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## What Can We Learn From A Failed Synapse Or Two?

By: Nigel Bankes

**Matter Commented On:** [AUC Decision 30732-D01-2026](#), Synapse Real Estate Corp., Synapse Data Center Power Plant Project, August 17, 2026

On August 17, 2026, a panel of commissioners of the Alberta Utilities Commission (AUC) rejected, in trenchant terms, an application from Synapse Real Estate Corp (Synapse) to construct and operate a 1,400-megawatt (MW) combined-cycle natural gas-fired power plant together with massive amounts of backup diesel generation (1,800 MW) (together, the power facilities). The power facilities were to be located within the town of Olds and co-located with a large-scale data centre. The power plant was intended to provide electricity exclusively to the data centre and not be connected to the Alberta Interconnected Electric System (the grid). While the generation and data centre were clearly intended to be functionally integrated, the AUC has no jurisdiction over data centres. The AUC's jurisdiction is confined to new power facilities under the terms of the *Hydro and Electric Energy Act*, [RSA 2000, c H-16](#) (*HEEA*), specifically ss 11 and 19, as supplemented by s 17 of the *Alberta Utilities Commission Act*, [SA 2007, c A-37.2](#) (*AUCA*). Section 17 of the *AUCA* is crucial insofar as it confirmed that a principal criterion for approval is that the project be in the public interest.

17(1) Where the Commission conducts a hearing or other proceeding on an application to construct or operate a hydro development, power plant, energy storage facility or transmission line under the [Hydro and Electric Energy Act](#) ..., it shall, in addition to any other matters it may or must consider in conducting the hearing or other proceeding, give consideration to whether construction or operation of the proposed hydro development, power plant, energy storage facility, transmission line ... is in the public interest, having regard to the social and economic effects of the development, plant, storage facility, line ... and the effects of the development, plant, storage facility, line ... on the environment.

### Round One

This was actually Synapse's second effort to bring its application before the AUC. Its earlier efforts had been rejected in equally trenchant terms by a [letter decision of the AUC](#) under the signature of Ms. Kim Macnab, Executive Director, Facilities Division of the AUC on March 6, 2026 (the Letter). Ms. Macnab's letter noted significant deficiencies in the application and concluded as follows:

Given the number and significance of deficiencies, the Commission has concluded that it cannot process the application with the current information in the application, particularly

because of the deficiencies in the participant involvement program requirements. Attempting to cure the deficiencies with the current application would not be efficient for the Commission, Synapse or other stakeholders (e.g., local interveners). (Letter at para 6)

I will return to Ms. Macnab's letter in the concluding section of this post.

## **Round Two**

Synapse's re-application filed on April 3, only weeks after the initial rejection, generated what can only be described as massive opposition from the project's proposed neighbours. The AUC received more than 1,500 statements of intent to participate (at para 9).

### **Round Two: The Panel's Public Interest Determination**

In rendering its decision to reject the revived application, the AUC emphasized its public interest mandate and emphasized also that the onus is on the proponent to make the public interest case (at para 12). The panel described its approach as follows:

Conducting a public interest assessment requires the Commission to assess and balance the competing elements of the public interest in the context of each specific application before it. Part of this exercise is an analysis of the nature of the impacts associated with a particular project, and the degree to which the applicant has addressed these impacts. Balanced against this is an assessment of the project's potential public benefits. The assessment includes the positive and adverse impacts of the project on those nearby, such as landowners, and on those more distant, such as the general population of Alberta. (at para 15)

The panel also confirmed that it is the AUC's practice to consider that "the public interest will be largely met if an application complies with existing regulatory standards and the project's public benefits outweigh its negative impacts" (at para 16). And while the proposed project might be a permissible use under a municipal bylaw, that was far from determinative in this case. As the panel summarized in various places as follows:

The Commission is not persuaded that Synapse has demonstrated why this specific location is in the public interest. The proposed project is large, consisting of a total of 3,200 megawatts of installed generation, comprised of a 1,400-MW thermal power plant and 600 emergency diesel generators. Given the size and nature of the project, the Commission finds that compelling reasons are required to site the project in extremely close proximity to a significant residential population. As noted, there are more than 700 residences within 800 metres of the project lands. (at para 33)

....

In the Commission's view, the fundamental issue is not whether the proposed site can accommodate the project from a zoning or engineering perspective. Rather, the issue is

whether the applicant has demonstrated that locating a thermal power plant of this size and nature in the town is in the public interest.

