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*Advocating for the people of Western Sydney*

# SUBMISSION:

# NSW Data Centre Consultation Paper

Western Sydney Regional Organisation of Councils Limited.

**May 2026**

## This document

WSROC thanks Infrastructure NSW for the opportunity to provide feedback on the NSW Data Centre Consultation Paper.

Some of our member councils, and councils participating in relevant WSROC programs, will make their own submissions. This document should be viewed in addition to, and complementary to, those submissions.

We would welcome the opportunity to discuss local government views and requirements further.

Should you have any further questions on this submission, please contact WSROC CEO Francine Binns on (02) 9671 4333 or at francine@wsroc.com.au.

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# 1. About WSROC

Formed in 1973, the Western Sydney Regional Organisation of Councils (WSROC) represents local government across Greater Western Sydney.

With a reputation for considered policy analysis and bipartisan advocacy, WSROC brings a collective voice to those issues that are crucial for Western Sydney's growing population. WSROC's primary role is to represent the councils and communities of Greater Western Sydney, as well as to develop resource sharing and other co-operative projects between Greater Western Sydney councils.

Over more than 50 years, WSROC has established itself as a trusted partner in intergovernmental relations, regional strategic planning, and the coordination of joint projects and programs. Its work has focused particularly on economic and social development, job creation, transport and infrastructure, planning, health, and the environment. Current programs include:

- **Waste and Sustainable Materials Program (est 2014)**

  Building on three previous regional strategies, the current Western Sydney Waste and Sustainable Materials Strategy 2022–27 advances waste avoidance, circular economy outcomes and protection of the environment through coordinated council action to divert waste from landfill.
- **Western Sydney Energy Program (est. 2019)**

  Delivers collective energy efficiency and emission reduction outcomes. To date the program has generated over $75 million in savings and reducing emissions by more than 650,000 $tCO_2e$.
- **Heat Resilience Program (est. 2018)**

  Responds to extreme heat across Greater Sydney by embedding resilience into planning, development and emergency preparedness. The program integrates urban planning tools, policy reform and community initiatives in partnership with councils, state agencies, utilities, industry and universities.
- **Cumberland Plains Conservation Plan Compliance Support & Caring for Country Grants Program (est. 2024)**

  Delivered with the NSW Department of Planning, Housing and Infrastructure, including a two-year Caring for Country Grants Program and a 15-month Compliance Strategy Pilot supporting participating councils.

## 2. Executive summary

The Western Sydney Regional Organisation of Councils (WSROC) welcomes the opportunity to respond to the NSW Government's Data Centre Consultation Paper (March 2026).

WSROC recognises data centres as essential enabling infrastructure underpinning Australia's digital economy — supporting cloud services, artificial intelligence and critical digital connectivity. At the same time, the benefits of data centres are broadly distributed, while the impacts are concentrated in host communities, such as Western Sydney. This creates a clear policy challenge: how to support the growth of critical digital infrastructure while ensuring host communities are not left worse off.

Western Sydney already hosts a significant and growing share of Greater Sydney's data centre footprint due to comparative advantages, including industrial land availability, access to high-voltage electricity, and established clustering of operators.

WSROC's core concern is that in the absence of coordinated, system-level planning, Western Sydney communities will bear disproportionate cumulative impacts (including grid constraints, heat, noise, emissions risks and loss of strategic industrial land), with limited transparency and limited mechanisms for fair local returns.

A strong policy response therefore needs to do three things at once: (1) provide clear spatial signals and sequencing so infrastructure keeps pace with development; (2) set enforceable performance and amenity expectations that protect communities and critical systems; and (3) improve transparency so approvals and compliance are based on consistent, reliable data.

WSROC reinforces the need for coordinated, whole-of-system planning so approvals, utility augmentation and community safeguards are sequenced effectively (rather than handled project-by-project).

WSROC therefore supports the Consultation Paper's intent to implement a principles-based approach. WSROC supports a framework that:

- Treats data centres as critical infrastructure and plans them at a system level, not project-by-project, with clear spatial signals about preferred precincts and infrastructure sequencing.
- Manages cumulative impacts in host regions such as Western Sydney through precinct-based assessment, transparent monitoring and enforceable standards for amenity, heat, noise, air quality and local infrastructure impacts.
- Ensures "causer pays" infrastructure funding so households and existing businesses do not cross-subsidise step-change demand for energy and water.

