewater services for cooling, creating similar capacity impacts on other key local utilities.

For these reasons, we support the Bill's creation of a regulation making authority to set criteria or conditions for proposed data centres *before* connecting to the grid. Municipalities support restricting or prohibiting data centre connections where doing so would adversely limit the available utility capacity needed by existing residents and businesses, or by priority growth projects.

Finally, the preamble to Bill 40 includes a commitment to "*supporting the responsible growth of energy-intensive industries like data centres that align with Ontario's economic priorities and benefit local communities*". However, the Bill itself

lacks authorities to ensure local approvals and local benefits. While we recognize that the increasing use of digital and AI based solutions presents strategic federal and provincial opportunities, , local benefits like job creation are limited compared to traditional economic projects. Simply put, the benefits of data centres are more likely to be provincial or federal, while the potential costs and trade-offs mainly fall to host municipalities.

We strongly recommend that the government implement the Bill in a way that achieves the following 3 outcomes:

- Maintains local approvals for data centres – for example land use planning, infrastructure service connection, or other local development approvals.
- Prioritizes local benefit, giving extra points to projects that can demonstrate economic benefits will accrue directly to the host community, and
- Features a collaborative process for determining whether the connection requirements authorized by this Bill are met, what local approvals are needed, and what benefits host communities can expect. This process should include the province, project proponents, municipalities, and utility partners.

Conclusion

Overall, AMO supports the bill and the principles that the proposed framework for data centre connections. This framework provides a critical mechanism to make sure we can advance Ontario's digital advantage without sacrificing other important priority growth opportunities. Importantly, we are also encouraging the Ministry of Energy and Mines to take note of our comments in today's meeting to inform their enabling regulation drafting

in support of the data centre connections framework, should the Bill receive Royal Assent.

AMO and municipalities look forward to continuing to work with the government to coordinate Ontario's growth and ensure residents and businesses continue to have access to the clean, reliable, and affordable energy they rely on for decades to come.

Thank you.