

August 17, 2026

Honourable Wab Kinew  
Premier of Manitoba  
Minister of Indigenous Reconciliation

Honourable Mike Moyes  
Minister of Environment and Climate Change

Honourable Mike Moroz  
Minister of Innovation and New Technology

Honourable Adrian Sala  
Minister of Finance, Minister responsible for  
the Public Utilities Board and Manitoba Hydro

Dear Premier Kinew, Minister Moyes, Minister Moroz, and Minister Sala,

**Re: Regulatory Oversight of AI Data Centres and AI Infrastructure**

Manitoba Eco-Network (MbEN) and the Climate Action Team (CAT) are writing to ask that the Government of Manitoba update existing environmental laws and policies to ensure new projects such as data centres (artificial intelligence (AI) data centres and more traditional data centres), cryptocurrency mining, and other types of rapidly developing technology are held to the same environmental standards and impact assessment requirements as other types of developments.

We acknowledge that the Government of Manitoba has taken some steps to address the potential issues associated with data centres and other large power users through recent legislative changes, such as passage of the [The Public Sector Artificial Intelligence and Cybersecurity Governance Act](#) and several recent changes to [The Manitoba Hydro Act](#) (S.M. 2025, c. 25, S.M. 2026, c. 17, S.M. 2026, c. 32), that enabled new regulations that designate requests for power from large power supply projects into low, medium, or high priority ([M.R. 68/2025](#)). Notably, these regulatory provisions were relied upon when Premier Kinew announced that the [proposed massive AI data centre south of Winnipeg in the RM of Ritchot \(near Ile des Chênes\) would not move forward](#), as it was designated as a low priority and unlikely to successfully secure the power needed to operate. We applaud the Government of Manitoba for taking a clear stand and saying no to this proposed data centre. However, regulations that largely pertain to protecting the power supply are not a replacement for environmental assessments.

We feel that the Government of Manitoba has a significant opportunity to lead the way in Canada by facilitating the development of legal protections to mitigate the growing range of potential harms that can result from irresponsible use of AI and other new technologies.

**We urge you to make the following legal reforms:**

- 1. Add the following types of developments to the *Classes of Development Regulation* under *The Environment Act*:**
  - Data Centre
  - Cryptocurrency Operation

Including these types of developments in the *Classes of Development Regulation* is necessary to ensure they undergo a full impact assessment, in which a broad range of factors will be considered before any approval decisions are made.

- 2. Amend Section 16 of *The Environment Act* to expand the Minister of Environment and Climate Change's discretionary power to include the ability to decide on the classification of a development or to require an environmental assessment for a particular project that is not contemplated in the existing list of developments. This expansion of discretionary**

**power should be accompanied by decision-making criteria in the same or following section of the Act.**

**Data Centres:**

The definition of “data centre” that was added to *The Manitoba Hydro Act* in June 2026 (S.M. 2026, c. 32, s 3 – not yet in force) could be adapted and added to the *Classes of Development Regulation*. We would suggest omitting subsection (b) as follows:

*"data centre" means a facility, whether free-standing or within a larger structure, that*  
*(a) primarily contains electronic equipment*  
*(i) used to process, store or transmit digital information, or*  
*(ii) used for digital information for a purpose specified in the regulations or in a manner set out in the regulations.*

*For certainty, a facility that contains a cryptocurrency operation is not a data centre.*

Data Centres should be considered either a Class 2 or a Class 3 development under the Regulation, depending on the amount of power and water the proponent proposes to use. In terms of energy usage, we recommend classifying Class 2 Data Centres as those anticipated to use less than 5 megawatts per year, with Class 3 Data Centres categorized as those anticipated to use five megawatts or more per year. The five megawatts threshold was chosen to reflect the threshold amount of power designated, by default, for a “large supply of power” under section 49.2(1) of *The Manitoba Hydro Act*.

The threshold for water usage could potentially be based on the current *Classes of Development Regulation* provisions for Waste Treatment and Storage and Water Development and Control Projects. The more water used and/or wastewater discharged into the environment, the more rigorous the standard of assessment should be.

**Cryptocurrency Operations:**

The definition of “cryptocurrency operation” that was added to *The Manitoba Hydro Act* in June 2026 (S.M. 2026, c. 32, s 3 – not yet in force) could be added to the *Classes of Development Regulation*:

*"cryptocurrency operation" means, subject to the regulations, an operation that uses electronic equipment dedicated to cryptographic calculations which, in particular, serve to validate successive transactions made by users of a blockchain.*

Cryptocurrency operations should be listed as Class 2 or 3 developments depending on the amount of power or water consumed. Similar thresholds to those suggested above for data centres could be used. The [recent amendments to The Manitoba Hydro Act](#) already create a precedent for treating cryptocurrency operations and data centres separately. Given that cryptocurrency operations are more curtailable, and that the use case for cryptocurrency/blockchain technology remains questionable, it is likewise logical to regulate them separately.