- Improves data transparency and consistency for energy and water forecasting and compliance reporting to support infrastructure planning and community confidence.
- Aligns regulatory and planning settings with differences in size, location and community context, including Western Sydney's exposure to heat vulnerability, growth pressures and competition for scarce industrial land.

WSROC's key recommendations are:

- **Develop a NSW Data Centre Strategy** with a spatial/precinct plan identifying preferred locations, coordinated "hub" opportunities, and sequencing aligned to energy/water capacity and industrial land priorities.
- **Establish a publicly accessible NSW register** of current, approved and proposed data centres (including approval pathway/status, capacity class and precinct) to support cumulative impact assessment and infrastructure planning.
- **Implement annual public reporting and benchmarking** (dashboard plus consistent indicators) covering energy/water use, emissions, recycled water uptake, employment outcomes and industrial land uptake, with appropriate handling of security-sensitive information.
- **Require precinct-level cumulative impact assessment** in high-growth clusters (including Western Sydney), supported by consistent statewide design and amenity standards.
- **Strengthen "causer pays" and make-good requirements** for energy and water upgrades and for local infrastructure impacts during construction and operations.
- **Set clear resource-efficiency expectations** (including PUE/WUE targets, recycled water prioritisation and drought contingencies) and require early, consistent forecasting supported by appropriate metering.
- **Clarify governance in approvals** by strengthening council input to SSD conditions and increasing transparency of SSD/fast-track criteria and enforcement.

Further detail on these recommendations is included in the next sections of this submission.

# 3. Detailed response to principles and questions

## 3.1 Principle 1 — Investment should enable a wider technology ecosystem that drives job creation and economic growth

**Consultation questions:**

- What opportunities does data centre investment present to you and your sector?
- How can data centre development best support local businesses and economic activity?
- What are the economic opportunities for NSW?

WSROC agrees that data centres can support NSW productivity and digital industries. However, achieving broader economic benefits requires more than approving data centres as stand-alone industrial projects. Data centres should be planned as part of a wider technology ecosystem, with a deliberate approach to how investment translates into local supply chain participation, workforce development and co-location of complementary industries.

Western Sydney's comparative advantage has contributed to an increasing concentration of data centres, but this also concentrates impacts and opportunity costs. Our councils are particularly concerned about the displacement of more job-intensive industrial and employment uses. While capital investment can be significant for data centres, operational employment is relatively limited compared to other industrial uses that may be displaced.

**Recommendations:**

- **Develop a NSW Data Centre Strategy with a spatial/precinct plan**
  Identify and designate suitable precincts across Greater Sydney and NSW, aligned with infrastructure (energy, water, fibre) capacity and industrial land priorities, to avoid over-concentration and provide clear signals to industry and communities.
- **Local content and local capability measures**
  Encourage (and where appropriate condition) local procurement and local supply chain participation in construction and operations to increase the share of economic value retained locally.

- **Workforce and skills pathways linked to precinct development**

  Incorporate workforce development expectations into the strategic approach (including precinct-level workforce initiatives and training partnerships), to strengthen local employment outcomes beyond construction.
- **Precinct-based ecosystem planning**

  Support co-location opportunities for complementary uses (e.g., digital services, cyber security, advanced manufacturing, R&D) in data centre precinct planning to better translate infrastructure investment into diversified local jobs.

## 3.2 Principle 2 — Developers/operators should fund infrastructure requirements in addition to what is already planned and funded, so as not to increase household prices

**Consultation questions:**

- How can industry support additional renewable energy generation and firming (e.g. batteries)?
- Are there market-based solutions that can match additive utility capacity with energy and water demand?
- How can industry support government efforts to develop additional water and energy infrastructure, while ensuring costs are shared fairly?

WSROC strongly supports a "causer pays" approach. As noted in the Consultation Paper, step-change energy demand from data centres can place upward pressure on prices where additive supply is not delivered concurrently. Households and existing businesses should not cross-subsidise disruptive increases in energy and water demand driven by data centres. Accordingly, data centre developers and operators should be responsible for the costs attributable to their developments, including connection and augmentation works, additive capacity, transmission and distribution impacts, wholesale price and queueing risks, water infrastructure upgrades, and make-good of any unanticipated local infrastructure impacts.

Discussions with utilities and councils also highlight a fundamental timing mismatch between infrastructure delivery and data centre construction. Major electricity and water augmentations can take approximately 4–6 years to plan and deliver, while data centres can be constructed within around 12 months. This reinforces the need for coordinated precinct sequencing, staged connection arrangements,

and requirements for proponents to provide credible annual ramp-up profiles so that enabling infrastructure can be delivered ahead of peak demand.

