ONE NATION **TASMANIA**

SUBMISSION

DATA CENTRES AND AI INFRASTRUCTURE

Response to the Draft Expectations for Data Centres and AI Infrastructure Developers: Tasmania (September 2026)

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SUMMARY

One Nation Tasmania supports investment in artificial intelligence, advanced technology and Australian sovereign computing capability. We do not support committing a large share of Tasmania's electricity system to a new industry before the State knows what it will cost, what it will consume, and who will hold developers to their promises.

The draft Statement gets several principles right. It says existing customers should carry no net cost, that new load should bring new generation, and that developers should be honest about the jobs they will sustain once construction ends. We support those principles, which match our own published position.

The problem is that the Statement itself creates no new enforceable obligations. It describes itself as a non-statutory statement of policy that creates no new approval or regulatory process (p3). Existing planning, environmental and electricity laws still apply. But the **draft uses the words "must" and "requires" throughout the energy section without any compliance mechanism, independent oversight or consequence for falling short, and the Government has not shown that existing arrangements can manage cumulative impacts on this scale.**

Since One Nation Tasmania published its position statement in August 2026, the case for firm rules has strengthened on three fronts:

- Six further confidential proposals have been disclosed. Tasmania is now looking at nine projects with a combined stated maximum demand of 949 to 1,149 MW.
- The largest proponent has withdrawn its share market float, the EPA has raised concerns about expanded use of 276 diesel generators at Bell Bay, and the

proponent's generation commitments have been qualified as not necessarily located in Tasmania.

- On 26 August 2026 National Cabinet agreed to develop consistent mandatory standards for data centre energy, water and land use. The Tasmanian draft, released about two weeks later, is voluntary.

Our position is unchanged: **pause major expansion and prove the case first.** This submission sets out why, organised around four questions the draft does not answer: Who pays? Who benefits? Who decides? Who checks?

> Key asks: pause new major approvals and supply commitments beyond those already legally binding, including Hydro Tasmania's proposed 444 MW arrangement, until the Parliamentary Inquiry reports; publish the full project pipeline; put the expectations into law; and give an existing independent regulator the power to verify and enforce them.

1. THE SCALE HAS CHANGED

In August, the known pipeline was Firmus Technologies' three northern Tasmanian developments, with a combined stated maximum demand of 444 MW: St Leonards (104 MW), Bell Bay (288 MW) and Wesley Vale (52 MW). Even then, One Nation Tasmania called for an industry-wide pause and a statewide assessment. The September disclosures show why.

In September, a document tabled in Parliament disclosed six further confidential proposals. Two are at feasibility stage and four at concept stage. Together they would require about 505 to 705 MW. The proponents are not named, the Government has not said whether they are one company or several, and Firmus has said it is behind none of them. For every one of the six, the water requirement is listed as "not defined".

Scenario	Stated maximum demand	Annual energy at continuous maximum draw	Share of Tasmania's 2024 energy consumption
Firmus (three sites)	444 MW	about 3.9 TWh	about 35%
Firmus plus six proposals (low)	949 MW	about 8.3 TWh	about 76%
Firmus plus six proposals (high)	1,149 MW	about 10.1 TWh	about 92%

Table 1: Ceiling scenarios at continuous maximum draw, not forecasts. Tasmania's 2024 consumption was about 10,980 GWh. Projects may not proceed, will commission in stages and will not run flat out all year.

The electricity system still has to plan for the credible demand these connections create, and Hydro Tasmania has told the Inquiry the State is currently broadly in

annual energy balance. Large new load therefore means new generation, less export, or less reserve. The draft contains no mechanism to see, model or manage the total.

Tasmania knows what happens when dam levels fall. In the 2015-16 energy crisis, low storages and the Basslink outage forced the State to bring in temporary diesel generation. Large, round-the-clock data centre load adds to that risk. Developers should have to show how their demand will be met in dry years without drawing down hydro storage or pushing up prices for households and businesses.

Water requirements also remain undefined for all six additional proposals. The Government therefore cannot presently show the cumulative water demand of its own pipeline, let alone whether it can be met without affecting existing users.

2. WHO PAYS?

The draft says developers must pay their fair share of network costs so there is no net cost to existing customers (p12), and must enter arrangements that protect customers from cost shifting and stranded asset risk (p7). We agree. But the draft contains no large-load terms, no minimum contract periods, no financial security and no pricing basis. It defers the hard work to national processes.