**Discretionary Power to Designate Projects for Impact Assessment:**

In Manitoba, the Minister of Environment and Climate Change does not currently have legal power under *The Environment Act* to require proposed projects that are not explicitly listed in the *Classes of Development Regulation* to undergo the provincial impact assessment and licensing process.

At the federal level, section 9(1) of the *Impact Assessment Act* provides authority for the Federal Minister responsible for that Act to designate an activity that is not prescribed by regulations as a “designated project” that requires an impact assessment before proceeding. Such a designation can be made “on request or on the Minister’s own initiative.” Unfortunately, *The Environment Act* does not have similar language, and the courts have interpreted provincial impact assessment requirements narrowly, finding that if a project is not listed in the Regulations, it cannot be designated for provincial impact assessment. See the description of the *Campbell Soup Co.* decision in the attached Background Information document.

Updating *The Environment Act* to include similar language as the *Impact Assessment Act* would provide the Minister of Environment and Climate Change with the discretion to require new types of technological developments to undergo an impact assessment, even if they are not already listed in the *Classes of Development Regulation*. Thus, we have adopted the recommendation of the Manitoba Law Reform Commission (2015):

*Section 16 of The Environment Act should be amended to expand the Minister’s discretionary power to include the ability to decide on the classification of a development or to require an environmental assessment for a particular project that is not contemplated in the existing list of developments. This expansion of discretionary power should be accompanied by decision-making criteria in the same or following section of the Act. (59)*

MbEN and CAT appreciate your consideration of our recommended law reform changes that, if adopted, would ensure rapidly developing new technology, like data centres and cryptocurrency operations, is required to meet the same provincial standard of assessment and environmental protection as other types of developments with potential to impact the environment and human health in Manitoba.

We would be happy to arrange a meeting or respond to any questions regarding our recommendations. To arrange a meeting, please contact James Beddome, Executive Director, Manitoba Eco-Network at [executivedirector@mbeconetwork.org](mailto:executivedirector@mbeconetwork.org).

For convenience, we have also attached some background information to this letter about the risks arising from data centres. This document also highlights how the proposed conversion of the former Merit Pea Processing plant into an AI data centre serves as an example of how data centres of all sizes can impact already overburdened municipal infrastructure.

Sincerely,

Manitoba Eco-Network



Climate Action Team Manitoba



## BACKGROUND INFORMATION:

### **Why do data centres and cryptocurrency operations need to be listed in the Classes of Development Regulation?**

Courts in Manitoba have strictly interpreted *The Environment Act* and regulations in past decisions (see: [Campbell Soup Co. Ltd v. Manitoba et al., 1991 CanLII 12079 \(MB QB\)](#)), so the particular type of development needs to be explicitly listed to ensure it is subject to an environmental assessment.

As discussed by the Manitoba Law Reform Commission in their [2015 Report on The Environment Act](#):

*While the Classes of Development Regulations capture the majority of proposed developments in Manitoba, there is an increasing range of projects that would be exempt from an environmental assessment.<sup>1</sup> The fact that the Manitoba courts interpreted the triggering criteria narrowly in Campbell Soup Co. v Manitoba<sup>2</sup> has also contributed to this problem.*

*In Campbell Soup, the Manitoba Court of Queen's Bench was called on to interpret the triggering provisions in the Act. The court found that a mushroom farm is not consistent with a food processing plant and is therefore not contemplated in the Classes of Development Regulation. The court also considered section 16 of the Act, which allows the Minister to determine whether an activity is a development. The court rejected the argument that section 16 permits the Minister to require an environmental assessment of an activity not contemplated in the regulation. Thus, despite the parties' agreement that the mushroom farm had the potential for significant adverse environmental effects, it was not subject to an environmental assessment process.*

*Due to the court's interpretation of the Act and regulations in Campbell Soup, and the fact that there are currently gaps created by Manitoba's triggering criteria, some participants identified a need to expand the criteria contained in the regulations to ensure a wider range of projects are captured. A legislative mechanism that requires regular review of the inclusion list criteria has also been suggested as a way to minimize potential gaps. Participants also suggested that the Minister should be given discretionary power to order the environmental assessment of a development not contemplated in the Classes of Development Regulation. (58-59)*

### **What are the impacts of AI data centres on groundwater and surface water?**

Drawing massive amounts of groundwater could lead to the collapse and/or contamination of aquifers, which significant portions of Manitobans rely upon for drinking water.

[A single data center can consume up to 5 million gallons of water per day](#) – equivalent to the daily water usage of more than 15,000 homes. At this scale, even minor impurities in wastewater can accumulate over time, potentially causing significant environmental harm, especially where wastewater is concentrated.

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<sup>1</sup> As identified by participants, such activities include: hydraulic fracking, peat mining and mineral exploration.

<sup>2</sup> Campbell Soup Co. v. Manitoba (1991), 74 Man.R. (2d) 237.