WSROC therefore supports energy pricing and cost recovery arrangements that ensure the costs of connection and augmentation for large distribution-connected loads are borne by those creating the demand. This should form part of a broader "causer pays" framework applied consistently across the system.

WSROC reinforces the need for precinct-based ecosystem planning for data centres in consultation with utilities, councils and communities. There are opportunities to cluster connections within a defined precinct, supported by shared enabling infrastructure.

**Recommendations**

- **Reinforce "causer pays" for step-change upgrades (energy + water)**
  Ensure proponents fund connection and augmentation costs attributable to their projects, including where upgrades are required beyond immediate connection assets due to step-change demand.
- **Clarify and embed make-good requirements for local infrastructure impacts**
  Clarify easement, ownership, access and long-term maintenance responsibilities where privately funded utility assets (such as high-voltage cables or water connections) are installed within public roads, including requirements for road and footpath reinstatement to council specifications. Conditions of consent, particularly for State Significant Development (SSD) projects, should also require proponents to make good, on a like-for-like basis, any unanticipated impacts on local public assets and infrastructure arising from construction or operation.
- **Enable market-based supply and firming contributions**
  Require large data centres to demonstrate "additive" renewable electricity outcomes (e.g., new-build PPAs, contracting that results in new renewable generation and firming), with a preference for locally generated renewable electricity where feasible, to avoid shifting emissions and reliability risks onto host communities.
- **Address perverse incentives between transmission vs distribution connections**
  Discussions with DNSPs indicate that differing charging frameworks can create inequities and influence connection decisions in ways that may not deliver best whole-of-system outcomes. WSROC recommends NSW consider reforms so pricing signals do not inadvertently push proponents toward outcomes that increase system costs or constrain strategic precinct planning.

- **Support precinct-based shared infrastructure models in Western Sydney**

  WSROC supports policy and regulatory pathways that enable precinct or "hub" approaches for data centre development in high-growth areas of Western Sydney, supported by coordinated planning, clear governance arrangements and customer-funded enabling infrastructure. This approach has the potential to reduce duplication of assets, improve infrastructure utilisation, and support more orderly delivery of electricity, water and transport infrastructure.

- **Require committed utility demand ramp-up schedules**

  Require proponents to provide credible and regularly updated electricity and water demand ramp-up schedules. This information is necessary to support efficient sequencing and staging of shared enabling infrastructure, improve infrastructure planning certainty, and ensure timely and equitable cost recovery.

## 3.3 Principle 3 — Data centres need to be efficient and make sustainable use of energy and water systems and the environment

**Consultation questions:**

- What performance measures and actions will be effective?
- What impacts need to be considered for broader community resources?
- How can industry support sustainability and mitigate environmental impacts?

WSROC supports stronger, enforceable parameters for resource efficiency and environmental performance, especially in Western Sydney where cumulative impacts (heat, noise, visual bulk, emissions risks) can be more pronounced as clustering increases. WSROC emphasises that key impacts (heat generation, noise and emissions) are rarely assessed beyond individual projects and that at scale these effects are significant in heat-vulnerable communities.

The Consultation Paper proposes consideration of performance benchmarks such as Power Usage Effectiveness (PUE) and Water Usage Effectiveness (WUE) aligned to international benchmarks, and signals expectations around recycled water use where feasible, demand management, diesel generator impacts and sensitive sites. WSROC supports these directions, with an emphasis on Western Sydney's place-based needs and cumulative impacts.

We understand from Sydney Water that in parts of Western Sydney, recycled water can be supplied at high quality, but that the primary constraint is the cost of and lead time for distribution infrastructure. Where recycled water is available, its use for cooling should be mandated. Where it is not immediately available,

proposals should include a transition plan (with interim supplies) that does not undermine drinking water security.

