

From: [Wolf](#)
To: [House of Assembly - GAA](#)
Subject: Inquiry into AI Data Centres in Tasmania
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Inquiry into AI Data Centres in Tasmania

Introduction

I am making this submission as a Tasmanian resident concerned about the scale and speed of proposed AI data-centre development in Tasmania, and particularly about the adequacy of the regulatory, energy, environmental and public-accountability systems surrounding these developments.

I am not opposed to technology or economic development in principle. AI infrastructure may create investment, employment and new industries. However, developments of this scale should proceed only where their environmental impacts, energy requirements, water requirements, infrastructure costs and benefits to Tasmania are understood in advance and are subject to enforceable public safeguards.

My principal concern is that **I do not presently have confidence that voluntary commitments, developer assurances or existing approval processes alone provide sufficient protection for Tasmania.**

That concern is informed not only by what is occurring here, but by the experience of rapidly expanding AI data-centre infrastructure overseas.

1. Overseas experience demonstrates why regulation must precede development

The experience of the United States should be considered as a warning about what can occur when AI infrastructure expands faster than the regulatory framework governing its energy supply.

Reuters reported in June 2026 that at least **57 off-grid natural-gas power projects totalling approximately 73,000 MW** were being developed in the United States to supply data centres, with some projects moving through expedited processes with limited public scrutiny. Supporters argue that such arrangements allow data centres to develop without burdening existing grids; critics have raised concerns regarding emissions, transparency and the extent of public participation.

An especially concerning example is xAI's development in Tennessee and Mississippi. Reuters has reported disputes concerning the use of dozens of natural-gas turbines described as temporary, including allegations that turbines were operated without required air permits. Those allegations are being contested through regulatory and legal processes, so I do not present them as finally determined facts. However, the fact that substantial generating infrastructure could begin operating while the applicability of environmental permitting requirements remained contested should itself concern Tasmanian decision-makers.

The US Environmental Protection Agency itself recognises stationary combustion turbines

and engines as important regulatory issues associated with data centres and identifies air-emission and permitting requirements applicable to such generation. The EPA has also introduced regulatory guidance intended to facilitate data-centre power development, including off-grid or “islanded” generation.

For me, these developments reduce confidence in any system which relies heavily on an assumption that backup fossil-fuel generation will necessarily remain temporary, exceptional or rarely used.

Tasmania should establish the rules before large facilities become operational — not attempt to reform the rules after infrastructure, commercial agreements and energy dependencies are already established.

2. Tasmania already has a relevant example before it

This concern is directly relevant to the proposed Bell Bay facility.

Firmus Technologies’ approved 288 MW Bell Bay development proposes **276 diesel generators**. George Town Council imposed a condition restricting those generators essentially to electricity interruptions, emergencies and testing or maintenance, and expressly preventing their use to augment normal mains supply. Firmus has appealed that restriction and is seeking the ability to use the generators on a limited basis during curtailment, network constraints or periods of energy-market stress.

I regard this as an important policy issue.

A facility described as being supported by renewable Tasmanian electricity should not gradually acquire a secondary fossil-fuel generation role through expanded interpretations of “backup”, “temporary”, “grid stress” or “operational reliability”.

I therefore believe Tasmania needs legislation or enforceable regulations defining precisely:

- when backup fossil-fuel generation may operate;
- maximum annual operating hours;
- whether generators can ever augment mains electricity during ordinary commercial operation;
- emissions and noise monitoring requirements;
- mandatory public reporting of generator operation and fuel consumption; and
- penalties for operating outside approved conditions.

Those requirements should not depend primarily upon individual council conditions that can subsequently become the subject of appeals.

3. Energy security and allocation of a public resource

Hydro Tasmania states that Firmus has sought approximately **444 MW** of electricity for its future Tasmanian AI-factory plans and that no decision has yet been made on that request. Hydro says additional demand of this magnitude requires consideration of additional generation and of whether the commercial arrangement ultimately delivers value to Tasmania while managing risk.

