



STOP THE GAS PLANT

Southern Highlands

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SUBMISSION — REFORMING ELECTRICITY NETWORK CONNECTION AND COST RECOVERY ARRANGEMENTS FOR DATA CENTRES IN NSW

NSW Department of Climate Change, Energy, the Environment and Water — Public Consultation

1. About us

Stop the Gas Plant – Southern Highlands is a community campaign opposing a gas-fired power station precinct proposed at 30 Douglas Road, Moss Vale, in the Southern Highlands of NSW. The plant is proposed by Nakar Property Pty Ltd, trading as Cloud Carrier and Square Energy, to power a private data centre campus on the same site. We are local residents, medical professionals, planning researchers and volunteers who have followed this proposal, and the wider policy environment for data centre energy demand in NSW, closely over the past year — including through earlier submissions to the NSW Legislative Council Inquiry into Data Centres and the federal Senate Inquiry into Artificial Intelligence and Data Centres, and a request for Commonwealth intervention under section 70 of the EPBC Act.

We welcome the opportunity to respond to this consultation, and we support the broad direction of the reforms it proposes. Ensuring data centres pay their fair share of network costs, and do not shift risk onto households and small businesses, is a sound and necessary principle. Our submission does not attempt to answer the paper's technical questions on bond design or fee-setting mechanics — those are better answered by network engineers and industry.

Instead, we write to highlight a gap that this consultation paper does not address, and that the Moss Vale proposal illustrates directly: a data centre that generates its own power on site, and does not connect to the shared electricity network at all, falls outside every one of the ten proposals in this paper.

2. The proposal at Moss Vale sits outside the scope of this consultation

The Southern Highlands Data Campus at 30 Douglas Road, Moss Vale is a proposed gas-fired power station precinct, built in stages: a 14MW facility (DA 24/0055, approved April 2024), a 16MW expansion (DA 26/0352, currently before the Land and Environment Court), and a 673.2MW State Significant Development (SSD-102795459, Secretary's Environmental Assessment Requirements issued December 2025, Environmental Impact Statement not yet lodged). Combined, this would total 21 generation halls and 703.2MW of gas-fired capacity —

the third largest gas plant proposed in Australia, according to RenewEconomy and RenewMap.¹

The plant is designed to power a private data centre on the same site. The operator publicly markets the campus as achieving full independence from the electricity grid, and its own reports describe on-site gas generation as necessary because of a lack of available grid electricity from the regional distributor; the surrounding precinct's 33kV distribution lines cannot accept feed-in from a facility of this scale.² Every megawatt generated is intended to be consumed on site. On the proponent's own account, the facility will not seek — and could not obtain — a grid connection of the kind this consultation paper regulates.

3. Every proposal in this paper is enforced through the connection agreement

The ten reform proposals in this paper are, without exception, given effect through a data centre's connection agreement with a network service provider. The entry bond (Proposal 1) is paid when submitting a connection application. The Major Network Upgrade Fee (Proposal 7) is paid immediately before a connection agreement is executed. The demand-flexibility and clean-energy-offset requirements that give the NSW Data Centre Guidelines' performance measures practical force (Proposals 9 and 10) work because a network service provider can include, monitor and enforce conditions in that agreement.³ A data centre that never applies for a connection, and never enters an agreement, sits outside this entire framework.

The consultation paper comes close to naming this problem. It flags, as a narrower version of the same issue, the risk that a data centre could connect 'behind the meter' specifically to avoid the Major Network Upgrade Fee.⁴ Moss Vale is a further step again: not a facility minimising its network footprint, but one with no network footprint to regulate at all.

The Department is asked to recommend: that the regulatory threshold in Part 2 of this paper — currently defined by rated connection capacity — be extended to also capture data centre developments with an equivalent scale of dedicated, non-emergency on-site generation, whether or not they seek a grid connection.

We recognise this is a significant extension of scope, and one that raises genuine questions about which instrument is best placed to apply it — this reform, the SEARs and EIS process for the development itself, or both. We do not think this consultation should be delayed to resolve that question. We ask that the gap be recorded, rather than left for a future review to rediscover.

