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Mr Brian Mitchell MP
Chair
Government Administration Committee A
Parliament House
Hobart TAS 7000
Email: assemblygaa@parliament.tas.gov.au

Dear Mr Mitchell,

Thank you for your letter dated 18 August 2026 inviting the Tasmanian Government to provide a submission to the House of Assembly Government Administration Committee A Inquiry into AI Data Centres in Tasmania.

The Tasmanian Government welcomes this important opportunity to contribute to the Inquiry.

AI data centres have become an important component of Australia's digital economy and are the subject of active policy development across all Australian jurisdictions. Nationally, governments are seeking to maximise the economic, productivity and innovation benefits of AI while ensuring appropriate safeguards regarding resource use, transparency, environmental impact and community benefit. Supporting the uptake of AI across the Tasmanian economy is expected to be a leading opportunity to improve productivity and to enhance the competitiveness and opportunities open to Tasmanian business.

Tasmania's Advanced Technology Strategy identifies high-performance computing as a priority area. **Annexure A** sets out the Office of the Coordinator-General's commercial and investment perspective, including the current proposal pipeline, infrastructure considerations and Project Southgate as a case study. The body of this submission states the Government's position and responds directly to the Committee's Terms of Reference.

State and national expectations

The Tasmanian Government's Draft Statement of Expectations for Data Centres and AI Infrastructure Developers provides a framework for responsible use of electricity and water, infrastructure planning, community engagement, environmental responsibility and benefits for Tasmanians. Public consultation provides an opportunity for Tasmanians to inform the final expectations.

The Australian Government has released its national Expectations of Data Centres and AI Infrastructure Developers and is progressing related standards and reporting arrangements. Tasmania is participating in those processes while ensuring that policy settings remain appropriate to the State's circumstances.

Corporate commitments by proponents may complement government expectations and regulatory requirements, but do not replace them.

Land and natural values

Data centres and AI infrastructure proposed to date in Tasmania are not large users of land when compared with other industrial developments. Proposed building structures are comparable in scale with buildings already present in industrial and urban landscapes, and proposals to date have been located in established industrial precincts.

If a future proposal involved clearing or impacts on protected natural values, Tasmania's conservation and planning laws would apply in the ordinary way. No relaxation of those requirements is proposed for data centres or AI infrastructure.

Energy

The Government recognises that AI data centres can have high electricity requirements. If fully developed, Firmus' proposed facilities together would become the largest electricity customer in Tasmania's energy system. The final installed capacity remains subject to securing all necessary approvals, infrastructure arrangements, and energy and network connection agreements.

Tasmania has over 5 gigawatts of new renewable generation projects in various stages of development across the State. It is projects in this pipeline that AI data centre proponents will bring forward to support their energy needs over the long term.

Regulated standing-offer tariffs for Tasmanian households and small businesses are set with reference primarily to Victorian forward prices under the *Electricity Supply Industry Act 1995*. Market offers are also available. Network charges form one component of retail bills and are set through multi-year revenue determinations by the Australian Energy Regulator. This means that changes in Tasmania's wholesale electricity market are only indirectly connected to most Tasmanians' bills.

Experience in other jurisdictions, including parts of the United States, is relevant to Tasmania's consideration of data centre impacts, but the experiences of price spikes on electricity bills reported by residents are not transferable to our context. Outcomes depend on market design, network configuration, regulatory settings and the terms on which new generation and infrastructure are funded, all of which are different in Tasmania.

Importantly, large, stable electricity demand from data centres can support new renewable generation by improving the bankability of projects, but the extent depends on the duration and terms of commercial arrangements. Cost inflation, delayed coal closures and rapid battery deployment have made it more challenging for some Australian renewable projects to reach financial close. The Government is supportive of data centres unlocking investment decisions for our sizeable and mature pipeline of wind, solar, and storage developments.

Ultimately, electricity supply for data centres must be supported by commercial arrangements that account for generation, grid connection and network requirements, including, as above, the construction of additional generation. Projects that cannot secure those arrangements will not proceed.

The emergence of a very large data centre sector in Tasmania could change expected export flows over Marinus Link in some scenarios. If dispatched at comparable wholesale prices in the market, or if contracted at similar levels, no commercial disadvantage would be expected for Hydro Tasmania if its energy is used on-island, and this clearly has more

opportunity for economic activity in the State compared to export. Notwithstanding, additional renewable generation helps Hydro Tasmania to support both domestic load and flexible use of its generating fleet during export periods.

Water

Work is also underway nationally to develop consistent approaches to water use, efficiency and reporting by large AI infrastructure developments. In August 2026, Water Ministers noted Australian Government work on water efficiency, operational resilience, transparent reporting and infrastructure cost recovery for major data centre developments.

Tasmania has a well-established framework for managing the sustainable use and supply of water under the *Water Management Act 1999*. Water allocation is managed through established licensing mechanisms and the Surface Water Allocation Decision Framework.

Firmus' Tasmanian projects are designed with low-water intensity cooling systems, including closed-loop designs, together with rainwater capture and reuse. The water impacts of these systems are not comparable to conventional evaporative systems.

TasWater has not advised Government that the St Leonards or Bell Bay proposals cannot be serviced on normal commercial terms. The proponent has indicated that Wesley Vale's water needs are modest.

