



Emerging Sectoral Opportunity – Data Centers

Electoral Division: All

File:N/A

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Department:	Economic Development

REPORT SUMMARY

Global demand for data processing infrastructure is creating an emerging economic development opportunity for Alberta and Rocky View County. Several potential investors have approached the County with proposals for the development of large data centers, outside of existing Area Structure Plans, in locations with the necessary energy infrastructure to support these facilities. The magnitude of potential investments, the limited time horizon for final investment decisions, and proposed 2-3 year timelines to be operational, warrant consideration of an expedited process for Council review and direction.

Administration is seeking Council direction on an accelerated process whereby new project proponents would:

- work with Administration on drafting an Area Structure Plan Terms of Reference (TOR) for Council consideration;
- simultaneously begin to raise public awareness of these proposals; and
- coordinate a process for aligning these proposals into the County’s land use and planning framework in a thoughtful and responsible manner.

ADMINISTRATION’S RECOMMENDATION

THAT Council directs Administration to work with data center project proponents from Kinetikor and Kalina on the drafting of Area Structure Plan Terms of Reference.

THAT Council directs Administration to invite data center proponents to present to Council via the appropriate forum to raise public awareness of their proposals prior to Council consideration of the respective Area Structure Plan Terms of Reference.

THAT Council directs Administration to present a report to Council on the emerging data centre opportunities by the end of April 2025, including:

- recommendations on incorporating data centre proposals into the County’s Economic Development Strategy and planning framework;
- options for early engagement with affected adjacent landowners by development proponents and the County; and
- an update on the status of the terms of reference for the Kinetikor and Kalina proposals.



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BACKGROUND

County Economic Development Strategy

In November 2023, Council approved the Rocky View County Economic Development Strategy, which identified four priority sectors to support a focused approach to economic development within the County. The Strategy identified sector development and diversification as a priority and spoke to the exploration of emerging and innovative sectors that align with the County's competitive advantages.

Data Center Opportunities

A data center is a physical facility, such as a warehouse, used to house computer systems, servers and other components for managing, processing and storing data. These facilities require significant amount of electricity and cooling equipment to ensure that the equipment can operate efficiently and reliably. Data centers are used by a variety of industries to support critical applications, cloud services, websites, and enterprise operations.

Notable industries that rely on data centers include e-commerce platforms, internet service providers, cloud service providers, telecom companies, financial institutions, media and entertainment, the public sector and large technology companies such as Amazon, Apple, Google and Microsoft. An increasingly data-driven world, coupled with the emergence of Artificial Intelligence (AI) and Machine Learning (ML) applications, has created a large growth in demand for computer processing capacity and is driving investment in data centers.

In November 2024, Council approved the Beacon AI Hub Area Structure Plan Terms of Reference for a fully developer-funded Area Structure Plan located to the east of Calgary and south of Chestermere. Since that time, two large project proponents have approached the County, Kalina (located to the southeast of Crossfield) and Kineticor (located to the northeast of the County's East Balzac Area Structure Plan) – Attachment 'A' provides locational context for existing and proposed data center projects in Rocky View County.

Each project proposes large data centers and associated power generation facilities in areas ranging from two to seven quarter sections outside of the County's current growth areas in lands generally designated as *Agriculture, General*, which would necessitate the creation of Area Structure Plans to ensure a holistic planning process, rigorous public engagement, and supporting technical studies.

These proponents are considering large investments in the County, and the crucial element for final investment decisions is the need for expedited municipal and provincial regulatory approvals to meet emerging market demand for data center infrastructure.

ANALYSIS

Data Center Proposals

Both project proponents are proven operators with significant sectoral experience and have secured partners for the data center and power generation components. Each project proponent has indicated that the final investment at full-scale build-out would be over \$10 billion. Each project is located adjacent to necessary energy infrastructure, which may include high-voltage electricity transmission lines, natural gas pipelines, and fiber infrastructure. These desirable locations are typically not located within existing Area Structure Plans, due to the unique infrastructure requirements of these projects.

The proposed data centers would resemble typical warehouses from the outside. These facilities house server racks and computing equipment, with supporting heating, ventilation and air-cooling infrastructure as well as security measures. These facilities can scale up over time as market demand emerges and additional computing equipment is added to the facility.

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The proposed electricity (provincial electricity grid) and power generation (natural gas turbine technology and carbon capture and storage) components of the projects would require provincial regulatory approvals in addition to municipal land-use planning approvals, which are being sought simultaneously by the project proponents.

These proposals have the potential to generate substantial municipal tax revenues, in addition to local and regional employment opportunities. Full-time job creation is estimated at approximately 300 employees per facility, plus temporary construction jobs. They may allow the County to expedite infrastructure investments and support ancillary employment opportunities.