4. The Guidelines' safeguards assume back-up diesel, not primary gas generation

The NSW Data Centre Guidelines, which this consultation paper is designed to help enforce, require data centres to be able to reduce grid-supplied demand by 25% for up to two hours, using load-shifting followed by on-site or proximate renewable generation and storage — and state explicitly that this measure cannot be met using diesel back-up generators.⁵ The Guidelines' worked discussion of on-site generation is consistently about diesel, run infrequently as back-up power in the event of an outage.⁶ They also record, in passing, that the largest data centres already have generator capacity comparable to NSW's larger gas power plants — evidence that government is aware on-site generation at data centre scale can already rival a standalone power station.⁷

Nowhere do the Guidelines address a data centre whose primary, continuous power source is on-site fossil generation rather than the grid. Moss Vale is not proposing a back-up system; a

703.2MW gas precinct operating continuously is the primary supply. The performance measures built around reducing 'grid-supplied demand' have nothing to reduce, because there is no grid-supplied demand to begin with.

The Department is asked to recommend: that the Guidelines be clarified so a data centre's primary power source, whether grid-supplied or on-site, is held to equivalent demand-management and clean-energy expectations — and that on-site generation used as a substitute for grid connection is treated as materially different from back-up generation, not folded into the same category.

5. A blind spot in the data

This paper reports, in detail, the scale of data centre demand seeking to connect to the NSW grid: up to 28 gigawatts of requested capacity as of July 2026, with around 13 gigawatts in advanced discussions — more than NSW's average daily electricity demand.⁸ That level of transparency is welcome, and it is only possible because these facilities interact with network service providers who are required to collect and report this information.

A data centre that generates its own power leaves no equivalent trace. Its emissions, its fuel demand and its true contribution to NSW's data centre sector are invisible to the monitoring this paper describes, because that monitoring is built entirely around the connections pipeline. We do not know how many other developments in NSW are following, or considering, the same path. Moss Vale is the one we know about because a community found it and read the planning file.

6. Recommendations

1. **Extend** the regulatory threshold in Part 2 of this paper so it captures data centre developments with an equivalent scale of dedicated on-site generation, not only those seeking a grid connection of 15MW or more.
2. **Require** any data centre development that proposes to source the majority of its power from on-site or dedicated off-grid generation to disclose that generation capacity, fuel type and expected emissions to the Department, and include that disclosure in the same public reporting this paper commits to for the grid-connection pipeline.
3. **Clarify** the NSW Data Centre Guidelines so on-site fossil generation used as a data centre's primary power source is held to equivalent demand-management and clean-energy expectations as grid-supplied demand, and is treated as materially distinct from back-up generation.
4. **Record** in finalising this regulation, that off-grid, generation-only data centres are a known and unaddressed gap in the current reform package, so the question is carried forward rather than left for a future review to rediscover.

We recognise data centre investment brings genuine opportunity to NSW, and we support the direction of the reforms in this paper for the facilities they cover. We ask that the Department also turn its attention to the facilities they do not.

Thank you for the opportunity to contribute. We are available to discuss any aspect of this submission.

This submission is made on behalf of the Stop the Gas Plant – Southern Highlands community campaign and is authorised by its coordinating volunteers, the signatories below.

[Signatories redacted for online publication]

References

- 1 Stop the Gas Plant – Southern Highlands, Briefing Note (Federal), June 2026.
- 2 <https://cloudcarrier.com/campus/> (accessed September 2026).
- 3 NSW Department of Climate Change, Energy, the Environment and Water, Reforming electricity network connection and cost recovery arrangements for data centres in NSW — Consultation paper, August 2026, pp. 24–27 (Proposals 9–10).
- 4 Ibid., p. 21, footnote 61.
- 5 NSW Government, NSW Data Centre Guidelines, August 2026, p. 13 (Principle 2, performance measure 9).
- 6 Ibid., p. 12.
- 7 Ibid., p. 6.
- 8 Consultation paper, pp. v, 1–2.