On 9 October 2026 Firmus withdrew its planned ASX float after weak investor demand, with reported concerns about debt and disclosure. The company says it will pursue private funding. We draw no conclusion about its viability. But Hydro Tasmania itself lists financial stability as a question in assessing Firmus's request for a long-term arrangement of up to 444 MW, with its assessment expected by the end of 2026. Protections need to be locked in before that decision is made.

The existing three-year Aurora Energy agreement for up to 104 MW at St Leonards is already in place, and this submission does not seek to reopen it. The undecided arrangement of up to 444 MW is a different matter. Before any long-term commitment of that size, Hydro Tasmania's assessment should be independently scrutinised for financial capability, credit support and parent-company guarantees, cancellation and termination liabilities, and the public exposure if later stages never proceed.

The Government should also ask how each stage, starting with Bell Bay, will now be financed. Before any network, supply or other public commitment, proponents should provide evidence of committed financing for that stage, guarantees or other security, and a bond to remediate the site if works stop. Tasmanian households and taxpayers must not be left paying for network upgrades, generation contracts or unfinished sites if a project stalls.

Tasmanians own Hydro Tasmania, TasNetworks and Aurora Energy. If a large customer is delayed, downsized or fails, the cost of generation contracts, firming and network works built for it must not land on households, existing industry or the State's dividends. Paying the going rate is not the same as paying your way.

The draft also allows new demand to be met from existing generation "where there is spare capacity" (p10). Spare hydro capacity has a value. It is dry-year reserve, export

revenue and capacity for future Tasmanian industry. The draft does not say who decides what counts as spare.

We support the draft's default that projects should be viable without government financial support (p9). Where support is justified by genuine strategic value, it must be transparent and proportionate, and that includes indirect support through concessional pricing, land or network works.

3. WHO BENEFITS?

Where the new generation is built

The draft requires proponents to bring on additional generation in Tasmania (p10). The Energy Minister has said new loads must bring new generation to Tasmania. Hydro Tasmania has said the new projects it is considering for Firmus are all in Tasmania.

Firmus's submission to the federal parliamentary inquiry on AI says its generation commitments are defined at the level of its contracting and are "not necessarily sited within Tasmania". Contracting new capacity somewhere in the National Electricity Market may support investment nationally. It does not show that firm power can be delivered to a Tasmanian facility in a dry year or when Bass Strait links are constrained, and it does nothing to protect Tasmanian customers.

The test should be whether supply in Tasmania is adequate. Proponents should have to show, with independent verification, that additional generation, firming and network arrangements can reliably meet their demand in Tasmania, including during drought, system constraints and interconnector outages, without drawing down the reserves Tasmanian customers rely on. Consistent with the Government's own expectation, new generation in Tasmania should be the default. Interstate contracts should not count as evidence of Tasmanian supply adequacy unless their deliverability and the protection of existing Tasmanian customers are demonstrated.

Firmus has shown it can contract its own firming. In South Australia, its arrangements cover 600 MW of firm electricity backed by 1.5 GWh of battery storage. In Tasmania, Hydro supplies Aurora under a load-following contract at market price, and the draft says data centres generally will not be expected to build their own firming where Hydro can provide it (p10). Tasmania should require the standard Firmus accepts in South Australia, or charge full value for Hydro's firming.

Jobs and the return to Tasmania

We support the draft's expectation that proponents be transparent about the jobs a project sustains after construction (p6). It should be mandatory and verified. On published figures, Bell Bay's 288 MW is expected to support just over 115 permanent roles, and Wesley Vale's 52 MW more than 20 ongoing roles. Those jobs matter. They do not by themselves settle whether committing hundreds of megawatts of public hydro-backed power is the best use of a limited resource.

A fair return is more than avoiding costs. Developments of statewide significance should have to demonstrate an independently assessed net benefit to Tasmania, not just gross investment and temporary construction work, and make enforceable commitments on local employment, skills and apprenticeships, Tasmanian procurement and host-community benefits, proportionate to their scale and impact. The Government should also assess benefit-sharing arrangements proportionate to the electricity committed, such as State benefit agreements or community funds, so Tasmania shares in the value created from its hydro-backed power and not just the sale price.

