

BACKGROUND

In the context of the global race for artificial intelligence, North America is experiencing significant growth in investment in technological infrastructure. The development of sovereign Canadian artificial intelligence capacity is also a strategic issue for maintaining control over data, infrastructure, and the technological advancement essential to the country on the world stage.

These facilities are being established in communities of various sizes, including rural communities, where they can have a significant impact on investment, the local economy, and the municipal tax base.

The Grand Falls Regional Municipality is directly affected by this reality. With two data centres already operating within its territory, it has concrete experience with the spin-off benefits, challenges, and issues associated with these facilities, and is therefore well positioned to contribute to the discussion on their development and regulation in Canada.

The table below presents a summary of the main advantages and disadvantages associated with the establishment of data centres in small and medium-sized municipalities. It highlights the key issues to be considered in order to support informed decision-making and regulation suited to the realities of local communities.

Issue	Potential Advantages	Disadvantages / Risks
Taxation	Potentially significant increase in the tax base; possible reduction of the burden on residential taxpayers.	Dependence on a single large taxpayer; tax agreements favourable to the developer that reduce net revenues.
Employment	Numerous jobs during construction; a few skilled jobs during operation.	Few permanent jobs relative to the investment; construction workforce often from outside the area.
Electricity	May justify grid upgrades that benefit everyone; clean energy in NB.	Risk of pressure on grid capacity and, indirectly, on rates; use of backup generators.
Heat	Potential for heat recovery (greenhouses, district heating) if negotiated upfront.	Localized heat island effect; high costs for heat-recovery infrastructure.

Noise	Existing best practices and standards allow for effective mitigation.	Continuous 24/7 nuisance for neighbouring residents; inadequate mitigation measures; effects on sleep and quality of life.
Water	Low-water-consumption technologies available (air cooling or closed-loop systems).	Possible pressure on the municipal water supply; risk to water quality if not properly regulated.
Environment	Very low-carbon electricity in NB.	Deforestation, soil sealing, loss of agricultural land, landscape alteration, surface water runoff
Zoning / Land Use	Opportunity to modernize the zoning bylaw and regulate future industrial projects.	Risk of citizen opposition, legal action by the developer, and pressure on agricultural land.
Infrastructure	Accelerated access to high-capacity fibre optics for the municipality.	Wear on the road network, specialized fire safety costs, administrative burden on a small municipal team.
Social Acceptability	A well-negotiated, transparent project can strengthen trust in municipal council.	Citizen polarization, power imbalance relative to a multinational corporation, reputational risk for elected officials.

RECOMMENDATIONS

That the Government of New Brunswick impose a moratorium on the approval of new data centres and the expansion of existing centres, pending the development of a clear and coherent ***statement of provincial interest*** that will make it possible to adequately regulate their establishment and development. That this period allows the provincial government in collaboration with municipalities and relevant stakeholders, to:

1. **Engage independent experts** (urban planner, engineer, specialized lawyer), funded if possible by a provision paid by the developer even before the official filing of the project.
2. **Require independent studies** on noise, water and electricity demand, and traffic, carried out or validated by experts selected or approved by the municipality rather than provided solely by the developer.
3. **Negotiate a detailed economic development agreement** including: firm commitments regarding local jobs, maximum noise thresholds with monitoring and penalties, a heat recovery plan, a clear breakdown of infrastructure costs, and financial guarantees in the event of closure or bankruptcy.
4. **Adapt the zoning bylaw** rather than treating the data centre as a generic industrial use: specific setback requirements, mandatory visual and sound screening, night-time lighting limits, and maximum building height.
5. **Prioritize sites already zoned for industrial use**, located far from residential areas and sensitive natural environments, rather than opening agricultural or green land to development.
6. **Establish a post-implementation monitoring mechanism** to maintain accountability after the facility becomes operational (public, monthly and annual reports on noise, water and electricity consumption, and jobs created).
7. **Communicate transparently** with the public from the earliest discussions and hold information sessions separate from decision-making sessions to allow for calm, constructive debate.
8. **Assess the actual capacity of the provincial electrical grid and local water infrastructure** before committing, in order to understand the actual timelines and costs of connection and operation.

Such a moratorium would not aim to prevent the development of the data centre industry in New Brunswick, but rather to allow the provincial government to establish the conditions necessary for responsible, predictable, and sustainable development, while giving municipalities the tools they need to protect their infrastructure, their territory, and the interests of their communities.