STOP THE GAS PLANT
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To: Network Economic Policy team, NSW Government
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FEEDBACK ON THE NSW DATA CENTRE RELIABILITY OBLIGATION

Off-grid and on-site generation: a gap to close before the draft Guideline

1. About us

Stop the Gas Plant – Southern Highlands is a community campaign opposing a proposed gas-fired power station precinct at 30 Douglas Road, Moss Vale. The precinct is proposed by Nakar Property Pty Ltd, also trading as Cloud Carrier and Square Energy, to power a private data centre campus. We are local residents, medical professionals, planning researchers and volunteers.

We made a submission on the NSW Data Centre Policy Framework in September 2026. This letter responds to the Network Economic Policy team's update of 17 November 2026 and builds on that submission.

2. What we support

We support the direction of the Data Centre Reliability Obligation. Asking data centres to contract new NSW renewable supply, offer demand flexibility and cover their network costs is a sound way to protect households and the grid[1][2]. Our concern is not with the Obligation. **It is with what the Obligation does not yet cover.**

3. The gap

As we read the 4 November slides, the Obligation works through the grid connection process and derogates from the National Electricity Rules[1]. We could not find, in the slides, the fact sheet or the August Guidelines, any reference to a data centre that generates its own power on site and does not connect to the grid[1][2][3]. **The slides also do not address on-site gas generation.**

That is not hypothetical for us. The Southern Highlands Data Campus proposes 703.2MW of gas generation across three approval stages: 14MW approved in 2024, 16MW before the Land and Environment Court, and 673.2MW in a State significant development application for which an environmental impact statement has not been lodged. The proponent's own website describes the campus as offering “full independence from the electricity grid”.

If the campus is built that way, none of the supply, flexibility or fee requirements in the Obligation would apply to it, even though it would carry emissions, air quality and water impacts for the surrounding community. We doubt that is the outcome the Government intends.

The Commonwealth Energy Minister said in August that a data centre proposing to use only gas would not meet the minimum national standards and would not be allowed to register[4]. We would like the NSW framework to be equally clear.

The question has an answer either way. If any stage of a campus connects to the grid, the Obligation should apply to it. If it does not, the Guideline should say what applies instead.

The Department is asked to clarify: how the Obligation, and the Guidelines it draws on, apply to a data centre that generates its own power on site and is not connected to the grid.

4. Recommendations

1. **Set out** how the Obligation applies, or does not apply, to data centres that generate their own power and are not grid connected.
2. **Explain** how a campus is treated where an early building is grid connected and later stages are not, including whether the test applies by building, by site or by operator.
3. **Clarify** the role of on-site gas generation, including whether it can serve as primary supply, backup or demand flexibility, and how that sits alongside the Commonwealth's national standards.
4. **Confirm** how the NSW Data Centre Guidelines will be applied when the Department of Planning, Housing and Infrastructure assesses off-grid proposals as State significant development.
5. **Consider** applying equivalent supply, emissions and assessment expectations to any data centre with continuous, non-emergency on-site fossil fuel generation of 10MW or more, whether or not it connects to the grid.

5. Next steps

We would welcome a short conversation with the team before the draft Guideline is published, and we are glad to share the evidence behind our September submission. We intend to make a further submission when the draft Guideline is exhibited.

Signed:

Signatures removed for online publication

References

[1] NSW Government, Data Centre Reliability Obligation summary slides, Data Centre Investment Event, 4 November 2026. energy.nsw.gov.au/sites/default/files/2026-11/NSW-Govt-Data-Centre-Reliability-Obligation.pdf
[2] NSW Government, Data Centre Guidelines fact sheet (Performance Measure 13), September 2026. infrastructure.nsw.gov.au/media/ctundwph/id0073_nsw-data-centre_guidelines-factsheet.pdf
[3] NSW Government, NSW Data Centre Guidelines, August 2026. infrastructure.nsw.gov.au/media/4jlictae/id0073_nsw-data-centre_guidelines.pdf
[4] Reuters, “Australia's new data centres must be majority renewable powered, says minister”, 5 August 2026.