The primary infrastructure requirements are related to electricity usage and power generation, and advancements in data center design means that on-site water requirements are minimal. It will be important to engage in a fulsome public consultation process from an early stage and implement mitigation measures to minimize any potential impacts on nearby residents, which may include noise or visual impacts.

Municipal and Provincial Policy Alignment

The Government of Alberta's AI Data Centre Strategy, passed in December 2024, has set a target of attracting \$100 billion in data center investment opportunities in the province over the next five years. The strategy notes that Alberta's power-generating capabilities, natural resources, regulatory environment and cold climate makes it the ideal location for technology companies to build new AI data centers. The County's robust power and natural gas infrastructure, affordable land, and access to a highly skilled workforce make it a highly desirable investment location within Alberta. The County's Economic Development Strategy emphasizes the importance of seeking investment from emerging and innovative sectors that capitalize on the County's competitive advantages.

The two proposed projects initially appear to be consistent with the direction of the County's current 2013 Municipal Development Plan (County Plan) and these proposals provide a timely opportunity for a more holistic consideration under the County's 2025 Municipal Development Plan review project, which is currently underway. The finalized Municipal Development Plan could provide the ability to proactively manage data center opportunities, balancing the County's emphasis on attracting investment opportunities with the desire to preserve agricultural lands.

Proposed Path Forward

Given that this is a global industry which can be located in many other locations where there is necessary electrical capacity and internet infrastructure, the crucial consideration in these types of projects is a limited time-horizon for investment.

Administration proposes that Council provide direction to work with the project proponents to begin the municipal Area Structure Plans Terms of Reference process, which would allow for Council consideration of whether to proceed in the coming months. This could be achieved using existing resources, and additional resource considerations would be raised during the Council decision on whether to proceed with a developer-funded Area Structure Plan project.

In the interim, Administration proposes that each project proponent be invited to present to Council to raise public awareness and provide Council the opportunity to better understand each proposed project. There are several upcoming Public Participation Committee and Governance Committee meetings that could be used for this purpose.

Additionally, Administration is requesting an opportunity to update Council and present an analysis involving all relevant departments to Council to better understand how to fit this emerging sector into existing County planning processes, infrastructure requirements and potential financial benefits. While

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these proposals may fit within the existing County planning framework, there is a timely opportunity to work with subject matter experts to thoughtfully incorporate this emerging sector into the County’s long-term vision for development.

The proposed motions in this report would allow for the coordination of municipal and provincial approvals to meet investor needs, while providing additional time for raising public awareness and the creation of a fair and transparent process to evaluate these investment opportunities against the County’s long-term vision. By allowing for timely consideration of these investment proposals, the County would allow for potential job creation, infrastructure expansion, and generation of municipal tax revenues which could be used to fund community amenities or services in the future.

COMMUNICATIONS / ENGAGEMENT

Administration proposes to invite project proponents to present to Council in a public forum to raise public awareness of these proposals. Additionally, Administration would work with project proponents on a comprehensive public engagement process as part of the Area Structure Plan Terms of Reference drafting, for final consideration by Council when approvals to proceed with the planning process are sought.

IMPLICATIONS

Financial

There are no direct financial implications associated with the recommended motions in this report.

Each developer-funded Area Structure Plan Terms of Reference would require Council approval at a future date, which may have financial and resource implications for the County if approved at that time.

STRATEGIC ALIGNMENT

Key Performance Indicators		Strategic Alignment
Financial Prosperity	FP1: Successfully planning and managing tax revenues between residential and non-residential landowners FP1.1: Residential/Non-Residential Assessment Split Ratio as set out in the Assessment Diversification Policy	The investment associated with these opportunities presents a significant tax revenue opportunity for the County, which would contribute towards a favourable assessment split ratio.
Thoughtful Growth	TG1: Clearly defining land use policies and objectives for the County – including types, growth rates, locations, and servicing strategies	Direction for Administration to return with a holistic assessment on how best to fit this emerging sector into current/future planning policy frameworks and economic development priorities would provide additional clarity on how to engage with this emerging opportunity in a thoughtful and strategic manner.

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ALTERNATE DIRECTION

THAT Council accept the Emerging Sectoral Opportunity – Data Centers report for information.

Benefits

The County would continue to operate within the existing Area Structure Plans, and preserve agricultural lands.

Disadvantages

The County may miss out on an opportunity to diversify through potential investments. Each project proponent is considering investments over \$10 billion in the long-term, with associated job creation and municipal tax revenue generation opportunities which could be used to fund future County priorities. In addition, it is possible that future data center opportunities will arise if the County builds a reputation as an investor-friendly destination for these types of projects.

ATTACHMENTS

Attachment ‘A’: Proposed Data Center Projects in Rocky View County

APPROVALS

Acting Manager:	Ben Manshanden, A/Manager, Economic Development
Acting Executive Director:	Dominic Kazmierczak, A/ Executive Director, Community Services
Chief Administrative Officer:	Reegan McCullough, Chief Administrative Officer