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Australian Government
Department of the Prime Minister and Cabinet
Office of Artificial Intelligence (AI)

Submitted electronically

Getting it right: Building AI infrastructure that works for Australia – Submission

Zero Emissions Byron, Northern Rivers welcomes the opportunity to respond to the Australian Government's consultation on [Getting it right: Building AI infrastructure that works for Australia](#).¹

Zero Emissions is a not-for-profit community organisation dedicated to accelerating the transition to clean energy. We support the Government's objective that data centres make a positive contribution to Australia's energy transition, provide demand flexibility, and do not impose additional costs on other consumers.

We make the following observations and comments that begin with the policy context, then focus on renewable energy requirements, sustainable water use, community engagement and First Nations consultation.

1. Policy Context

The federal government's March 2026 [Expectations of data centres and AI infrastructure developers](#) are expectations but are not enforceable.² We agree that mandatory requirements should be legislated by the Commonwealth.

On 8 May 2026, the Energy and Climate Change Ministerial Council (ECMC) asked the Australian Energy Market Commission (AEMC) how data centres could be required to fully offset their electricity demand by investing in additional renewable generation and firming and providing demand flexibility.³ All energy ministers except Queensland agreed data centres should invest in additional renewables and firming to offset their demand, provide demand flexibility, and report transparently on energy use and emissions.⁴ This should be a national requirement and not a state-by-state consideration.

¹ Australian Government, Department of the Prime Minister and Cabinet (Office of AI), [Getting it right: Building AI infrastructure that works for Australia – Consultation Paper](#) (September 2026), pp. 1–2 (Introduction; Purpose and scope); submissions close 9 October 2026, pp. 2, 25. Consultation page: [pmc.gov.au](#).

² Australian Government, Department of Industry, Science and Resources, [Expectations of data centres and AI infrastructure developers](#) (23 March 2026) (web publication; no page numbers). The Expectations say the Government will prioritise proposals aligned with them and that they do not alter existing legal obligations. The Consultation Paper (n 1), p. 3, says more needs to be done to build public trust and, at p. 2, proposes mandatory requirements legislated by the Commonwealth.

³ AEMC, [Data centre advice to ECMC](#) (web page) (ECMC request to the AEMC dated 8 May 2026); Energy and Climate Change Ministerial Council, [Meetings and communiques \(8 May 2026 meeting\)](#).

⁴ AEMC, [Data centres to bring clean, firm energy, be flexible and pay their way, AEMC advises Ministers](#) (media release) (Ministers agreed at the 8 May 2026 meeting that data centres should offset demand with renewable generation and

If each state sets its own requirements, operators can shop for the weakest regulations so a single standard means states compete on land, connections and skills *rather than* on who asks the least of operators. Without stringent requirements, data centres will draw on existing supply and raise prices for everyone. Requiring operators to fund new renewable generation shifts costs onto the companies creating the demand.

A national rule also keeps one state's fossil-fuelled growth from undercutting national emissions goals.

As the federal proposal also covers siting, water use and community impacts, such as avoiding land that could be used for housing, these issues are better handled consistently than through a patchwork approach.

The AEMC does however see an opportunity: data centres can provide the long-term demand that underwrites new renewables and firming.⁵

The Getting it Right consultation paper proposes nationally consistent standards, legislated by the Commonwealth.⁶ The overarching principle is that data centre investment must not raise energy bills, threaten water resources or shift costs onto communities, principles that we endorse.⁷

2. Renewable Energy

On 25 August 2026, The Australian Energy Market Operator (AEMO) in its Electricity Statement of Opportunities (ESOO) forecasts that by 2035–2036 consumption will rise roughly 7-fold, taking data centres from around 3% to 13% of grid consumption.⁸

Without new supply, this demand will push up prices for households and businesses.⁹

However, overestimating means consumers pay for unnecessary infrastructure; underestimating risks reliability failures and price spikes.¹⁰

firming and report transparently); W.Media, [Australian ministers back push for new rules tying data centre growth to energy supply](#) (agreement supported by all jurisdictions except Queensland).