Ongoing engagement with national processes will assist Tasmania to remain informed of emerging regulatory and policy developments. Together, these arrangements provide multiple layers of oversight regarding public resource use.

Development and construction of AI infrastructure and data centres

The Tasmanian Government considers that the current planning and environmental assessment framework is capable of assessing data centre proposals, including construction and operational impacts. Existing controls enable consideration of:

- land-use compatibility, including building height and scale;
- natural and other hazards;
- heritage and natural values;
- noise, air emissions and other environmental impacts, including from standby generation; and
- referrals to public utilities on the adequacy of services.

In the absence of demonstrated inadequacies of these frameworks, Government does not consider that the introduction of bespoke and additional frameworks is desirable or efficient.

The planning system contains multiple assessment pathways, including:

- local council assessment;
- Major Project provisions under the *Land Use Planning and Approvals Act 1993*; and
- Projects of State Significance provisions under the *State Policies and Projects Act 1993*.

Latrobe Council's request that the Wesley Vale proposal be considered for Major Project assessment is currently being considered by the State Planning Office. Any request or referral must be considered under the existing statutory criteria.

The Government notes that some concerns raised in planning debates relate to broader questions about artificial intelligence, electricity markets, water supply and energy policy. Those matters are addressed through separate regulatory, commercial and policy frameworks, including national processes.

Site-specific operational impacts can be considered through existing planning and environmental assessment processes. The planning system considers factors including building siting, height, use, heritage, access, and natural hazards, and planning authorities enjoy reasonably broad regulatory scope through the application of permit conditions. If it determines that a proposal should undergo environmental assessment where the statutory criteria are met, the Environment Protection Authority will undertake a comprehensive level 2 assessment including consultation. To date, these assessments have not been required, due to the nature of proposed impacts.

The Government will continue to monitor the sector and consider whether targeted policy guidance or planning refinements are warranted.

Provide Parliamentary oversight and accountability for new facility construction and resource allocation

The Tasmanian Government supports appropriate accountability and oversight. Existing statutory approvals, environmental assessment, government-business governance and Parliamentary mechanisms already provide substantial oversight.

Existing mechanisms include published planning and environmental decisions, applicable review rights, independent economic regulation, annual reporting by publicly owned businesses, and scrutiny through Estimates, Government Business Scrutiny and Parliamentary committee processes.

Any additional mechanism should be assessed against evidence of a material gap, the risk of regulatory duplication, administrative burden and effects on investment certainty. Government does not currently see a need for specific parliamentary oversight of data centre and AI infrastructure developments or operational use of such facilities outside of processes already in existence.

Ensure transparent public disclosure of resource consumption

The Tasmanian Government supports transparent reporting of energy and water use while recognising legitimate security and commercial sensitivities. The draft Expectations establish expectations for disclosure, engagement and transparency, and national reporting arrangements are continuing to evolve.

Subject to nationally consistent definitions and thresholds, the Government supports public reporting of forecast and actual electricity and water consumption, energy and water efficiency, and compliance with approval conditions.

Provide the Tasmanian community with adequate opportunities for consultation

The Tasmanian Government considers early and meaningful community engagement essential to confidence in major developments. Existing planning legislation provides statutory participation opportunities, while the draft Expectations require proponents to engage with communities, local government and stakeholders.

Engagement should begin early enough to inform project design and continue through construction and operation. Proponents should explain expected resource use, likely local impacts, mitigation measures, local-benefit commitments, complaint pathways and material

changes to project scope. Statutory exhibition should not be the first point at which a host community learns of a major proposal. Public consultation on the draft Expectations will inform the final policy.

Ensure the Tasmanian community receives tangible benefits from AI and data facilities constructed in the State

AI infrastructure should contribute positively to Tasmania. Potential benefits include capital investment, construction activity, regional development, local procurement, skilled employment, workforce development, education and research partnerships, stronger digital capability, and innovation and commercialisation opportunities.

Proponents should specify these benefits and they should not be assumed from gross investment alone. Commitments should be proportionate to project scale, and may include local procurement and workforce plans, apprenticeships and training, education and research partnerships, shared infrastructure and host-community initiatives, with transparent reporting against delivery.

The draft Expectations establish expectations for local content, skills, research partnerships and community benefit.

With our publicly-owned utilities and the Government's clear expectations of commercial arrangements, data centres will generate revenues and profits which will ultimately benefit all Tasmanians through public revenue.

Any other matter incidental

Data centre and AI infrastructure may also improve cyber security, data sovereignty and critical-infrastructure resilience, principally through applicable Commonwealth frameworks.

AI infrastructure interest has already supported proposed investment in Tasmania's digital connectivity. Public announcements by Firmus and SUBCO state that Bernacchi-1 would be Tasmania's first new subsea fibre connection to mainland Australia in more than 20 years.

The announced design would provide dual mainland pathways, including a direct connection to Sydney, and more than 60 terabits per second of additional capacity. If delivered, it would materially improve Tasmania's digital capacity and resilience.

Government will monitor lifecycle impacts as the sector develops, including hardware reuse and refurbishment, secure data sanitisation, recovery of valuable components, certified e-waste processing and product stewardship.

The Tasmanian Government supports the responsible development of AI infrastructure. Existing planning, environmental, commercial and regulatory frameworks provide a strong foundation, complemented by the draft Expectations and emerging national reforms.

