



8 May 2026

The Chief Executive  
Infrastructure NSW

Via Email:

[cg@infrastructure.nsw.gov.au](mailto:cg@infrastructure.nsw.gov.au)

Dear Chief Executive

## **NSW Data Centre Consultation Paper**

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The Southern Sydney Regional Organisation of Councils (SSROC) is an association of twelve local councils in the area south of Sydney Harbour, covering central, inner west, eastern and southern Sydney. SSROC acknowledges the traditional custodians of the land on which we work and live, the peoples of the Darug, Dharawal and Eora Nations.

SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member councils cover a population of about 1.9 million, one third of the population of Sydney, including Australia's most densely populated suburbs. SSROC seeks to advocate for the needs of our member councils and bring a regional perspective to the issues raised.

SSROC welcomes that the NSW Government will collaborate with industry and other stakeholders on the Data Centre Consultation Paper to update the NSW Government's policy position.

SSROC accepts that data centres are very important to the NSW economy as significant opportunities exist in industries like AI, fintech, gaming, and essential services like remote healthcare, weather forecasting, police operations and financial system operations require data centres to operate and expand. The processes for applying, accessing, approval and monitoring performance and impact of data centres are important to councils to avoid unintended and preventable environmental, sustainability impacts.

Many of the existing and proposed data centre are in the SSROC region, including Sydney CBD, Mascot and the Sydney Olympic Parklands.

### **NSW's Approach to Data Centre Investment**

The principles of NSW's approach to data centre investment below are reasonable.

- Investment in data centres should enable a wider technology ecosystem that drives job creation and propels economic growth
- Data centre developers and operators need to fund their infrastructure requirements, in addition to what is already planned and funded, so as to not increase prices for households
- Data centres need to be efficient and make sustainable use of our energy and water systems as well as the environment
- Data centre approval and compliance must be based on reliable and transparent data

- Regulatory and planning settings must take account of differences in the size and location of data centres, and community needs.<sup>1</sup>

SSROC welcomes these principles, but recognises that frameworks, processes and systems to make these operational will be challenging: SSROC member councils will welcome the opportunity to be directly consulted on these matters.

### Summary of Recommendations

1. NSW Government should work with councils to develop performance standards for energy and water efficiency that align with local government and NSW Net Zero Plans
2. Steps should be taken by the State Government to ensure that the State Environmental Planning Policy (Sustainable Buildings) 2022 sustainability standards and rating requirements for buildings are extended to data centres.
3. Importantly, the actual economic benefits and the productivity gains associated with data centres should be assessed and evaluated. This is particularly important in SSROC where there is fierce competition over land use.
4. Data centre developers should be responsible for their share of additional costs of connecting data centres to energy and water infrastructure.
5. Data centres should be identified as a distinct industrial land use within the State Land Use Plan and should include a long-term vision that addresses the longer-term perspective of data centre infrastructure opportunities and vulnerabilities.
6. There is need for best practice precinct and infrastructure design in data centre sites that adequately addresses risks impacts on neighbouring land use.
7. Data centres should be aligned with infrastructure capacity (energy and water) and other land use priorities in greater Sydney.
8. Future changes to the SEPP following this consultation should not change City of Sydney Council's exclusion from SSD as it has the capability to assess major projects.

### Detailed Submission

SSROC understands that the feedback on the NSW Data Centre Consultation paper will inform development of **NSW Data Centre Guidelines** that will simplify decision making, and make managing risks to energy and water security, air quality from data centre development easier. We also understand that in the interim, the Department of Planning, Housing and Infrastructure will continue to assess SSD applications in accordance with the Environmental Planning and Assessment Act 1979.

This SSROC submission focuses primarily on matters of data centres and sustainable use of our energy and water systems, data centre approval and compliance and regulatory and planning settings.

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<sup>1</sup> NSW Data Centre Consultation Paper, section 4. NSW Government, March 2026

## Data centres and cost of expanding energy capacity

The electricity network capacity for the SSROC area may not sufficiently meet data centres' 24-hour energy use requirements. In the last few years, councils have been working with our region's energy distributor, Ausgrid, in relation to energy for EV charging needs. The issue of network capacity at proposed EV charging infrastructure sites is often raised. The power consumption of EV chargers would be massively less than that of a data centre. Ausgrid itself recognises these capacity constraints within our region. This clearly signals that the scale and expansion of data centres in NSW have energy and water infrastructure implications that cannot be met with current capacities.

Councils reasonably expect the additional costs to expand water and energy infrastructure to be met by the data centre developer and not by the user base, other water and energy customers or local rate-payers. This should be worked out in the developer contributions framework.

SSROC strongly recommends that there should be no cross-subsidies by residents, other water and energy customers, or existing local business and industry. This is in accordance with the expectations of data centres and AI infrastructure developers by Department of Industry, Science and Resources and released in March 2026<sup>2</sup>.

### Recommendation

1. Data centre developers should be responsible for additional costs of connecting data centres to energy and water infrastructure.

## Data centres and sustainable use of environment, energy and water systems

SSROC welcomes that the NSW Government acknowledges that data centres need to make efficient and sustainable use of energy and water systems and the environment. This is welcome. However, determining the guidelines and attaining this will require State, council and stakeholder collaboration.

The Consultation Paper acknowledges that most data centres in NSW do not currently use natural gas generators or battery energy storage systems installed on-site. While there are diesel generators on-site for back-up, the use of diesel generators at scale to meet data centre energy needs could easily exceed and breach Sydney's clean air environmental protections, necessitating licensing by NSW Environment Protection Authority, as well as generating carbon emissions. But this could be an opportunity to promote renewable energy in NSW.