The Commission finds that the proposed project would place a large thermal power generation facility, along with backup diesel generation, directly adjacent to an established urban area without establishing that the benefits of that siting outweigh the adverse impacts. Accordingly, the lack of a persuasive justification for the selected location weighs significantly against approval of the application and supports the Commission's conclusion that the proposed siting is not in the public interest. (at paras 40 – 41)

### **What Do We Learn From These Two AUC Decisions?**

First, rejection for incompleteness is not final. A proponent can re-apply. Wise proponents will learn from their mistakes and take the time to correct them. Proponents that propose major industrial power facilities for a site immediately adjacent to a residential will need to explain why that particular site is necessary for its operation. Zoning compliance will not be an adequate explanation; nor will the support of a municipal government.

Second, the AUC's jurisdiction is limited to power facilities. It has no jurisdiction over other industrial facilities, even though those other facilities may be highly and inextricably integrated with the power facilities. This means that project review and approval in Alberta is compartmentalized and runs the risk of missing the bigger picture.

Third, the concept of "public interest", as with its equivalents such as "public convenience and necessity" is highly malleable. Often, such malleable concepts favour powerful project proponents rather than the disparate and unorganized publics who in many cases in Alberta will lack standing because they won't be "directly and adversely affected." In this case, the AUC decided to grant standing "to all persons residing in the town, as it found that, given the nature and location of the project, and the size of the town, the Commission's decision on the application would have the potential to result in a direct and adverse effect on those residents" (at para 22). In this case the selection of a site within municipal boundaries rather than on more isolated public lands with fewer persons qualifying as directly and adversely affected worked against the proponent's interests.

Fourth, while the decision does not directly comment on the stand-alone nature of the proposal (i.e. not connected to the grid), the implications of such proposals deserve critical scrutiny. This merits a separate post but here are three preliminary comments. First, if an islanded facility connected to stand-alone generation requires high energy reliability (24 hours/365 days), this will require massive redundancy in capacity in the absence of a grid interconnection. In this case that redundancy took the form of 1,800 MW of installed diesel generation to match the 1,400 MW of gas generation. As any northern or isolated community will attest, diesel generation comes with significant problems including noise and air pollution (including greenhouse gas emissions) as well as the onsite storage and transportation of the diesel. Second, large gas generation facilities may be independent of the electricity grid, but they will not be independent of the gas grid and may require gas transmission reinforcement to provide reliability (at paras 27,

39 & 47). And third, while the “bring your own power” mantra and stand-alone operations may be superficially attractive in terms of “protecting” ordinary Albertans from the price shock that might be engendered by large increased data centre driven demand, the stand-alone approach has its problems. It misses the overall system reliability opportunities that might come from integrating 1,400 MW of generation into the grid, to say nothing of the opportunities to think creatively about how to provide back-up generation while avoiding excessive (any) reliance on diesel. Alberta has attempted to balance these issues for decades through its [industrial system designation](#) under s 4 of the *HEEA*. We can see elements of this balancing in the new *Data Centre Regulation*, [Alta Reg 117/2026](#) and the concepts of “tethered facilities” and bridging, but they seem entirely absent when it comes to stand-alone facilities. In my opinion, any project that requires 1,800 MW of installed diesel generation to back-up 1,400 MW of gas generation to support an off-grid facility should be doomed from the outset. The panel mentions these figures but entirely fails to really grapple with their implications – likely because it was unnecessary to do so given the other objections to the project.

Fifth, and more inferentially, the decision also tells us something about how the Alberta/Canada Cooperation Agreement on Impact Assessment is actually working - and it is not good news (for my earlier discussion of that Agreement see [here](#)). In the AUC’s letter decision on the first application, Ms. Macnab gave as an additional reason for closing the application the following:

The Commission is not satisfied that Synapse has complied with [the requirement that applicants identify] other acts that may apply to the project and other approvals that the project may require. In particular, Synapse has not adequately justified its conclusion that the federal *Impact Assessment Act* does not apply to the project. The *Physical Activities Regulations* designates the construction, operation, decommissioning and abandonment of a new fossil fuel-fired power generating facility with a production capacity of 200 MW or more as a designated project. Section 10(1) of the *Impact Assessment Act* requires proponents of designated projects to provide an initial project description to the Impact Assessment Agency of Canada. Synapse should provide a determination from the Impact Assessment Agency of Canada that an impact assessment of the project is not required, or provide further justification to demonstrate that the *Impact Assessment Act* does not apply to the project. (Letter at para 4, final bullet)

One might infer from this that, at the time (pre the Impact Assessment Cooperation Agreement), the Commission was taking the position that Synapse would have to have at least filed its initial project description with the federal agency before completing its application with the AUC. However, in its refiling Synapse reasoned as follows:

Synapse Real Estate Corp. will obtain all required approvals prior to construction and will comply with all applicable legislative and regulatory requirements throughout the lifecycle of the Project.