Tasmania has an opportunity to participate in the economic, technological and productivity benefits of AI infrastructure while protecting public resources, respecting communities and securing enduring benefits for Tasmanians.

The Tasmanian Government appreciates the opportunity to contribute to the Inquiry and looks forward to considering the Committee's findings.

Attachments

1. Annexure A – Office of the Coordinator-General – Commercial and investment perspective.
2. [Draft Statement of Expectations for Data Centres and AI Infrastructure Developers \(for reference\)](#).

Yours faithfully



Felix Ellis MP

Minister for Innovation, Science and the Digital Economy

28/9/2026

Annexure A

Office of the Coordinator-General – Commercial and investment perspective

Purpose

This annexure provides the Office of the Coordinator-General's (OCG) investment-attraction and commercial perspective on AI data centre proposals.

Role of the Office of the Coordinator-General

The Office of the Coordinator-General is Tasmania's principal investment-attraction and facilitation entity. It helps proponents navigate the business and regulatory environment, identify sites and relevant infrastructure, and engage with government agencies and service providers. Facilitation does not replace statutory assessment or the commercial decisions of State-owned businesses and other service providers.

Strategic context and proposal pipeline

Tasmania's Advanced Technology Strategy identifies high-performance computing as a priority area. Tasmania offers attractive attributes for AI infrastructure, including renewable energy credentials, a cooler climate, industrial land, improving digital connectivity and a workforce with transferable skills. Proponents must nevertheless secure viable energy, network, water, land, planning and commercial arrangements.

The OCG's pipeline includes a small number of AI infrastructure proposals at different stages and scales. Most, other than Project Southgate, remain at an early concept or investigation stage. Some proponents are considering demand-responsive or modular designs, but early interest should not be treated as a committed project or investment decision.

Infrastructure and facilitation

Energy availability, network capacity and connection requirements are central considerations for large-load proposals. The OCG may facilitate engagement with TasNetworks, Hydro Tasmania, renewable generators, energy retailers, TasWater and other relevant entities. Proponents remain responsible for demonstrating feasibility, meeting infrastructure costs allocated to them, and securing commercial agreements and approvals.

Time to market is important to proponents, but timely facilitation should coexist with appropriate assessment standards. The OCG's role is to outline pathways and coordinate early engagement.

Project Southgate case study

Project Southgate is the largest and most advanced AI infrastructure proposal known to the OCG. The OCG has engaged with Firmus Technologies since it established operations in Launceston in 2019 and has provided facilitation support for the proposal.

Firmus has advised that its proposed Tasmanian facilities would use comparatively low levels of water, use energy-efficient cooling technology and create direct and indirect employment. It has also advised that it is not seeking State grants, loans or equity.

Firmus has indicated that it is prepared to enter market-based energy arrangements and invest in telecommunication infrastructure needed for its facilities. Public announcements by Firmus and SUBCO state that Bernacchi-1 would provide dual mainland fibre pathways, including a direct connection to Sydney, and more than 60 terabits per second of additional capacity. If delivered, that infrastructure would strengthen Tasmania's digital capacity and resilience beyond the immediate project.

Potential benefits include construction activity, regional employment, supplier participation, renewable generation investment, shared digital infrastructure and economic diversification. They should be weighed alongside electricity, network, water, land-use, environmental and community impacts and should not be presented as certain before the relevant projects and commercial arrangements are delivered.

Conclusion

AI infrastructure may present significant opportunities for Tasmania where proposals are commercially viable, appropriately planned and able to proceed through relevant assessment and approval pathways. The OCG will continue to facilitate credible proposals while maintaining a clear distinction between investment facilitation, statutory assessment and commercial decision-making.

Public sources

1. Tasmanian Government, Advanced Technology Strategy, 2024.
2. Firmus Technologies, 'Firmus Wins Asia Pacific Data Center Project of the Year Award', December 2024.
3. Firmus Technologies and SUBCO, 'Firmus and SUBCO to build Bernacchi-1', 2 June 2026.



Draft Expectations for Data Centres and AI Infrastructure Developers: Tasmania

September 2026

Contents

- Purpose..... 2
- Why Tasmania is a good location for digital infrastructure 2
- How these expectations operate 3
- Scope..... 3
- Principles 4
 - 1. Economic development 4
 - 2. Energy..... 4
 - 3. Environment and planning 4
- Expectations..... 5
 - 1. Maximising benefits to Tasmania.....6
 - 2. Early engagement with community and stakeholders8
 - 3. Engagement with Tasmanian Government.....9
 - 4. Supporting Tasmania’s energy system 10
 - 5. Sustainable water usage..... 13
 - 6. Approval pathways 14
 - 7. Transparency and reporting..... 15
- Review..... 16
- How to have your say..... 16

In recognition of the deep history and culture of these islands, we acknowledge all Tasmanian Aboriginal people as the continuing Custodians of Land, Sea, Waterways, Sky and Culture, and pay our respects to Elders past and present.

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Purpose

Artificial intelligence (AI) is part of everyday life, and as its use continues to grow, it will bring both significant opportunities and important responsibilities for governments, businesses and communities.

The Tasmanian Government welcomes responsible investment in world class data centres and AI infrastructure projects that contribute to Tasmania's economic growth, attracts productive private capital, creates skilled jobs, strengthens communities and builds on the state's renewable energy and digital advantages.