⁵ AEMC, [media release](#) (advice delivered to the ECMC for its 28 July 2026 meeting; ECMC agreed to progress arrangements); [Data centre advice to ECMC; Consultation Paper](#) (n 1), p. 4 (data centre investment can support additional renewable supply and firming capacity).

⁶ [Consultation Paper](#) (n 1), pp. 2, 6 (Commonwealth to legislate national standards for large data centres, preserving state and territory responsibility).

⁷ [Consultation Paper](#) (n 1), pp. 1, 3, 16 (large data centres must not drive-up energy bills, threaten scarce water resources or proceed without community engagement; 'no net costs' principle).

⁸ AEMO, [2026 Electricity Statement of Opportunities for the National Electricity Market](#) (August 2026), pp. 6, 38 (data centre consumption of about 5 TWh in 2025–26 rising to about 34 TWh by 2035–36 under the Step Change scenario, roughly 3% to 13% of operational consumption); AEMO, [media release, 25 August 2026; Consultation Paper](#) (n 1), p. 10.

⁹ [Consultation Paper](#) (n 1), p. 10.

¹⁰ AEMO, [2026 ES00](#) (n 8), pp. 6–7 (more than 40% of data centre projects since 2025 dropped out or regressed in connection status; new facilities often take five to 10 years to reach capacity), p. 22 (High Data Centre Growth sensitivity), p. 37 (about 36% of projects in the 2025 list since cancelled). The over- and under-estimation trade-off is the authors' own analysis.

If data centre growth isn't matched by new renewables and storage, wholesale prices could rise more than 20% by 2035, and coal and gas plants could run longer.¹¹

As large data centre connections take about two years from application to energisation, load connection before renewable supply is built will raise wholesale prices and increased reliance on ageing coal and expensive gas.¹²

Therefore, we recommend bringing forward new renewable generation to fully offset energy demand.¹³

New renewable energy supplies must be incentivised to encourage renewable power when it is most needed. There should be requirements on non-renewable back-up generation, flexibility during system stress and scarcity events, and incentives for on-site generation and batteries.¹⁴

On-site generation and storage should be renewables only and Power Purchase Agreements (PPAs) should be for renewable electricity only.¹⁵

Grid-sourced power should be matched with new renewable facilities built within a timeframe set by the Clean Energy Regulator (CER) certified through the Renewable Electricity Guarantee of Origin (REGO) scheme.¹⁶

Diesel backup generators are inconsistent with net zero. We recommend a transition to renewable backup, plus disclosure of diesel infrastructure across the sector.¹⁷

The Clean Energy Regulator should administer the scheme and apply penalties for shortfalls.¹⁸

The Commonwealth should set minimum efficiency standards or simply require transparency against state or industry metrics.¹⁹

¹¹ Baringa (for the Clean Energy Finance Corporation), [Getting the balance right: Data centre growth and the energy transition](#) (December 2025) (without additional renewables and storage, wholesale prices could be up to 26% higher in NSW and 23% higher in Victoria by 2035; report page reference not confirmed); Climate Council, [Clouded future: Managing the risks of the data centre boom](#) (2026) (web page).

¹² AEMO, [Digital demand surge: Preparing Australia's power systems for the rise of data centres](#) (1 June 2026) (web page) (large data centre connections target about two years from application to energisation); AEMO, [2026 ESOO](#) (n 8), p. 36 (five to 10 years to ramp up); [Consultation Paper](#) (n 1), p. 9 (loads that become operational faster than new generation).

¹³ [Consultation Paper](#) (n 1), pp. 10–12; AEMC, [Data centre advice to ECMC](#) (REGO-linked offset recommendation).

¹⁴ [Consultation Paper](#) (n 1), pp. 12–13, 17 (peak-period matching; incentives for on-site generation and batteries; restrictions on non-renewable back-up generation; flexibility during system stress and scarcity events).

¹⁵ [Consultation Paper](#) (n 1), pp. 12, 16 (certificates may be bundled with power purchase agreements; fair and equitable PPA pricing).

¹⁶ [Consultation Paper](#) (n 1), pp. 11–13 (REGO scheme; renewable electricity obligation; 'new' capacity and time-matching questions).

¹⁷ [Consultation Paper](#) (n 1), p. 17 (question on restrictions on non-renewable back-up generation).