**Recommendations**

- **Precinct-level cumulative impact assessment in high-growth clusters**

  Move beyond project-by-project assessment by requiring cumulative impact assessments at a precinct level (energy, water, heat, noise, air quality, traffic and industrial land impacts), particularly in Western Sydney growth corridors.
- **Statewide urban design and amenity standards**

  Apply enforceable statewide urban design principles for data centres (facade articulation, setbacks, landscaping/tree canopy, noise mitigation, heat reduction measures) across all approval pathways.
- **Align resource efficiency requirements across energy and water**

  Introduce clear, staged performance requirements for data centres covering energy efficiency, renewable electricity use, water efficiency, and recycled water uptake. These requirements should be aligned and mutually reinforcing, and reflect the principle that recycled water should be used for water-intensive cooling where feasible.
- **Set clear water efficiency requirements and reporting**

  Establish explicit water efficiency expectations for data centres, including mandatory Water Usage Effectiveness (WUE) targets and regular public reporting. Reporting should cover potable and non-potable water use, recycled water uptake, on-site reuse, and cooling technology selection. Where appropriate, recognise that water-cooled facilities can be materially more efficient than air-cooled equivalents and may also reduce noise and reliance on diesel generators.
- **Prioritise recycled water and resource efficient cooling**

  Adopt a clear hierarchy for cooling water supply:
  - recycled water use where available and feasible;
  - a staged transition plan to recycled water where infrastructure is not yet available; and
  - strictly limited, time-bound potable water use only as an interim measure.

  These requirements should be aligned with staged thresholds for energy performance, renewable electricity use, and water efficiency, consistent with the principle that recycled water should be the default for water-intensive cooling.

- **Cap and condition potable water use with resilience offsets**

  Mandate potable water limits for data centres, with firm caps, sunset dates, and enforceable conditions. Any temporary potable water use should be paired with "additive" offsets that measurably improve system resilience beyond already-funded baselines (for example, funding leakage-reduction initiatives or future supply augmentation).

- **Apply stricter controls in high-risk locations**

  Apply tighter WUE targets, potable water caps, and reporting requirements in high-growth or high-drought risk clusters to ensure cumulative water impacts are managed.

- **Strengthen protections for sensitive sites and communities**

  Provide clearer guidance and assessment expectations for data centres located near sensitive land uses—including schools, hospitals, aged-care facilities, and residential areas—with a focus on managing cumulative amenity and health impacts. This should include strengthened assessment and mitigation of emissions, air-quality risks, noise, and reliability impacts associated with backup diesel generators.

- **Embed drought and restriction contingencies in approvals**

  Require approvals to include defined drought and water restriction contingencies, such as prioritisation of community health and essential uses, triggers for additional efficiency measures, and staged operational responses. This will help maintain community confidence and social licence during periods of water stress.

- **Support demand flexibility and energy storage where feasible**

  Support government working with industry and network providers to identify practical pathways to incorporate demand flexibility, load management, and battery energy storage systems (BESS), particularly in constrained grid corridors. Planning and approvals should actively consider these measures where they can mitigate local grid impacts and improve system resilience.

## 3.4 Principle 4 — Approval and compliance must be based on reliable and transparent data

**Consultation questions:**

- What performance measures and actions will be effective?
- What information does industry need to provide clarity in proposals?

WSROC strongly supports improved transparency and reporting. WSROC previously recommended an annual public reporting framework (dashboard) including number/size/location of facilities, energy use and emissions, water use (including recycled water), capital investment, actual employment outcomes and industrial land uptake.

The Consultation Paper identifies current problems with inconsistent/insufficient data — particularly for water demand forecasts — and proposes earlier forecasting, improved monitoring (including smart meters), and alignment of assumptions for forecasting.

We understand from our utility stakeholders that forecasting is most useful when proponents provide credible staged operating profiles (annual ramp-up rates), not just "ultimate" peak demand. WSROC recommends ramp-up profiles be required for both electricity and water (potable and recycled) and updated as projects progress from enquiry to commitment. WSROC recommends the government work closely with utilities and other stakeholders to develop a standardised forecasting methodology, which will inform what data government should require from proponents and how data should be treated.

**Recommendations**

- **Establish a public annual reporting dashboard for NSW data centres**
  Publish a consolidated annual dashboard covering the number, size, and location of data centres; energy consumption and emissions; water use and recycled water uptake; capital investment; actual operational employment; and industrial land uptake. Security-sensitive details should be managed appropriately, while still enabling meaningful transparency.
- **Mandate consistent public performance reporting against recognised benchmarks**
  Require operators to report annually against consistent, standardised benchmarking tools and indicators, including NABERS Energy, NABERS Water (or equivalent), NABERS Embodied Carbon (where applicable), Power Usage Effectiveness (PUE), Water Usage Effectiveness (WUE), and renewable electricity matching. This will support credible comparison, compliance monitoring, and market discipline across the sector.