SSROC welcomed that NSW Government will collaborate with industry to "investigate measures to drive better circular economy, carbon, and broader sustainability outcomes for data centres". Councils should not be left out in consultations on this. Councils have net zero emission targets and data centres involve significant impacts associated with material use, including embodied carbon emissions, e-waste and environmental pollutions from any use of diesel generators.

Steps should be taken by the State Government to ensure that the State Environmental Planning Policy (Sustainable Buildings) 2022 sustainability standards and rating requirements for buildings are extended to data centres. Measures should also be taken to ensure that existing energy rating tools, including NABERS, cover data centres to better align with international standards.

A cross-sector consultation, including local government sector, to explore opportunities for carbon measurement and reduction frameworks would be welcome. NSW Government has existing instruments that could be reviewed and updated, and carbon measurement and reduction frameworks that could be applied by NSW EPA. These include the NSW Guide for Large Emitters, NABERS Embodied Carbon Calculator, and NSW Decarbonising Infrastructure Delivery Policy to ensure that data centres meet carbon minimisation and sustainability requirements.

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<sup>2</sup> <https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers> 23 March 2026.

## Recommendations

2. NSW Government work with councils to develop performance standards for energy and water efficiency, to align with local government and NSW Net Zero Plans
3. NSW Government take steps to ensure that State Environmental Planning Policy (Sustainable Buildings) 2022 sustainability standards and rating requirements for buildings are extended to data centres.
4. NSW Government measure and analyse the actual economic benefits and the productivity gains associated with data centres, so that they can assess and evaluate the real benefits to NSW. This is particularly important in SSROC where there is fierce competition over land use.

## Data Centres and regulatory and planning settings

### Data centres and strategic land use planning

NSW Government is in the process of preparing a State Land Use Plan. Sydney and the other NSW Regions need a long-term strategic framework to guide growth, investment and decision-making on land uses. SSROC has made the case that the Plan needs to integrate housing, employment, climate, economic development, infrastructure and service delivery, so that land use plans interact with key dimensions of the economy, society and environment.

Data centres should be identified as a distinct industrial land use within the State Land Use Plan should include a long-term vision, that addresses the longer-term perspective (say 30-50 years) of data centre land use and infrastructure opportunities and vulnerabilities.

Data centres should not be encouraged, assessed and approved in isolation from strategic planning for Greater Sydney, identification of technology and innovation land uses. To do otherwise would be somewhat ad hoc, and may not be the optimum or efficient use of employment sites and precincts in the medium- and long-term.

It is necessary that processes for identifying data centre locations be aligned with infrastructure needs (energy and water capacity) and other land use priorities in greater Sydney, particularly in brownfield and high-density SSROC areas of greater Sydney.

### The planning framework and data centres

In 2021, the NSW State Government in planning reform changes that modified the State Environmental Planning Policy (Transport and Infrastructure SEPP), moved data centres to State Significant Development (SSD) pathways, to be assessed by an independent Investment Delivery Authority. The intention was to fast-track assessments. Since the changes, there has been large number of applications for data centre sites: 90 applications were awaiting determination in NSW as at February 2026.

SSROC is concerned that the planning and determinations framework currently in place, may not assess the suitability of data centre sites, including the short- and longer-term economic impacts, particularly if sited in high-employment zones. It is reasonable, especially in high-value employment lands, to prepare performance-based conditions and mandatory cumulative, precinct-scale impact assessments that consider energy, water, noise, air quality and urban heat implications. This approach was recognised in a 2021 investigative study by the Australian Government's Department of Climate Change, Energy, the Environment and Water into the efficiency of data centres<sup>3</sup>.

Data centres are generally classified as State Significant Development (SSD) in NSW when they exceed power consumption thresholds specified in the State Environmental Planning Policy

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<sup>3</sup> <https://www.dcceew.gov.au/energy/publications/international-review-energy-efficiency-data-centres> 2021

(Planning Systems) 2021. An amendment to the SEPP in 2024 excluded land within the City of Sydney LGA from the SSD threshold. The implication was that data centres application in the City of Sydney LGA are assessed by the City of Sydney, as it has the capability to assess such major projects. Future changes to the SEPP following this consultation should not change City of Sydney Council's exclusion from SSD.

### **Recommendations**

5. Data centres should be identified as a distinct industrial land use within the State Land Use Plan and should include a long-term vision that addresses the longer-term perspective of data centre infrastructure opportunities and vulnerabilities.
6. Data centres should be aligned with infrastructure needs (energy and water capacity) and other land use priorities in greater Sydney.
7. Future changes to the SEPP following this consultation should not change City of Sydney Council's exclusion from SSD as it has the capability to assess major projects.

### **Precinct infrastructure and design**

There is need for best practice precinct and infrastructure design in data centre sites. That best practice should adequately addresses risks impacts on neighbouring land use, water usage, bushland, stormwater and noise.

### **Recommendation**

8. NSW Government develop guidelines for best practice precinct and infrastructure design in data centre sites that adequately addresses risks impacts on neighbouring land use.

### **Conclusion**

Thank you for the opportunity to contribute this submission on the Data Centre Consultation Paper.

In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be formally reviewed by councils or to be endorsed by the SSROC. I will contact you further if any issues arise as it is reviewed. If you have any queries, please do not hesitate to contact me or Dr Vincent Ogu, SSROC Program Manager on 8396 3800.

Yours faithfully

A handwritten signature in black ink that reads "H Sloan".

Helen Sloan  
**Chief Executive Officer**  
**Southern Sydney Regional Organisation of Councils**