Synapse acknowledges the Commission's comments in Proceeding 30625 that Synapse did not adequately justify its conclusion that the federal *Impact Assessment Act* (IAA) does not apply to the Power Plant. The Commission noted that the *Physical Activities Regulations* (Project List) designates the construction, operation, decommissioning and

abandonment of a new fossil fuel-fired power generating facility with a production capacity of 200 MW or more as a designated project for the purposes of the Act.

Synapse is continuing to evaluate its approach to addressing the federal *Impact Assessment Act* and is actively monitoring the evolving legal framework. For the reasons outlined below, Synapse respectfully requests that the Commission process the within Application expeditiously.

The federal process at issue is a preliminary screening mechanism intended to determine whether a full impact assessment is required. Recent federal practice demonstrates that, for thermal generation projects, including those significantly exceeding 200 MW, this process has routinely concluded without requiring a impact assessment. The Supreme Court of Canada has held that the designated projects regime under the IAA is unconstitutional to the extent it applies to projects that do not give rise to effects within federal jurisdiction, and the Project does not engage any such effects. Alberta has maintained that the current iteration of the IAA continues to raise the same constitutional concerns. Consistent with that position, Canada and Alberta have entered a November 27, 2025, memorandum of understanding and, recently, a draft cooperation agreement that emphasize respect for provincial jurisdiction and provide that, for projects regulated at the provincial level (such as the Power Plant), provincial assessment and regulatory processes are to be relied upon in the first instance.

While the Project List suggests the initial federal screening step applies, there is a reasonable basis to expect that the Power Plant would not proceed to a federal impact assessment in any event. In these circumstances, requiring the Company to complete the federal project description process prior to the Commission advancing its review would introduce delay and uncertainty without a corresponding regulatory benefit or legal rationale.

The Project is located entirely within Alberta and will be assessed under applicable provincial environmental legislation, including the Environmental Protection and Enhancement Act. The conclusion that no provincial environmental impact assessment is required reflects the low likelihood of significant effects and relies on the adequacy of Alberta's regulatory framework to address potential environmental effects for projects of this nature. Proceeding with the Commission's review is therefore consistent with an efficient, coordinated approach to project regulation.

Synapse understands that the Commission's mandate is grounded in provincial legislation and directed at the orderly development and regulation of electricity generation within Alberta. The preparation of an initial project description and associated materials under the federal regime is not a purely administrative step; it entails time, cost, and allocation of technical resources, notwithstanding the likelihood that no further federal review will be (or, arguably, can legally be) required.

While any future federal determination may have implications for Project timing, the existence of a potential federal screening process does not, in the Synapse's respectful submission, require the Commission to pause or defer its own statutory decision-making.

Accordingly, the Synapse respectfully requests that the Commission continue to process the Application in the ordinary course, without awaiting confirmation as to whether the Project will be required to undergo a federal impact assessment under the IAA. ([Thermal Power Plant Application](#), Synapse Real Estate Corp, April 4, 2026 at 21 – 22, footnotes omitted)

There is no record of an application from Synapse on the website of Impact Assessment Agency. Accordingly, it appears that we can also infer that energy projects that trigger the federal *Impact Assessment Act*, [SC 2019, c 28](#), through the Project List regulation will now be permitted to proceed through the AUC's regulatory process without even needing to comply with the initial project description (IPD) provisions of the *Impact Assessment Act*. Whether this change of heart on the part of the AUC is due to the Impact Assessment Cooperation Agreement or some other reason is unclear. Regardless, it further fuels the impression that the federal Agency is unable or unwilling to compel the filing of an IPD in a timely manner thereby undermining potential federal engagement in project reviews. And it looks as if the AUC, deliberately or not, is turning a blind eye to this development.

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