The Tasmanian Government is committed to attracting investment that also supports a reliable, secure and affordable energy system for all Tasmanians.

These principles and expectations provide clear and predictable guidance to proponents, investors, industry, communities and other stakeholders, while supporting the responsible development of data centre and AI infrastructure projects that deliver enduring benefits for Tasmania.

Why Tasmania is a good location for digital infrastructure

Data centre and AI infrastructure projects are critical in underpinning digital services used across the economy and in everyday life. Growth in cloud computing and AI is driving major private investment and creating opportunities to develop technology enabled industries, strengthen digital capability and support research and innovation.

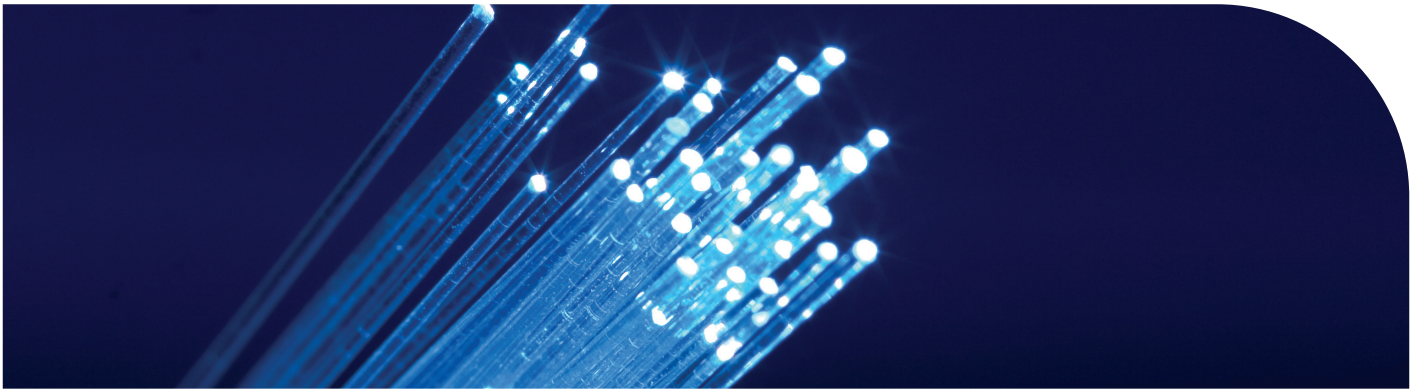
Tasmania's renewable electricity base, hydropower capability, temperate climate, industrial land, stable investment environment and established regulatory framework make it an attractive location for digital infrastructure. A cool climate can support efficient facility cooling, and our renewable energy potential means there is a pipeline of new renewable energy generation projects looking for customers with demand for energy.

Suitable investment in data centre and AI infrastructure projects can help bring forward new renewable energy generation, storage and telecommunications infrastructure where proponents fund the demand and infrastructure they require.

Well designed projects can diversify Tasmania's economy, create construction and specialised operational jobs, support apprenticeships and training, grow local supply chains, and strengthen Tasmania's digital ecosystem.

They may also support domestic data hosting and sovereign capability where appropriate security, governance and contractual requirements are met.

Investments in data centre and AI infrastructure projects are highly mobile and proponents can make location decisions quickly. The Tasmanian Government is therefore committed to timely, coordinated, transparent and predictable processes that provide confidence to investors and communities while maintaining high standards of assessment.



How these expectations operate

These expectations are a non-statutory statement of government policy. They do not create a new approval or regulatory process, alter statutory assessment criteria, fetter independent decision-makers or replace any requirement to comply with existing laws. They provide early guidance on the outcomes the Government expects proponents to pursue through existing approval, connection and commercial processes.

Tasmania has well-established planning, environmental, infrastructure and regulatory processes that apply to new developments, including data centre and AI infrastructure projects.

The Australian Government published its Expectations of Data Centres and AI Infrastructure Developers in March 2026. The Tasmanian Government will continue to consider their implications, including through National Cabinet and may update these expectations if a nationally agreed approach is settled.

These expectations support the Government's broader economic and technology policy objectives. The draft Economic Diversification and Investment Strategy provides the overarching direction for encouraging greater private investment and aligning infrastructure, workforce capability and regional strengths with Tasmania's economic priorities. The Advanced Technology Strategy and Digital Tasmania Strategy complement this by supporting technology adoption, digital capability, innovation and productivity. Together, these strategies provide the broader context for data centre and AI infrastructure investments to deliver enduring economic and community benefits for Tasmania.

Scope

These expectations apply to new and expanded data centre and AI infrastructure developments, including hyperscale, co-location, large-scale AI compute facilities and multi-site developments.

Their application should reflect the scale of a proposal and its likely impacts on electricity, water, infrastructure, communities and the environment. They do not apply to small-scale edge or on-site enterprise facilities.