- **Introduce staged disclosure and progressively tightening minimum standards**

  Set a clear transition timeline for mandatory disclosure and progressively higher minimum performance thresholds ("ramping up" targets) over time. This will drive continuous efficiency improvements and avoid locking in a legacy stock of underperforming facilities.
- **Strengthen early-stage energy and water demand forecasting**

  Require proponents to provide credible, comparable electricity and water demand forecasts early in the planning process, using consistent assumptions. This should include disclosure of staged ramp-up and utilisation assumptions and cooling-water quality requirements, to support timely sequencing of recycled water infrastructure and broader utility planning.
- **Adopt a standardised demand-forecasting methodology across agencies and utilities**

  Consistent with DNSP guidance, develop a standardised methodology for forecasting data centre electricity demand that accounts for differing operating profiles and ramp-up rates, and clearly distinguishes speculative proposals from committed projects. This approach should be used consistently across planning, network, and water utilities.
- **Require appropriate metering and ongoing monitoring**

  Support the use of smart energy and water metering to enable accurate monitoring, reporting, and data sharing over time, while maintaining appropriate security protections for critical infrastructure.

## 3.5 Principle 5 — Regulatory and planning settings must take account of differences in size/location and community needs

**Consultation questions:**

- What further collaboration opportunities could be investigated?
- How can planning/regulatory settings support best practice tailored to project conditions?

WSROC supports a flexible, performance-based approach, but one that is anchored in clear expectations, accountability and place-based protections. The Consultation Paper emphasises performance-based requirements and flexibility by location and constraint. WSROC emphasises that mixed consent pathways and project-by-project assessments risk piecemeal decision-making with no single body accountable for cumulative impacts in clustered areas.

WSROC also considers that local government experience is essential to maintaining social licence and ensuring local impacts are properly identified and managed, particularly in Western Sydney where development pressure is intense and cumulative impacts are already being felt.

Councils have a key role in supporting best-practice outcomes through local planning frameworks and assessment guidance, but this will require additional work and clearer policy direction for local government. Doing so would establish expectations earlier and support more timely and consistent decision-making.

**Recommendations**

- **Adopt precinct-based planning and preferred locations**
  Establish clearly defined preferred precincts for data centre development, supported by coordinated infrastructure capacity and sequencing. Apply stronger assessment scrutiny to proposals outside these locations to avoid uncoordinated over-concentration, infrastructure inefficiencies, and land-use conflict.
- **Enable coordinated hub approaches where infrastructure is constrained**
  Support collaboration between government, utilities, councils, and proponents to develop coordinated precinct or "hub" models—particularly in constrained growth areas such as Western Sydney—where shared enabling infrastructure and staged delivery can reduce duplication and improve cumulative outcomes.
- **Strengthen council involvement and transparency in SSD processes**
  Ensure councils have a clearer, formal role in State Significant Development (SSD) assessment processes for data centres, particularly in relation to local infrastructure impacts, amenity, construction management, and make-good obligations.
  Improve transparency around SSD and fast-track pathways by clearly articulating qualification criteria, how cumulative impacts are assessed, and how council-led conditions are incorporated, enforced, and monitored.
- **Implement consistent statewide urban design and amenity standards**
  Introduce consistent, statewide design and amenity requirements for data centres—while allowing for local context—rather than relying on ad hoc, project-by-project negotiation. This would improve certainty, reduce assessment burden, and deliver more consistent community outcomes across planning pathways.

- **Clarify lifecycle and end of life responsibilities**

  Clarify expectations for long-term lifecycle management of data centres, including decommissioning, remediation, and potential e-waste considerations. Clear end of life responsibilities should be established upfront to ensure residual risks and costs are not transferred to councils or communities.

- **Evolve best-practice standards and rating tools**

  Work with NABERS, the Green Building Council of Australia, and industry to evolve and/or tailor rating tools for data centres—including water benchmarking—and establish best-practice standards that respond to community concerns while improving consistency and compliance across NSW.

## 4. Closing and contact

Western Sydney will continue to play a critical role in supporting NSW's digital economy. However, achieving the benefits of data centre investment requires a clear strategic framework that manages cumulative impacts, protects scarce industrial land, ensures infrastructure costs are shared fairly, and safeguards community and environmental wellbeing.

WSROC looks forward to working constructively with the NSW Government on the development of NSW Data Centre Guidelines and related reforms.

For further information or to discuss matters raised in this submission please contact the WSROC office:

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