

# Powering Canada's Future: The Urgent Need for Electricity Capacity Growth to Support Housing Construction and Data Centre Development

## Sponsor

Kelowna Chamber of Commerce

## Theme

Natural Resources, Energy & the Environment

## Background

### A. What is the issue and who is it impacting?

Canada faces a deepening electricity capacity crisis that blocks new housing construction and constrains data centre growth. Electricity demand is surging, driven by population growth, electrification of transportation and buildings, and rapidly expanding AI.

In the Okanagan, FortisBC cannot guarantee power for new projects until 2027-29. The Urban Development Institute warned development in Kelowna could come to a standstill.<sup>1</sup> Insufficient electricity and natural gas has delayed housing development plus commercial and industrial builds. Provincial utilities require developers to bid for energy to get a permit.<sup>2</sup> Population growth is outpacing the capacity of existing substations, feeders, and transmission corridors, and that communities remain dependent on single, wildfire-exposed transmission routes.

The data centre sector compounds this pressure. Ontario has received new data centre connection requests exceeding 6,500 MW, 30% of the province's 2024 demand. The federal government identified data centres, EVs, and AI as doubling national electricity demand by 2050.<sup>3</sup> Prime Minister Mark Carney released Canada's National Electricity Strategy May 14,

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<sup>1</sup>Howard Chai. "Kelowna's Development Future in Jeopardy Due to Insufficient Electrical Capacity." Storeys, February 27, 2025. <https://storeys.com> p.1

<sup>2</sup>Penticton & Wine Country Chamber of Commerce. "Removing Energy Capacity Constraints." 2026 [BC Chamber of Commerce Policy Submission](#) Manual p.62

<sup>3</sup>Nick Murray, Canadian Press. "Carney Unveils National Electricity Strategy." Castanet, May 14, 2026 <https://www.castanet.net/news/Canada/614400/Carney-pushes-new-clean-electricity-strategy-to-expand-grid-lower-costs>

2026, acknowledging “if we get it wrong, Canadians will end up short of power”; the country cannot pursue growth “by relying on restrictions and prohibitions.”<sup>4</sup>

Populations acutely affected include homebuyers and renters in high-growth cities where housing approvals stall, developers unable to proceed with unguaranteed power connections, municipalities unable to meet provincial housing targets, technology companies failing to locate data infrastructure in Canada, and remote and Indigenous communities dependent on expensive diesel generation.<sup>56</sup>

## B. What needs to be done? Why and how?

Canada’s new National Electricity Strategy commits to doubling the country’s electricity grid by 2050: projected cost exceeds \$1 trillion, funded through investment tax credits, the Canada Infrastructure Bank, Canada Growth Fund, and targeted programs, i.e., the \$4.5 billion Smart Renewables and Electrification Pathways Program.<sup>7</sup> These spends are insufficient without immediate action to clear connection backlogs and upgrade distribution infrastructure.

The federal government signalled a willingness to fund transmission infrastructure, committing \$100 million to electricity transmission projects in Western Canada through the First and Last Mile Fund, which needs scaling.<sup>8</sup> The BC Chamber, Kelowna Chamber, and UDI all call for coordinated action between federal, provincial, and utility partners to eliminate electricity constraints on approved development projects by 2028 to meet projected demand through 2035.<sup>9</sup>

Supply-side solutions include a mix of renewables, energy storage, nuclear, and low-carbon gas. Canada is developing seven small modular reactor (SMR) technologies; the Darlington SMR is expected online by 2030. Critics caution nuclear carries high construction costs, long timelines, and project risk, arguing solar, wind, and batteries are faster to deploy, the lowest-cost sources of new electricity generation globally.<sup>10</sup>

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<sup>4</sup>Nick Murray, Canadian Press. "Carney Unveils National Electricity Strategy." Castanet, May 14, 2026 <https://www.castanet.net/news/Canada/614400/Carney-pushes-new-clean-electricity-strategy-to-expand-grid-lower-costs>

<sup>5</sup>Natural Resources Canada. "Canada Invests in Clean Energy to Strengthen Energy Security and Economic Resilience in British Columbia." Government of Canada, May 12, 2026. <https://www.canada.ca> p. 1.

<sup>6</sup>Michelle Solomon and Sara Baldwin February 2025 “Grid Reliability in the Clean Energy Transition” February 2025 <https://www.ccchild.org> p.6-16

<sup>7</sup> Nick Murray, Canadian Press. "Carney Unveils National Electricity Strategy." Castanet, May 14, 2026. <https://www.castanet.net>

<sup>8</sup> Adam Radwanski. "Ottawa Announces More Than \$100-Million for Electricity Push West." The Globe and Mail, March 3, 2026, <https://www.theglobeandmail.com/business/article-ottawa-announces-more-than-100-million-in-funding-for-electricity-push/>

<sup>9</sup> Penticton & Wine Country Chamber of Commerce. "Removing Energy Capacity Constraints." 2026 [BC Chamber of Commerce Policy Submission](#) Manual p.62

<sup>10</sup> Ralph Torrie. "Nuclear Power Means Backing Yesterday's Horse While Sacrificing Canada's Future." The Globe and Mail, May 13, 2026, <https://www.theglobeandmail.com/business/commentary/article-nuclear-power-means-backing-yesterdays-horse-while-sacrificing-canadas/>

The new strategy calls for “permitting reform” and “new partnerships with Indigenous Peoples” to deliver grid buildout.<sup>11</sup> Federal funding for clean energy in Indigenous and remote communities is underway through programs: Clean Energy for Rural and Remote Communities (CERRC) program, which has invested \$453 million across 230 projects nationally, and must be expanded.<sup>12</sup>

## Recommendation(s)

That the Government of Canada:

1. Expand the First and Last Mile Fund into a permanent National Grid Capacity Fund, providing cost-shared federal investment to eliminate electricity and natural gas connection backlogs on approved housing and data centre projects in high-growth regions by 2028.
2. Legislate binding 12-month federal permitting timelines for electricity infrastructure projects identified as critical to housing supply or data centre development and establish a joint federal-provincial task force to eliminate regulatory overlap and accelerate approvals.
3. Require that all federally funded housing programs obtain conditional project approval on demonstrated electricity connection readiness and provide supplementary grant funding to projects where grid capacity constraints are the primary barrier to construction.
4. Scale the Clean Energy for Rural and Remote Communities (CERRC) program with dedicated funding for microgrid and distributed clean energy projects in wildfire-exposed, single-corridor, and remote communities, prioritizing regions such as the Okanagan where grid vulnerability threatens both housing and economic continuity.
5. Direct the Canada Infrastructure Bank to prioritize concessional financing for transmission and substation upgrades in communities where FortisBC, Manitoba Hydro, and other utilities have formally identified capacity constraints blocking new housing or industrial connections.

## Signatories

Greater Vernon Chamber of Commerce

Greater Westside Board of Trade

Penticton and Wine Country Chamber of Commerce

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<sup>11</sup> Nick Murray Canadian Press. "Carney Unveils National Electricity Strategy." Castanet, May 14, 2026. <https://www.castanet.net>

<sup>12</sup> Natural Resources Canada. "Canada Invests in Clean Energy to Strengthen Energy Security and Economic Resilience in British Columbia." Government of Canada, May 12, 2026. <https://www.canada.ca>  
p.1

Summerland Chamber of Commerce