Principles

The Tasmanian Government's approach to data centres and AI infrastructure developments and its expectations of them are guided by the following principles:

1. Economic development

Tasmanian Government expects developers to:

- a. Attract productive and sustainable private investment that delivers positive economic outcomes, employment and skills opportunities in Tasmania
- b. Maximise Tasmanian supply chain opportunities
- c. Develop Tasmania's digital ecosystem, innovation capability and technology enabled industries
- d. Develop local relationships through continuous engagement with local communities and councils

2. Energy

Tasmanian Government expects developers to:

- a. Unlock new renewable energy generation and storage projects in Tasmania to offset demand
- b. Maintain network reliability and grid security
- c. Ensure energy and related network costs do not negatively impact existing customers

3. Environment and planning

Tasmanian Government expects developers to:

- a. Minimise water use and ensure water and related infrastructure costs do not negatively impact existing customers
- b. Apply best-practice environmental management
- c. Prevent material environmental harm
- d. Uphold Tasmania's environmental and planning frameworks

Expectations

In support of the principles, the Tasmanian Government has developed seven expectations.

Expectation		Objective
1	Maximising benefits to Tasmania	Unlocking local and state-wide benefits
2	Early engagement with community and stakeholders	Building understanding, trust and supporting better project outcomes
3	Engagement with Tasmanian Government	Delivery of commercially viable projects
4	Supporting Tasmania's energy system	Unlocking new energy projects, protecting energy and system security, and minimising existing customer costs
5	Sustainable water usage	Efficient use of Tasmania's water resources and the protection of Tasmania's water security
6	Approval pathways	Ensuring projects go through appropriate development approval pathways
7	Transparency and reporting	Promoting ongoing accountability and transparency



1. Maximising benefits to Tasmania

Proponents of data centres and AI infrastructure projects are expected to structure projects so that Tasmanians see a clear and lasting return from hosting this infrastructure, including through construction and ongoing operational jobs, skills development, local procurement, Tasmanian supply chains and broader digital capability.

Proponents should be transparent about the number and nature of jobs a project will actually sustain once construction is complete, and about the proportion of value that will flow to the Tasmanian economy and local communities.

a. Jobs, skills and innovation

The Tasmanian Government recognises that community confidence is strengthened when people can see clear opportunities for themselves, their families and their communities arising from new developments. Proponents should deliver secure and well-paid jobs for Tasmanians.

Proponents are expected to engage with the education and training sector in Tasmania including the University of Tasmania and TasTAFE to identify skills gaps and opportunities for training Tasmanians to meet the needs of the industry.

Proponents are expected to prioritise apprentice, trainee and graduate or cadet opportunities to ensure the next generation of Tasmanians can benefit from digital infrastructure investment in the state.

Proponents are expected to work with industry, research organisations and education providers to foster innovation, support advanced technology adoption and build digital and AI capability across the Tasmanian economy.

b. Local community benefits

Proponents should seek opportunities to deliver community benefits that are appropriate for the project and the communities of interest.

Where proponents are seeking to develop infrastructure in regional communities they should seek to ensure benefits flow to these regional areas.

This may include support for local skills and training, community infrastructure, improved digital connectivity, digital inclusion, community programs, or other initiatives that create enduring value beyond the construction phase of the project.

Proponents should engage with local councils, community organisations and other stakeholders to understand local priorities and identify opportunities that deliver meaningful and lasting benefits.

c. Supply chains

Proponents are expected to maximise opportunities for Tasmanian suppliers across project design, construction, operation, maintenance and supporting services.

Proponents should engage with local supplier networks and industry bodies during project development to support the extension of existing business capability and the establishment of complementary businesses and supply chains that create an enduring industry ecosystem in Tasmania.

d. Commercial contribution and full cost recovery

Key electricity and water infrastructure in Tasmania is operated by publicly owned businesses on a commercial basis. Proponents are expected to meet the applicable costs of the infrastructure and services required to support their projects and to enter appropriate commercial arrangements that protect existing customers from inappropriate cost shifting and stranded asset risk.

Consistent with the Tasmanian Government's broader approach to investment attraction, proponents are also expected to meet their obligations in respect of State taxes, local government rates and other applicable charges.

In this way, commercially viable data centre and AI infrastructure projects can contribute to public value while maintaining appropriate allocation of costs and risks.

Consultation focus:

What practical commitments would best support Tasmanian jobs, skills, local procurement and lasting community benefits?

What opportunities could data centre and AI infrastructure investment create for Tasmania's digital ecosystem, research and technology enabled industries?



2. Early engagement with community and stakeholders

As data centre and AI infrastructure projects represent relatively new developments in Tasmania, understanding of the requirements, impacts and opportunities these projects present is still developing.

Early and transparent engagement helps communities and stakeholders understand projects, increases trust and supports better project outcomes.

With this in mind, proponents are expected to:

- engage early with communities, including the Tasmanian Aboriginal community, and other stakeholders about the proposed project before submitting any development application
- seek appropriate advice to inform project design and ensure compliance with all regulatory planning, environmental and safety requirements
- provide ongoing information about the project through the delivery stage, including timeframes, impacts, mitigation measures and emerging opportunities

Consultation focus:

What information should proponents provide early, and which stakeholders should be engaged, to inform community understanding and project design?





3. Engagement with Tasmanian Government

The Tasmanian Government is supportive of genuine, commercially viable projects. The Office of the Coordinator-General (OCG) is the Tasmanian Government's principal entity for attracting and supporting investment in the state.

The OCG is responsible for facilitating major and strategic development projects in Tasmania that maximise their contribution to Tasmania's economic growth.

