11 September 2026

Bryan Mitchell MP
Committee Chair
Inquiry into AI Data Centres in Tasmania
by email: assemblygaa@parliament.tas.gov.au

Dear Chair

Submission to the Inquiry into AI Data Centres in Tasmania

Aurora Energy welcomes the opportunity to respond to the House of Assembly Government Administration Committee A (the Committee) and its Inquiry into AI Data Centres in Tasmania (the Inquiry).

In relation to the Inquiry, it is noted that Aurora Energy attended the Joint Select Committee into Energy Matters in Tasmania (the Joint Select Committee) on 30 April 2026 regarding Aurora Energy's Retail Service Agreement with Firmus Technologies (Firmus). Given the Joint Select Committee is currently seeking submissions on large energy users, including emerging large-scale energy demand/load, this submission has also been provided to the Joint Select Committee.

There is clear public interest in the construction and operation of AI data centres and Aurora Energy recognises that the Inquiry's terms of reference are targeted at addressing this interest. It is undeniable that AI data centres have the potential to be large users of energy in Tasmania, equivalent to some current major industrial customers. They also have the potential to bring new forms of generation supply onto the island to support this increased demand.

While Aurora Energy has direct involvement in the future of AI data centres in Tasmania, given its position as Tasmania's only locally owned-and-operated electricity retailer, it is important to articulate Aurora Energy's limitations in addressing two key questions surrounding data centres:

- what power is available to meet the consumption needs of data centres; and
- what resources are required to service the operating requirements of data centres?

As a retailer of electricity, Aurora Energy currently has no decision-making role in determining the availability of power to supply its customers. Rather, this comes primarily from Hydro Tasmania in its role as Tasmania's dominant generator and, to a much lesser degree, other on-island generators. In practice, Aurora Energy represents its large energy users in seeking a price and volume for the energy they require, with this packaged under a Retail Service Agreement alongside other energy contract components such as network charges, renewable energy costs and market charges. Therefore, the role Aurora Energy currently provides in large energy user contracts is fundamentally to serve as the conduit between suppliers of energy and users of energy as the retail agent. It is important to note that following the introduction of Marinus Link, the Tasmanian market is set to evolve, whereby Tasmanian demand could be met by generation supply from the mainland. The current dominance of Hydro Tasmania and market fundamentals will therefore change and the distinction between Tasmanian supply and Tasmanian demand is likely to become blurred.

During Aurora Energy's engagement with the Joint Select Committee on 30 April 2026, the question of prioritisation of resources was put to Aurora Energy, specifically whether this is a factor in its contractual engagement with customers. In simple terms, it is not. Aurora Energy's primary purpose under its Shareholder Statement of Expectations is to retail electricity to Tasmanians and do so at the lowest possible prices. Beyond this, there are also expectations to operate efficiently and commercially, and to consider Aurora Energy's value to the broader community.

As mentioned, the interest in data centres is understandable. However, Aurora Energy contends that in contracting with customers it would be inappropriate and a contradiction of its duties to assess the value of resources utilised by any of its customers, whether they are residential customers, small businesses or large energy users. These are questions that should be considered and assessed by broader community bodies such as governments and their instruments, including parliamentary committees, or by statements guiding the development of data centre resource usage and setting environmental requirements. Aurora Energy looks forward to engaging with the State Government on its Draft Statement of Expectations, which was released on 7 September 2026.

One of the key factors assessed by Aurora Energy when contracting with large energy users is capacity to pay. In this regard, Aurora Energy has a Board-approved, highly rigorous credit risk assessment process. This is followed and applied consistently for any large energy user. Where necessary, Aurora Energy will seek appropriate credit security to ensure the risks in retailing large loads are commercially sound.

On price, Firmus has contracted a short-term, three-year Retail Services Agreement at a competitive market rate. This arrangement offers a commercially valuable proposition for Aurora Energy, which ultimately flows back to Tasmanian customers through dividend returns. Through this, Firmus also offers a commercially valuable proposition to Hydro Tasmania, while growing demand in the state in a way that effectively supports lower network costs on a unit-rate basis.

Aurora Energy is participating in an active, competitive market, with all NEM-authorised retailers able to make offers in the Tasmanian market. Currently, there are six active retailers across the residential and business customer segments in Tasmania. It is crucial for Aurora Energy that its pricing practices and outcomes remain commercial in confidence. Sharing this information publicly would greatly weaken Aurora Energy's ability to compete effectively with other retailers, damage customer trust and therefore reduce Aurora Energy's value to its shareholders and the Tasmanian community. For this reason, Aurora Energy explicitly requests that any findings or outcomes from the Inquiry ensure the confidentiality of pricing information remains paramount.

There are broader benefits from large energy consumers to the Tasmanian energy system. Firstly, their presence helps to lower the overall network cost applied to Tasmanian consumers. Secondly, some large users, in particular major industrial customers including Firmus, provide special protection services that protect the physical operation of the grid. This includes load reduction services related to Basslink outages and Frequency Control Ancillary Services, which are vital to ensuring the overall stability of the Tasmanian power system.

Lastly, Aurora Energy has sought to be transparent with the broader market about its arrangements, as far as commercially possible. This was principally done through the issuing of a media release on 25 March 2026 regarding the new Firmus Retail Services Agreement. There are limitations on what information can be shared given Aurora Energy operates in a competitive retail market. For this reason, information regarding prices and contracts for large energy users is not provided in this submission, which has been prepared on the basis that it will be made available publicly on the Committee's website.

If you have any questions regarding the submission, please contact Giles Whitehouse, Head of Corporate Affairs, in the first instance: [redacted].

Yours sincerely

[redacted]

Nigel Clark
Chief Executive Officer