¹⁸ [Consultation Paper](#) (n 1), p. 12 (scheme could be administered by the Clean Energy Regulator, which would assess compliance and apply penalties).

¹⁹ [Consultation Paper](#) (n 1), pp. 13–14 (minimum energy efficiency standards or transparency; PUE; NABERS).

All reforms should go through the AEMC process via the Energy and Climate Change Ministerial Council and proposed National Electricity Rules changes, such as large data centres to bring their own energy resources and pay their fair share of energy network costs.²⁰

In sum, we ask the Commonwealth to require additional supply and firming. New data centre demand should be matched by new renewable generation, storage and firming. Clear, enforceable obligations should apply early enough to influence investment decisions and project delivery.

This must be met by protecting consumers from higher electricity bills as data centres should pay the network connection, augmentation and any system costs their load creates, the costs of which should not be passed on to households and other businesses.

Transparent information on costs and connections is imperative.

3. Climate

Australia's targets are a 43% cut by 2030; 62-70% by 2035 and net zero by 2050.²¹

Projections already show only a 48% cut by 2035 under current policies,²² and the Climate Change Authority has flagged data centres as making a stronger target harder to meet.²³

It is arguable that without additional renewables, national electricity emissions could be 14% higher in 2035 than they otherwise would be.²⁴

Committing to gas or coal for data centres risks locking in emissions for decades.

Regional siting should avoid areas of high biodiversity value and protect water resources and cultural heritage, with early consultation of local communities and First Nations peoples (see below point 6).²⁵

We recommend that data centres and their customers must support new wind, solar and firming capacity beyond what would otherwise be built, shown through pre-financial-close PPAs.²⁶

New sites must be no more emissions-intensive than the grid from day one, with no off-grid fossil generation.

²⁰ [Consultation Paper](#) (n 1), pp. 10–11 (ECMC reform package; proposed National Electricity Rules changes; AEMC rule-change process); AEMC, [Data centre advice to ECMC](#).

²¹ Climate Change Act 2022 (Cth) s 10 (43% below 2005 levels by 2030; net zero by 2050) – see [Parliament of Australia bill page](#); DCCEEW, [Australia's emissions projections 2025](#) (62–70% target for 2035); Climate Change Authority, [2035 Targets Advice](#) (12 September 2025).

²² DCCEEW, [Australia's emissions projections 2025](#) (November 2025) (emissions projected to be 48% below 2005 levels in 2035 with currently implemented policies) (web publication; page reference not confirmed).

²³ Climate Change Authority, [2035 Targets Advice](#) (12 September 2025) Identifies AI and data centre electricity demand as a risk to emissions reductions.

²⁴ Baringa (for CEFC), [Getting the balance right](#) (December 2025) (NEM emissions 14% higher in 2035, about 6 Mt CO₂ a year, without additional renewables and storage); Climate Council, [Clouded future](#).

²⁵ [Consultation Paper](#) (n 1), pp. 17–18 (location away from sensitive community areas; siting decisions to consider communities, First Nations peoples and councils).

²⁶ [Consultation Paper](#) (n 1), pp. 11–13 (what counts as 'new' renewable capacity); Mandala, [Data Centres as Enabling Infrastructure](#) (November 2025), p. 14 (PPAs typically signed before projects secure financing).

4. Water

We note that data centres are said to use well under 0.1% of national industrial water use, however local impacts can be large.²⁷ Data centres currently use about 5.5 GL a year.²⁸ Industry estimates this will more than triple to 17 GL within five years.²⁹

Sydney Water estimates data centres could use up to 20% of Sydney's drinking water by 2035,³⁰ and there are risks for regional areas such as the Murray–Darling Basin where irrigated agriculture competes for water.³¹

The National Cabinet has agreed large data centres cannot threaten scarce water resources, undermine water security or drive-up water bills.³² In August 2026 the Water Ministerial Council agreed minimum mandatory requirements for water standards, these being; to minimise water use, prioritising efficient cooling through non-potable and recycled water, and meet water efficiency standards and transparently report water use.³³

In addition, data centres pay a fair share of water infrastructure and servicing costs so costs and risks are not shifted to communities, industry, utilities or the environment.³⁴