ABC has reported the requested amount rounded to approximately 450 MW, equivalent to as much as 30 per cent of Tasmania’s present electricity use, and Hydro has said additional

generation would be required to service demand of that magnitude.

There are also further proposed data centres. ABC reported this month that six additional proposals whose proponents had not been publicly identified could require at least another **500 MW** if they proceed.

This scale makes energy allocation much more than an ordinary private commercial matter.

Hydroelectric generation, water storages, transmission infrastructure and Tasmania's electricity security are matters of substantial public interest.

I therefore believe commitments involving very large quantities of electricity should be subject to meaningful parliamentary and public scrutiny **before long-term arrangements become effectively irreversible.**

4. Voluntary “expectations” are not an adequate substitute for enforceable standards

I acknowledge that the Tasmanian Government released its draft *Expectations for Data Centres and AI Infrastructure* on 7 September 2026.

Those expectations state that proponents should maximise benefits to Tasmania, engage genuinely with communities, use water responsibly, support additional renewable generation, meet their share of network and connection costs, and protect energy security and grid stability.

Those are appropriate objectives.

My concern is whether they are **legally enforceable requirements or simply expectations.**

Recent overseas experience demonstrates why Tasmania should not depend solely upon promises of renewable supply, responsible resource use or temporary fossil-fuel generation.

Where a requirement is necessary to protect the Tasmanian community, environment or electricity system, I believe it should be incorporated into legislation, regulation, licence conditions or other enforceable instruments with transparent compliance reporting.

5. Transparency and accountability

Transparency must occur before approval and resource allocation, rather than after decisions have effectively been made.

For major AI and data-centre facilities, I ask the Committee to consider recommending mandatory public disclosure of:

- proposed and actual electricity consumption;
- water requirements and actual water consumption;
- sources of additional generation;
- fossil-fuel backup generating capacity and operating hours;
- emissions from backup generation;
- major transmission and network requirements;

- infrastructure costs borne by the proponent and by publicly owned entities;
- government concessions, assistance or other material commitments, subject only to genuinely necessary commercial confidentiality;
- anticipated construction employment and permanent employment;
- local procurement and economic benefits; and
- compliance with environmental and planning conditions.

The Committee's Terms of Reference specifically include transparent disclosure of resource consumption, parliamentary accountability and adequate community consultation.

6. Community consultation must occur before commitment

Communities should not first discover the full implications of these developments after sites have been selected, electricity negotiations commenced or substantial commercial expectations established.

Consultation needs to occur while there remains a genuine capacity for community evidence to influence the decision.

This is particularly important where developments may affect neighbouring communities through noise, light, industrial activity, diesel generation, transmission infrastructure, water extraction or environmental impacts.

Recommendations

I ask the Committee to consider recommending a dedicated statutory framework for large AI and data-centre developments in Tasmania, including **mandatory resource disclosure, parliamentary oversight of exceptionally large energy allocations, enforceable limits on fossil-fuel generation, independent environmental monitoring, transparent reporting, meaningful pre-approval community consultation, and demonstrated net benefits to Tasmania before major public resources are committed.**

I would also support periodic review of approvals and resource agreements so that changing technology or energy-market circumstances cannot result in materially different operations from those originally presented to the community without further scrutiny.

Conclusion

AI data centres may represent an economic opportunity for Tasmania, but their scale also creates risks that conventional planning and energy frameworks were not necessarily designed to manage.

My lack of confidence in the present process does not arise simply from opposition to AI technology. It arises from observing how quickly this industry is developing internationally and how regulatory systems can struggle to keep pace.

The United States provides examples of temporary or off-grid gas generation becoming integral to the rapid construction of AI infrastructure, accompanied in some cases by disputes about permitting, environmental oversight and public consultation. Tasmania has an opportunity to learn from those experiences rather than repeat them.

We should establish strong, transparent and enforceable safeguards before committing major quantities of Tasmania's electricity, water and infrastructure to

this industry.

I respectfully ask the Committee to use this Inquiry to ensure that development occurs only within a regulatory framework capable of protecting Tasmania's resources, environment and communities over the long term.

Yours sincerely,

Nicolas Knox

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Date: 21 September 2026