Proponents are expected to engage with the Tasmanian Government through the OCG to outline the commercial viability of their project.

The OCG can provide a central point of coordination for government engagement. It may assist with:

- identifying potentially suitable sites
- facilitating introductions to regulators, infrastructure and utility providers, skills agencies and potential local suppliers mapping and coordinating engagement across existing approval pathways

The OCG does not replace statutory regulators, approval authorities or commercial decision makers. Projects should demonstrate commercial viability without reliance on government financial support.

Consultation focus:

How can government assist proponents in navigating existing approval, infrastructure and commercial processes?

4. Supporting Tasmania's energy system

What distinguishes data centre and AI infrastructure from most other developments is not their physical form, but the scale of their electricity demand, which presents both opportunities and risks.

The principles set out in this document are intended to ensure that Tasmania can maximise the benefits of investment while minimising negative impacts on communities, existing electricity customers and the energy system.

The Tasmanian Government is committed to attracting investment that supports a reliable, secure and affordable electricity system for all Tasmanians.

a. Supporting new renewable projects

Tasmania has a significant opportunity to use data centre and AI infrastructure investment to accelerate the development of new renewable energy generation and storage.

Proponents are required to bring on additional renewable energy generation in Tasmania which is a significant opportunity translating into economic benefits for Tasmanians.

Proponents must partner with new energy generation projects, including variable renewable energy projects, to support their electricity demand.

The Tasmanian Government requires new data centre and AI infrastructure proponents in Tasmania to enter into commercial arrangements that are sufficient to support the development of new wind and solar projects.

New electricity demand may be supplied from existing generation where there is spare capacity. The Tasmanian Government requires data centre and AI infrastructure proponents to be transparent about how they source electricity and support additional renewable energy generation and storage. Proponents must demonstrate, through recognised certification schemes or commercial arrangements, that their commitments are genuine and independently verifiable.

b. Firming arrangements

As renewable energy sources such as wind and solar do not always generate electricity, they are often supported by “firming” services that help provide a reliable and consistent electricity supply. Hydro Tasmania may be able to provide firming services, subject to availability and commercial agreement.

Any firming services provided by Hydro Tasmania should:

- occur on commercial terms that provide an appropriate return and protect the interests of Tasmanians
- maintain Tasmania's energy security and system reliability
- not reduce Hydro Tasmania's ability to pursue broader market opportunities

Data centres and AI infrastructure will not generally be expected to directly procure or construct new firming capacity where existing firming from Hydro Tasmania is available on commercial terms.



c. Demand management and back-up energy supply

Data centres and AI infrastructure are typically built with significant back-up infrastructure, including large batteries, to meet the high reliability expectations of their customers.

As this infrastructure is required for operational resilience, it also presents an opportunity to deliver broader benefits to Tasmania's energy system.

Proponents should:

- be flexible and able to reduce electricity consumption, if needed
- explore emerging renewable fuels and storage technologies for back-up energy supply, including batteries, hydrogen, biodiesel, biomethane and other technologies including forestry waste

The Tasmanian Government encourages proponents to consider how back-up energy infrastructure can contribute to both project reliability and wider benefits for Tasmania's energy system.

This could also assist with decarbonisation of other sectors and support development of new clean-fuels industries in Tasmania.

d. Timing of new load and generation

It is acknowledged that the timeframes for new renewable generation coming online may not align with proposed data centre and AI infrastructure projects becoming operational.

Where new demand is introduced ahead of supporting additional generation, proponents must demonstrate how this will be appropriately managed through commercial and operational arrangements. Proponents must also demonstrate how renewable energy commitments will be progressively delivered to support increased electricity demand.

e. Energy security

New demand must not compromise Tasmania's energy security arrangements or adversely affect system reliability.

f. Paying for network costs

TasNetworks is responsible for planning, building, operating and maintaining Tasmania's electricity transmission and distribution network.

Proponents of data centre and AI infrastructure developments are required to pay their fair share of network costs and pay for all connection costs, so that there be no net cost on existing Tasmanian customers.

Proponents should also seek to:

- provide sufficient and timely information to enable TasNetworks to assess system, infrastructure and potential customer-pricing impacts
- engage early with TasNetworks and seek to locate projects in parts of the network with available capacity, minimising unnecessary transmission infrastructure