The issue is further exacerbated because [data centers don't always discharge wastewater into public sewage systems, which typically route water to treatment facilities capable of filtering out many contaminants](#). Instead, data center wastewater may be released directly into nearby lakes, streams, or groundwater aquifers, where pollutants can enter the ecosystem unchecked.

The demand for liquid and hybrid cooling systems in data centers is expected to introduce a [significant amount of contaminants into wastewater](#), such as:

- **biocides** (such as isothiazolinones and glutaraldehyde), which can cause allergies and skin irritation,
- **corrosion inhibitors** (like phosphates and molybdates), which contribute to eutrophication and negatively affect aquatic life,
- **heavy metals** (including zinc, copper, and chromium), which are carcinogenic and can harm the skin, respiratory system, and kidneys,
- **total dissolved solids** (consisting of common dissolved minerals and salts) that may result in kidney stones and organ stress.

Even with wastewater treatment plants in place, the additional load caused by these contaminants can harm aquatic life and biodiversity in watersheds and increase stress on animals and plants.

Data centers also cause thermal pollution. The massive amounts of water used for cooling are released back to the environment at warmer temperatures than usual. Over time, this creates problems like [lower oxygen levels that disrupt aquatic life and harm delicate ecosystems](#).

### **Data Centers use massive amounts of energy**

AI data centres use advanced graphics processing units (GPUs) and other AI accelerators that are much more energy-intensive, [consuming about 10 to 15 times as much electricity as conventional units](#).

These massive power drains will drive energy rates up for Manitobans.

It will use firm peak capacity that we do not have to spare.

Operating on-site natural gas power plants or diesel generators to power AI data centers will drive up Manitoba's GHG emissions.

AI data centers deliver little in the way of long-term jobs and economic benefits, but examples in the United States demonstrate that they do result in long-term noise pollution for local residents.

There is a need for regulations and long-term planning with respect to this burgeoning industry. The Government of Manitoba must make corresponding regulatory amendments to facilitate the proper assessment of AI infrastructure before it is approved, such as updating the *Classes of Development Regulation* to specifically list AI Data Centres as a Class 2 or 3 development depending on the scope of water and energy use.

### **Case Study: Former Merit Pea Canola Protein Processing Plant**

Bell Canada recently announced that it [intends to transform the former home of Merit Functional Foods in the CentrePort industrial development into an artificial intelligence data centre](#).

It is not clear if an environmental assessment will be required at all (this is why data centres need to be added to the classes of development regulation). Yet when the former Merit Pea Canola Protein

Processing Plant was first proposed, it required an [impact assessment and an Environment Act licence \(#6044.00\)](#). We submit that the conversion of an agricultural processing plant to an AI data center should require a new impact assessment.

We note that the Merit Pea Canola Protein Processing Plant's current license allows it to discharge wastewater to the RM of Rosser collection system, which ultimately goes to the North End Water Pollution Control Centre (NEWPCC) in Winnipeg. According to the [documents filed](#) by Merit Pea Canola Processing Plant, approximately 350,000 to 800,000 litres per day of treated water would be supplied by the Cartier Regional Water Co-op, before being used and subsequently discharged to the Rosser collection system. As Joy Kennedy, from the Water Quality Management Section of Manitoba Sustainable Development indicated in her [technical advisory comments](#) regarding the former Merit Pea Processing Plant, "[i]t is recommended the proponent ensure the ultimate discharge facility has capacity to treat characteristics of this wastewater stream with consideration of water quality characteristic(s) such as concentrations of TSS, TP, TN, BOD, variability in quality, and variability in flow." The original license conditions deal with matters such as preventing canola oil from entering the disposal system (condition 48) and monitoring and adjusting PH levels (condition 51), but it does not deal with matters specific to AI data centers, such as treating biocides, corrosion inhibitors, heavy metals, and total dissolved solids. The NEWPCC is also not set up to address all of these pollutants either. This is why each new data center must undergo an impact assessment.

The Cartier Regional Water Co-op webpage indicates that the ultimate source of water for the Co-op is the city of Portage la Prairie's water treatment facility. It seems worth noting that the city of Portage la Prairie is currently applying for an Environment Act license to upgrade its water treatment plan ([public registry file #4635.10](#)). As highlighted in [Manitoba Eco-Network comments submitted to the public registry on April 20th, 2026](#), "[r]esearch indicates that the Assiniboine River system may already be approaching its allocated capacity under historical hydrologic assumptions," with the risk of drought increasing in a warming world.

This proposed Bell data center at the former Merit site provides a case example of how data centers can stress the capacity of public infrastructure such as potable water and wastewater treatment facilities. Without an impact assessment being required, it is not clear what type of cooling system will be used, or what other build parameters require assessment.

This supposedly "small AI data centre" will also use an amount of power equivalent to approximately 550 to 850 electrically heated homes. It is not hard to see how the cumulative impact of multiple projects like this could cause significant strain on the grid.