Draft Expectations for Data Centres and AI Infrastructure Developers: Tasmania

September 2026

Please see annotations in red.

Tasmanian Government

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. → these are not equipped to deal with unique challenges of these centres and must be reviewed.

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.

→ "Expectations" that are non-binding may as well not be written at all.
→ If existing regulations are enough, then this document is not needed.

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~~ requires 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~~ requires developers to:

a. ~~Unlock~~ Build new renewable energy generation and storage projects in Tasmania to offset demand before centres come online.

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~~ requires 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 → should not be an option → too much CO_2 emitted.

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. → ambiguous → is burning forestry waste a "clean-fuel"?

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.

not acceptable. remove this.

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. → explicitly refer to effluent + require minimisation of environmental impacts.

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.

→ be more specific. How often? when? by whom?

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.

- As mentioned previously, "expectations" is too weak.
- "Requirements" must be used and supported by legislation.
- Developments above a certain scale (say above 10MW required max energy usage) must be subject to projects of state significance process.
- All requirements must apply retroactively to projects already underway.
- Communities must have the final say as to whether or not these projects go ahead. They must be negotiated within the community.