Developers should also publish a construction workforce plan: numbers by trade, where workers will come from, the effect on other major projects and housing, and permanent jobs at each stage. Building several large facilities at once could draw electricians and other skilled trades away from projects Tasmanians are already waiting on.

Whose computing, and who controls it

If Tasmanian electricity is converted into computing capacity sold to overseas customers, Tasmanians are entitled to know what share serves Australian government, business and research users and what share is, in effect, an export using our hydro as the input. The draft is silent on this. It says only that data centres "may" support sovereign capability "where appropriate" (p2). Ownership, foreign control, critical supply chains and the location of strategically important workloads should form part of the assessment of every major development.

4. WHO DECIDES?

The draft contradicts itself. Page 10 says what distinguishes data centres is not their physical form but the scale of their electricity demand. Page 14 then routes these projects through existing planning pathways, observing that the buildings are not out of scale with structures Tasmanians see every day, without addressing how statewide electricity consequences will be assessed. The planning system assesses buildings. The risk is the electricity.

The evidence is already in:

- Tasmania's planning scheme has no category for data centres. The 52 MW Wesley Vale proposal has been classified as a "utilities" use, permitted in the general industrial zone.
- When George Town Council approved the 288 MW Bell Bay facility, council planners noted that energy-system and government-policy questions sat outside what the planning authority could lawfully consider.
- Latrobe Council has had to ask the Planning Minister to assess Wesley Vale as a major project. The Minister has sought further information from the proponent before deciding eligibility.

A state-level pathway exists, but it is discretionary and depends on a council asking for it. Firmus's own submission to the Inquiry reportedly supports tougher rules but prefers project-by-project assessment. Project-by-project assessment cannot see the cumulative impact of nine projects.

Planning approval should never by itself amount to approval to take a large share of the State's electricity. Projects above a demand threshold set in legislation, counted across related sites and stages so they cannot be split to avoid scrutiny, should require a separate state-level strategic assessment of energy, water, cost and public benefit. The planning scheme should also gain a data centre use class.

5. WHO CHECKS?

Voluntary rules after agreeing mandatory ones

On 26 August 2026 National Cabinet decided the Commonwealth would work with the states and territories to develop consistent mandatory standards for data centre energy, water and land use. The Commonwealth has since consulted on national legislative standards and has said it intends to legislate by early 2027.

The Tasmanian draft was released about two weeks after that decision. It remains voluntary and says the Government "may update" it if a nationally agreed approach is settled (p3). Governments have already agreed that the standards should be mandatory, even though they are not yet law. Tasmania is the state hosting the load. It should publish its implementation timetable, legislate complementary state safeguards and apply lawful interim protections now, rather than wait.

The draft's protections are hedged throughout. New demand "may" be supplied from spare capacity, sovereign capability "may" be supported "where appropriate", developers "should consider publishing", and the Government "may update" the rules. Firmus says its new generation is "not necessarily" in Tasmania. Protections written this way protect no one.

Bell Bay: why assurances must be independently tested

George Town Council's approval limited the use of Bell Bay's 276 diesel generators to outages, testing and emergencies. Firmus has appealed that condition to TASCAT, seeking to use the generators to offset curtailment and maintain operations during periods of energy market stress. The EPA board has applied to join the appeal. According to reporting of its submission, it had been told the generators would run only during power failures, short weekly test runs, annual load tests and utility outages, and it indicated it would likely have assessed the proposal differently had the wider use been known.

In March, Firmus said its aim was to make its AI factories "a grid asset, not grid strain". Its appeal now argues the conditions fail to recognise the benefits of running the generators during "periods of electricity supply curtailment, network constraints or energy market stress". On its own case, the facility expects to need on-site diesel

when the grid is under pressure. Claims like these should be tested by an independent body, not accepted on announcement.

We make no finding on that dispute, which is before the Tribunal. But it shows three things the draft does not deal with:

- Approvals rest on operating assumptions supplied by the proponent, and those assumptions can change after approval.
- "Demand flexibility" can mean switching to on-site diesel rather than genuinely reducing computing load. The draft asks proponents to be "flexible and able to reduce electricity consumption, if needed" (p11) but does not distinguish the two.
- No single body tracks material changes across planning, environmental, electricity and commercial approvals.