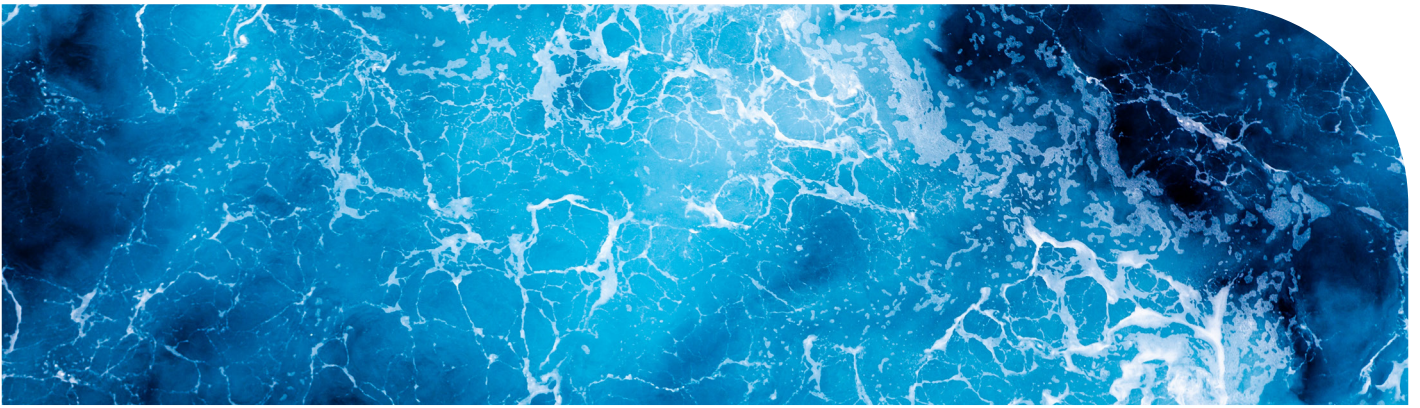
National work is underway to consider appropriate cost recovery arrangements for large energy users, including data centres and AI infrastructure, to ensure that existing customers are not unfairly cross-subsidising new developments or exposed to costs associated with infrastructure that is no longer required.

Consultation focus:

What commercial arrangements, demand-flexibility measures and technologies can support additional energy supply while protecting system security and existing customers?

What practical information should proponents provide to support coordinated network and generation planning?





5. Sustainable water usage

Water is a limited resource and demand for water is increasing. Water sustains the natural environment, Tasmanian people and industries.

Water requirements for data centres and AI infrastructure vary significantly depending on a facility's design, scale and cooling technology. Proponents must provide project-specific forecasts of maximum and average annual water demand and demonstrate how design choices minimise water consumption.

Tasmania has a well established framework for managing the sustainable use and supply of water. *The Water Management Act 1999* is the primary legislation governing water use in Tasmania.

a. Water supply and wastewater treatment

Data centres and AI infrastructure proponents should use innovative, efficient and sustainable solutions to minimise water use, prioritising efficient cooling technologies, non-potable water and recycled water opportunities.

Proponents are expected to engage early with water suppliers and seek to locate projects in areas where water usage will not adversely affect existing water users. Proponents should seek to minimise wastewater and support its re-use where possible.

Proponents are expected to meet all applicable infrastructure and other costs associated with connection to, and use of existing, new or upgraded water and wastewater networks and systems.

b. Water security

Proponents are expected to plan, design and operate data centres and AI infrastructure to ensure water security for other water users is not impacted and sufficient operational resilience exists to mitigate the impacts of water disruptions resulting from periods of low rainfall.

Consultation focus:

What technologies, siting practices and commercial arrangements can minimise water use and protect existing users and water security?

6. Approval pathways

Data centres and AI infrastructure developments should continue to be assessed through Tasmania's existing Resource Management and Planning System (RMPS). The RMPS is a framework of legislation, policies, plans and strategies governing land use, development and environmental management in Tasmania. Planning assessment will continue under the *Land Use Planning and Approvals Act 1993* and the Tasmanian Planning Scheme.

Depending on a project's location, scale and impacts, assessment will involve a local planning authority and/or the Tasmanian Planning Commission and/or the Environment Protection Authority and other relevant regulators. The buildings used to house data centre and AI infrastructure are not unprecedented or out of scale with structures that Tasmanians encounter in their day to day lives.

Environmental assessment and referral requirements under the *Environmental Management and Pollution Control Act 1994* continue to apply, including mandatory referral of Level 2 activities and the existing ability for other activities to be called in for assessment. Relevant TasNetworks, TasWater, building, plumbing, fire, workplace safety, heritage and natural-values processes also continue to apply.

Existing pathways provide mechanisms to assess and manage potential impacts, including through permit conditions and other statutory or commercial requirements where appropriate.

Proponents should engage early with the OCG, planning authorities, regulators and infrastructure providers to identify the appropriate pathways and information requirements based on the size, scale and potential impacts of a proposal.

Existing processes may consider matters including:

- zoning, land-use compatibility and site suitability
- noise, air and light emissions
- wastewater management and discharge
- environmental, Aboriginal and historic heritage, natural-values and landscape impacts
- fire, dangerous goods and workplace safety
- electricity, water, telecommunications and other infrastructure requirements

Statutory public notification, exhibition and representation requirements apply where they are triggered by the relevant assessment pathway.

Proponents of significant projects should proactively engage with communities and other stakeholders before and during assessment, including where formal statutory advertising is not required.

Data centres and AI infrastructure should be located in areas that maximise economic and system benefits while minimising impacts on communities, infrastructure and the environment.

Locating within established industrial precincts or near available energy, water and telecommunications capacity may reduce project complexity, subject to site-specific assessment.

Developers will need to implement robust cyber security and privacy measures, as required by the commonwealth, to protect critical infrastructure, data and customer information.

Consultation focus:

How can proponents and government improve early coordination and provide clearer information within existing approval pathways?

What project information would best support meaningful early community engagement?

7. Transparency and reporting

Data centre and AI infrastructure proponents are expected to comply with all current statutory reporting and information sharing obligations.

The Australian Government has announced a proposed national framework for large-scale data centre and AI infrastructure proponents, and while the mandatory requirements have yet to be finalised, they are anticipated to cover power, grid connection, energy efficiency and water use.

