Minister for Energy and Renewables
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Tasmanian Government

27th November 2026

Hon Ruth Forrest MLC
Chair
Joint Select Committee on Energy Matters
energymatters@parliament.tas.gov.au

Dear Ms Forrest

I refer to your letter of 16 November 2026 to the Minister for Business Industry and Resources regarding questions on notice from the Committee hearing of 21 October 2026. As Questions 1-5 relate to my portfolio of energy and renewables, I am responding on the Government's behalf to those questions.

1. **Is it a policy of the Tasmanian Government that new renewable energy is generated on island for the new large loads required by AI infrastructure in Tasmania? If so, what instrument is the Government relying on to verify that new generation is matched to new load on island? (pages 6-7 of the transcript)**

The Government's *Expectations for Data Centre and AI Infrastructure Proponents: Tasmania*, released on 13 November 2026, states that proponents are to partner with new renewable energy generation projects in Tasmania to support their electricity demand.

As a Shareholding Minister for Tasmania's energy government businesses, I have written to the Chairs of Hydro Tasmania, TasNetworks and Aurora Energy to set a clear requirement that any contracts with data centre or AI infrastructure proponents are consistent with the Expectations. Accordingly, the Government expects proponents to demonstrate through their commercial and contractual arrangements how their electricity demand will be supported by new renewable energy generation projects in Tasmania. Mechanisms to demonstrate location and source of energy can include but are not limited to Large Scale Certificates (LGCs) and Renewable Energy Guarantee of Origin certificates (REGOs).

2. **Have you, as Minister for Business, Industry and Resources, has the Cabinet, or the Tasmanian Government sought modelling from the Department of Treasury and Finance about the impacts of new renewable energy generation required by AI infrastructure in Tasmania not being on island? (page 7 of the transcript)**

The Government's position is that new renewable energy generation projects supporting these developments must be located in Tasmania. The Government's *Expectations for Data Centre and AI Infrastructure Proponents: Tasmania* has been developed on that basis and does not contemplate renewable generation projects located outside Tasmania supporting these developments.

The Government is not aware of any prospective AI infrastructure or data centre proponents in Tasmania seeking to support their developments through new renewable energy generation projects located outside Tasmania. In the case of Firmus Technologies, the proponent has been clear that its Tasmanian projects will support the development of new renewable energy generation projects in Tasmania.

3. Currently, is there a law or regulation that ensures or mandates that AI data centres source their power from on-island renewable energy developments? (pages 14-15 of the transcript)

For a range of practical and commercial reasons, new renewable energy generation projects are likely to be located within the same jurisdiction as future load projects. The Government's *Expectations for Data Centre and AI Infrastructure Proponents: Tasmania* states that proponents are to partner with new renewable energy generation projects located in Tasmania to support their electricity demand. National data centre reforms are considering these issues, including the Australian Government's proposed National AI Standards and rule change requests lodged with the Australian Energy Market Commission.

4. How does the energy demand from the new large loads required by AI infrastructure in Tasmania impact on the modelling that's informed the Project Marinus Whole-of-State Business Case, particularly the impact on enabling a financial profitability that Hydro Tasmania's modelled based on it being available for sale? (page 17 of the transcript)

This matter was discussed during the Parliamentary Inquiry into AI Data Centres in Tasmania, including evidence provided by Hydro Tasmania on 20 November 2026. During that hearing, Hydro Tasmania advised that Marinus Link would continue to be utilised if large new loads such as Firmus proceed. Hydro Tasmania further advised that the benefits of Marinus Link arise from both export and import opportunities, both of which present commercial opportunities. The development of new large electricity loads in Tasmania and the ability to utilise Marinus to provide additional value to Tasmania's energy system are not mutually exclusive.

5. What modelling has been done about the impacts on the overall Tasmanian economy about the mismatching between new generation not being available before extra load goes into the electricity network? As these large loads enter the network, generation takes time to build and deliver. What modelling has been done on the implications of the load and generation not ramping up in a matched way? (pages 17-18 of the transcript)

The Government recognises that major new electricity loads and new renewable generation projects can have different development and construction timeframes. The Government's *Expectations for Data Centre and AI Infrastructure Proponents: Tasmania* addresses this directly and states that where new demand is introduced ahead of supporting additional generation, proponents are to demonstrate how this will be appropriately managed through commercial and operational arrangements.

I have been advised Hydro Tasmania has undertaken extensive modelling to inform its assessment of the opportunities and risks associated with the Firmus Technologies proposal. As Hydro Tasmania advised during their hearing Parliamentary Inquiry into AI Data Centres in Tasmania hearing on 20 November 2026, this includes focusing on generation projects like solar, which have a faster speed to market than wind, and working with Firmus Technologies on demand response mechanisms and load staging, to minimise the length of any transition period between new load and new generation coming online.

Over time, any transitional issues are expected to resolve as additional Tasmanian generation is brought online to support new Tasmanian load. New large electricity loads paying commercial electricity prices can also support investment in renewable generation projects that may not otherwise proceed, helping to support Tasmania's renewable energy and economic development objectives.

Yours sincerely



Hon Nick Duigan MLC
Minister for Energy and Renewables