The missing control

Applying a standard bow-tie risk analysis, the top risk is clear: **the State loses effective control over data centre demand on its essential utilities.** Every preventive control in the draft, from new generation to cost recovery, demand flexibility and transparency, depends on one control the draft does not contain: an independent body with the power to verify commitments and enforce them.

The Office of the Coordinator-General cannot fill that role. It is the Government's investment attraction agency, and it is the body that held the six confidential proposals. Promoting investment and assuring the public interest must be separate functions.

A strategic-load oversight function should be set up in legislation and given to an existing independent body, such as the Office of the Tasmanian Economic Regulator, rather than a new agency. It should have power to:

- maintain a public register of proposed, contracted and operating major data centre load;
- require information from proponents and government businesses, with proper protection for genuinely sensitive commercial detail;
- verify generation, firming, financial security and demand-response commitments before major connection or supply commitments are made;
- verify financial security, guarantees and termination arrangements before major commitments by government businesses;
- monitor compliance, publish material compliance failures, and refer matters to the relevant statutory decision-maker with a requirement for a formal review or enforcement response, including when operating assumptions materially change;
- coordinate with the EPA, planning authorities, TasNetworks and the coming national standards; and
- report to Parliament at least annually on aggregate load, compliance and public financial exposure.

This function would not override national electricity law, planning permits or EPA decisions. Those decisions stay with the existing authorities. Its job is to make sure the right decision-maker has the evidence, and is required to act on it.

6. PROTECT TASMANIA'S POWER AND WATER

- **Reliable supply first.** Full connection only where reliable supply and network capacity can be demonstrated without compromising affordable, reliable electricity for households and existing industry. Energisation should be staged against independently verified additional supply.
- **Binding demand response.** Any claimed flexibility must specify triggers, minimum load reductions, response times, duration and penalties for non-performance, and disclose whether it comes from genuine workload reduction or on-site generation. Diesel substitution must not count as demand reduction unless separately assessed and approved.
- **Hydro security.** Independent modelling of storage levels and hydro operations under normal, dry and prolonged low-inflow conditions, covering the full pipeline and existing major industrial load. The draft's one-sentence treatment of energy security (p11) is not enough. Developers should show how their demand will be met in dry years without drawing down hydro storage.
- **Water.** Some proposed cooling designs use far less water than conventional evaporative cooling, and projects should be judged on their actual design. Forecasts, sources, metering and drought arrangements should still be mandatory, independently verified and published.
- **Siting.** Proximity to homes, noise, backup generation, fire risk and emergency response must be assessed for every major site.
- **Noise.** Independent noise modelling covering construction, cooling plant and generator testing, with enforceable limits, continuous monitoring and a public complaints process. Residents near large data centres overseas report persistent noise problems.
- **Coolant.** Liquid cooling systems hold large volumes of coolant, typically a propylene glycol mix. Developers should disclose coolant type and total volume, containment and leak detection, spill response, transport and disposal arrangements, and provide financial assurance so the developer, not the public, pays to clean up any leak reaching soil, groundwater or waterways.

7. TRANSPARENCY

The draft asks developers only to "consider publishing" non-sensitive information (p15), and places no transparency obligation on the Government or its businesses at all. Fourteen months after the Government launched the Northern Tasmania AI Factory Zone with Firmus, Tasmanians still do not know the price basis of the Aurora supply agreement, who funds network augmentation, or what protection exists if the load never fully arrives.

Reporting should be mandatory and independently verified: actual electricity and water use, demand-response performance, permanent employment, Tasmanian procurement, council rates and State taxes paid, public support received, and the share of capacity serving Australian and overseas customers. Government should publish public-interest summaries of agreements involving Hydro Tasmania, Aurora Energy and TasNetworks, covering cost recovery, risk allocation, duration and public exposure. Commercial confidentiality can cover prices and negotiations, but not the total load the State's power system is being asked to carry.