Finally, they should be required to build operational resilience to water disruptions, drought and climate change.³⁵

We support the idea to include a national hierarchy of water sources (recycled/non-potable first, potable as last resort) and alternatives where recycled water is unavailable catchment water offsets, recycled water infrastructure, desalination and local efficiency programs.³⁶

This issue is important for regional areas as rainfall is declining and droughts are getting hotter and longer.³⁷

As there is generally a trade-off between water and energy efficiency, we suggest cooling choices should suit local conditions.³⁸ A minimum five-star National Australian Built Environment Rating System (NABERS) energy efficiency rating for buildings, plus a defined Water Usage Effectiveness

²⁷ [Consultation Paper](#) (n 1), p. 14 (about 0.04% of national industrial water use in 2025; local impacts can be significant); Mandala, [Data Centres as Enabling Infrastructure](#), p. 1 (less than 0.1% of national water use).

²⁸ [Consultation Paper](#) (n 1), p. 14; Mandala, [Data Centres as Enabling Infrastructure](#), pp. 1, 9.

²⁹ Mandala, [Data Centres as Enabling Infrastructure](#) (November 2025), pp. 9–10, 20 (about 17 GL by 2030). Industry-commissioned research for Data Centres Australia; AirTrunk, AWS, CDC and NEXTDC.

³⁰ [Consultation Paper](#) (n 1), p. 14.

³¹ [Consultation Paper](#) (n 1), p. 15 (Murray–Darling Basin; irrigated agriculture).

³² [Consultation Paper](#) (n 1), p. 14; National Cabinet, [Meeting of National Cabinet \(26 August 2026\) communique](#) (large data centres bring material energy, water and land-use impacts that need to be managed).

³³ [Consultation Paper](#) (n 1), p. 15 (Water Ministerial Council agreement, August 2026; see also p. 14).

³⁴ [Consultation Paper](#) (n 1), pp. 14, 16 (fair share of water infrastructure and servicing costs; no net costs).

³⁵ [Consultation Paper](#) (n 1), p. 14 (operational resilience to water disruptions, drought and climate change).

³⁶ [Consultation Paper](#) (n 1), p. 16 (national hierarchy of water sources; alternative approaches where recycled water is unavailable).

³⁷ Bureau of Meteorology, [Climate change and drought](#) (web page) (cool-season rainfall decreases across many southern regions; longer droughts likely on average).

³⁸ [Consultation Paper](#) (n 1), pp. 13, 15 (energy–water trade-offs in cooling choice; facility location); Mandala, [Data Centres as Enabling Infrastructure](#), pp. 7–8.

threshold, with recycled water and on-site harvesting maximised, reviewed and tightened over time.³⁹

Finally, we suggest a Climate Active carbon neutral certification can be built on top of NABERS Energy.⁴⁰

5. Community and Social Licence

We find that if there is a poorly coordinated approach to community consultation then development may worsen local planning, environmental and community impacts, undermining social licence for both data centres and supporting energy and water infrastructure.⁴¹

If the regional siting is highlighted to create significant network impacts, we suggest that data centres in regions be situated where strong renewables, water and network capacity exist, backed by community and First Nations engagement and environmental protection.⁴²

We urge coordination and aligning planning across governments, regulators and utilities to remove barriers to sustainable technologies and practices.⁴³

The consultation paper is just that, a consultation paper, and many measures are framed as options or questions, while some are stated as intentions.⁴⁴ The paper does, however, acknowledge that overly onerous or uncertain obligations could push investment elsewhere.⁴⁵ It becomes a balancing act between environmental requirements and stimulating investment.

6. First Nations Consultation

Our confirmed position is that the siting of data centres, along with the generation and transmission, and the water use and cooling infrastructure that supports them, be planned with First Nations peoples as partners, not as stakeholders to be notified once key decisions have been made.⁴⁶

Consultation should begin at the earliest feasibility stage, before sites are shortlisted, and should seek the free, prior, and informed consent of Traditional Owners in line with the principles of the UN Declaration on the Rights of Indigenous Peoples.⁴⁷

This means resourcing communities to participate, respecting their own decision-making processes and timeframes, and recognising that cultural heritage, Country, and water are not issues to be

³⁹ [Consultation Paper](#) (n 1), pp. 14–15 (minimum NABERS data centre rating, e.g. 5-star = 1.34 operational PUE; WUE ratings and thresholds); NABERS, [Data Centres](#) (web page).