The Tasmanian Government will continue to consider their implications through relevant national processes and may update this document if a nationally agreed approach is settled.

Beyond statutory reporting requirements, the Tasmanian Government encourages proponents to adopt industry best practice in transparency and public reporting. Given that data centres and AI infrastructure are a relatively new industry in Tasmania, proactive disclosure can help build community understanding and confidence.

Subject to legitimate commercial confidentiality, privacy, cyber security and national security considerations, proponents should consider publishing non-sensitive information about forecast and actual energy and water use, employment and local procurement outcomes, environmental performance and delivery of community commitments.

Consultation focus:

Noting commercial confidentiality, privacy, cyber security and national security considerations, what non-sensitive information could proponents reasonably make public to build community confidence?



Review

These expectations will be reviewed periodically to reflect operational experience, technological developments, Australian Government and any future nationally agreed settings, and Tasmania's evolving economic, energy and environmental priorities.

How to have your say

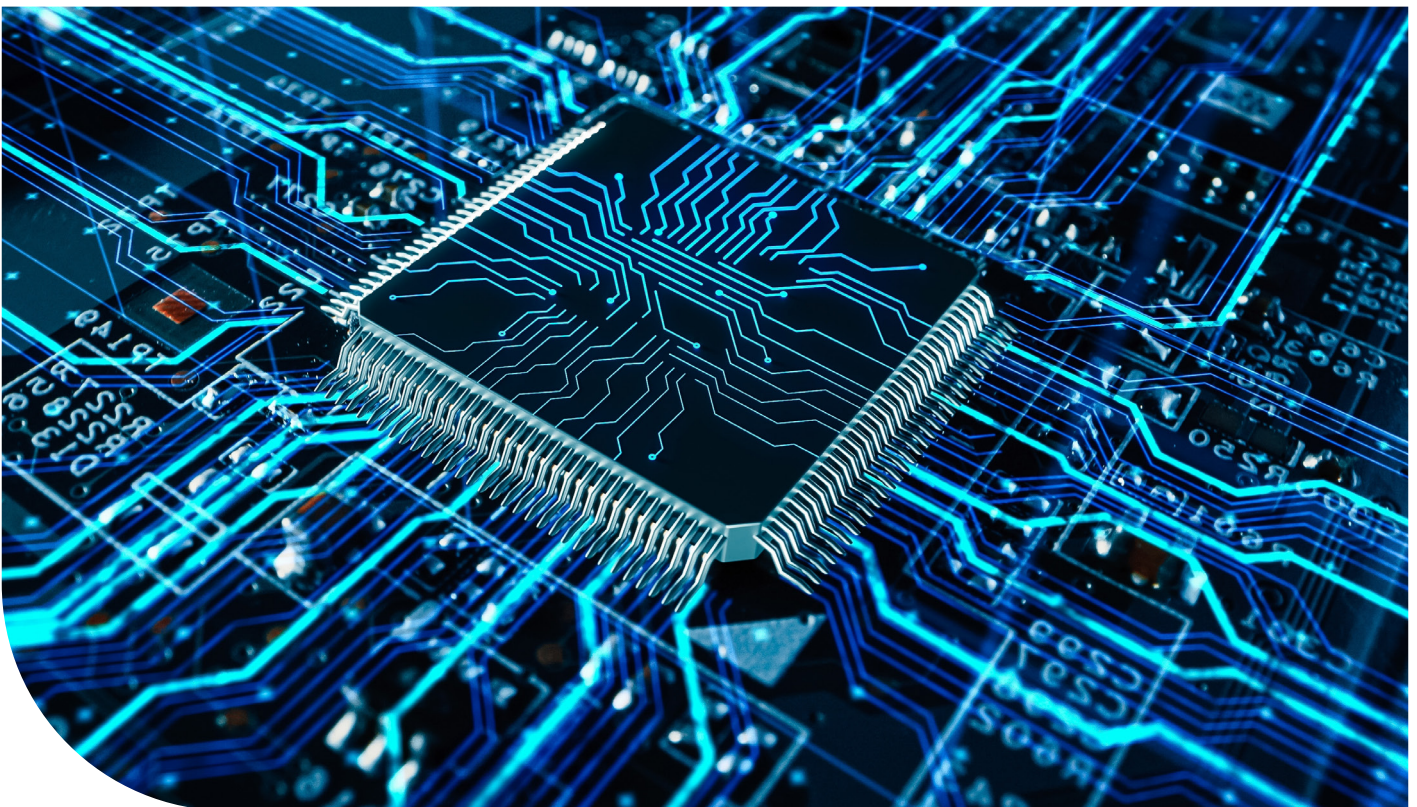
The Tasmanian Government invites feedback from communities, project proponents, investors, businesses, industry organisations, local government and other interested stakeholders.

Consultation questions have been provided throughout this paper to assist stakeholders in considering the proposed principles and expectations. Responses may be provided through the online survey, or stakeholders may choose to make a written submission addressing any aspect of the paper.

Feedback can be lodged via the online survey or by uploading a written submission at the Engage with Building Tasmania website engage.building.tas.gov.au by 12 October 2026.

While some proposed data centre developments may support AI-related activities, this consultation is focused on the infrastructure itself and its implications for Tasmania's economy, energy system, communities and environment.

Broader policy questions relating to AI are outside the scope of this consultation.





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