RECOMMENDATIONS

One Nation Tasmania calls on the Government to:

1. **Pause.** Make no new major data centre approvals, long-term supply agreements or energisation commitments, beyond those already legally binding, until the Parliamentary Inquiry has reported and a statewide assessment is complete. This includes Hydro Tasmania's proposed arrangement of up to 444 MW.
2. **Publish the pipeline.** Release aggregate capacity, project stage, location and water demand for every proposal, updated quarterly.
3. **Assess the whole, not the parts.** Commission an independent statewide assessment of cumulative electricity, hydro storage, water, network, price and economic impacts, including dry-year scenarios and existing industry.
4. **Make the rules law.** Put the expectations on a statutory footing, with a published implementation timetable, statutory compliance mechanisms and interim safeguards while national mandatory standards are developed. Review the framework within 12 months, then report independently to Parliament every year.
5. **Appoint a referee.** Legislate a strategic-load oversight function, vested in an existing independent regulator and separate from the Office of the Coordinator-General, with the powers set out in section 5.
6. **Decide at state level.** Require state-level strategic assessment for projects above a legislated demand threshold, aggregated across related sites, and add a data centre use class to the Tasmanian Planning Scheme.
7. **Protect consumers.** Before any long-term commitment by a government business, require independent financial capability assessment, guarantees and security, minimum capacity or take-or-pay terms, termination protections and clear allocation of stranded asset risk, with costs priced against the cost of new supply. Require evidence of committed financing for each stage and a bond to remediate the site if works stop.
8. **Protect the system.** Require independently demonstrated supply adequacy in Tasmania through additional generation, firming and network arrangements, with new on-island generation as the default and interstate contracts accepted only where deliverability is proven. Require binding demand response that excludes diesel substitution, and reassessment on any material change to

approved operating assumptions. Require proponents to show supply in dry years without drawing down hydro storage, and to provide their own firming to the standard they accept in other states or pay its full value.

9. **Open the books.** Mandate independently verified public reporting, public-interest summaries of government business agreements, and sovereignty and ownership assessment for every major development.
10. **Guarantee a fair return.** Require an independently assessed net benefit to Tasmania for developments of statewide significance, with enforceable commitments on local employment, skills, procurement and host-community benefits. Include benefit-sharing arrangements proportionate to the electricity committed, and a construction workforce plan showing the trades needed, where workers will come from and the effect on other major projects.
11. **Protect neighbours and the environment.** Require independent noise modelling with enforceable limits covering construction, cooling plant and generator testing, and full disclosure of coolant volumes, containment, spill response and disposal, with financial assurance for clean-up.

ANNEX: AMENDMENTS BY EXPECTATION

Draft expectation	What the draft does	Amendment sought
1. Maximising benefits	Expects jobs, skills, local procurement and transparency about post-construction jobs.	Make jobs and procurement reporting mandatory and verified. Require an independent net-benefit test and enforceable employment, skills, procurement and host-community commitments. Construction workforce plan. Benefit-sharing arrangements.
2. Community engagement	Expects early engagement before a development application.	Require publication of electricity, water, generator and siting information before engagement, so communities consult on facts.
3. Engagement with Government	Routes proponents through the Coordinator-General, the investment promoter.	Separate promotion from assurance. Independent regulator verifies; the Coordinator-General facilitates.

Draft expectation	What the draft does	Amendment sought
4. Energy system	Requires new generation but allows spare-capacity supply, undefined Hydro firming terms and voluntary flexibility.	Independently demonstrated Tasmanian supply adequacy, with on-island generation as the default. Define or remove spare-capacity clause. Binding demand response excluding diesel. Financial security. Staged energisation. Firming to the standard accepted interstate, or full-value pricing of Hydro firming. Dry-year supply test.
5. Water	Requires forecasts and efficient design.	Mandatory metering, source disclosure, drought arrangements and publication. Publish pipeline-level water demand estimates now.
6. Approval pathways	Treats existing planning pathways as adequate.	Mandatory state-level strategic assessment above a threshold. Data centre use class. Reassessment on material change. Noise limits and monitoring. Coolant disclosure and spill assurance.
7. Transparency	Proponents should “consider publishing”.	Mandatory, verified reporting by proponents and government businesses, with annual reporting to Parliament.
Review	Reviewed “periodically”.	First review within 12 months of implementation, then annual independent reporting to Parliament.

CONCLUSION

Tasmania has something the world wants: reliable hydro-backed electricity, a cool climate, industrial land and a strategic location. That is not a reason to say no. It is the reason we are in a position to set the terms.

If these projects pay their way, bring the energy they need, strengthen Australian sovereign capability and deliver a demonstrable benefit to this State, they should be welcome here. The Government’s job is to prove that case before further major resources are committed, not afterwards.