⁴⁰ NABERS, [Data Centres](#) and [Climate Active Carbon Neutral fact sheet for data centres](#) (Climate Active Carbon Neutral certification is available to data centres with a NABERS Energy rating of 4 stars or above).

⁴¹ [Consultation Paper](#) (n 1), pp. 17–18.

⁴² [Consultation Paper](#) (n 1), pp. 17–18 (siting; competing land uses; need for infrastructure bundle).

⁴³ [Consultation Paper](#) (n 1), pp. 4, 6–7 (shared Commonwealth, state and territory regulatory roles and the need for coordination).

⁴⁴ [Consultation Paper](#) (n 1), pp. 7–9, 10–11 (e.g. ‘could’ for thresholds; ‘intends to create an obligation’ for renewable electricity).

⁴⁵ [Consultation Paper](#) (n 1), p. 24.

⁴⁶ [Consultation Paper](#) (n 1), pp. 17–18 (engagement with First Nations peoples; siting decisions to consider their input).

⁴⁷ United Nations Declaration on the Rights of Indigenous Peoples, GA Res 61/295, UN Doc A/RES/61/295 (13 September 2007), art 32(2) – [UN text](#).

mitigated at the margins but core considerations that can legitimately shape whether and where a project proceeds.

Simply treating consultation as a procedural step carries serious cultural, reputational, and financial costs. Done well, early and respectful engagement leads to better sites, stronger community support, and more durable outcomes for everyone involved.

Conclusion

Data centres can support Australia's energy transition, but only if their growth is tied to enforceable obligations rather than voluntary expectations.⁴⁸ AEMO's 2026 ESOO forecasts a roughly 7-fold rise in data centre consumption by 2035-2036.⁴⁹ Without matching new renewable generation and storage, that demand risks higher wholesale prices, a longer life for coal and gas plants, and a harder path to the 2035 and 2050 emissions targets.⁵⁰

We therefore recommend that large data centres fully offset their demand with additional renewables and firming, backed by renewable-only on-site generation and backup.⁵¹

Data centres should also provide demand flexibility, meet minimum energy and water efficiency standards, prioritise recycled and non-potable water, and pay their fair share of network and water infrastructure costs.⁵²

We recommend these measures be set nationally, administered through the Clean Energy Regulator and the AEMC process, and balanced so that obligations are clear enough to keep investment in Australia.⁵³

Siting decisions should be made early, with local communities and with First Nations peoples as partners rather than stakeholders to be notified. Their free, prior and informed consent should be sought before sites are shortlisted.⁵⁴ Done this way, data centre growth can deliver new clean energy and strengthen social licence, without pushing costs or risks onto households, communities or Country.

⁴⁸ Australian Government, [Expectations of data centres and AI infrastructure developers](#) (23 March 2026); [Consultation Paper](#) (n 1), pp. 2–3.

⁴⁹ AEMO, [2026 ESOO](#) (n 8), pp. 6, 38.

⁵⁰ DCCCEW, [Australia's emissions projections 2025](#); Climate Change Authority, [2035 Targets Advice](#); Baringa (for CEFC), [Getting the balance right](#) (see nn 11, 21–24).

⁵¹ [Consultation Paper](#) (n 1), pp. 10–12, 17.

⁵² [Consultation Paper](#) (n 1), pp. 10, 13–16 (demand flexibility; energy and water efficiency; recycled water; fair share of costs).

⁵³ [Consultation Paper](#) (n 1), pp. 2, 12, 24 (Commonwealth legislation; Clean Energy Regulator administration; balancing obligations against investment).

⁵⁴ UNDRIP art 32(2) (n 47); [Consultation Paper](#) (n 1), pp. 17–18.

We thank you for the opportunity to provide our input and would welcome the opportunity to further discuss any aspect of our submission. If so, please contact Anne Stuart at chair@zerobyron.org.

Yours sincerely

Anne Stuart PhD.

Chair and Secretary

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