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Submission on draft Terms of Reference for IPART's 2027 Review of water pricing framework for data centres

The Civil Contractors Federation NSW (CCF NSW) is the peak body for the civil construction and maintenance industry in NSW, representing approximately 400 employer members across the state. Our industry employs more than 35,000 workers in NSW and underpins the delivery of every major infrastructure program across the state.

Our members build and maintain the water infrastructure, roads, bridges, subdivisions, energy and other enabling infrastructure that support every community in NSW.

CCF NSW thanks IPART for the opportunity to provide a submission on the draft Terms of Reference (TOR) for its 2027 Review of water pricing framework for data centres.

CCF NSW Position

CCF NSW broadly support the Draft Terms of Reference which provide a comprehensive basis for considering the implications of data demand for NSW's water system.

In particular, the draft appropriately addresses capital and operating costs, cost allocation, network augmentation and connection, existing and future customers, demand and stranded-asset risk, water security and efficient water use.

CCF NSW supports a framework based on clear principles. New demand should meet the efficient costs it creates; existing and future customers should be protected from inappropriate cost transfers; and where infrastructure has shared or wider benefits, costs should be appropriately shared.

The framework should support stable, transparent and efficient infrastructure investment for the benefit of NSW, irrespective of who ultimately funds, builds, owns or operates that infrastructure.

Ensuring the regulatory framework can respond to new demand

CCF NSW considers there is one related issue that warrants explicit consideration in the TOR.

Data centres are an immediate example of the challenge that can arise when significant new infrastructure demand emerges at a scale, pace or locations not anticipated in existing utility investment plans or regulatory settings.

The Draft TOR comprehensively address the costs associated with this demand and how those costs should be allocated. **However, there is a separate, related question of whether the regulatory framework itself is sufficiently responsive to enable timely and efficient infrastructure investment when significant new demand emerges or circumstances change.**

This is not simply a question of who pays. Developer charges and other pricing mechanisms address important aspects of cost recovery and allocation. The regulatory framework must also be capable of allowing an efficient infrastructure response when investment is required.

CCF NSW therefore recommends consideration is given to adding the following to the TOR:

> ***Whether existing pricing and regulatory arrangements provide sufficient flexibility to enable timely and efficient infrastructure investment in response to significant new or changing demand from data centres, including where the scale, timing or nature of that demand was not anticipated in existing investment plans or regulatory settings.***

CCF NSW notes the NSW Government's Data Centre Guidelines and supports the principle that data centre development should not impose net costs on existing customers or communities. Any future pricing and regulatory framework should be consistent with this principle while continuing to support investment, economic growth and the timely delivery of enabling infrastructure.

This does not presume that existing arrangements are inadequate, or advocate a particular regulatory, funding or infrastructure delivery model. Rather, CCF NSW considers the scale and potential pace of data-centre investment make it appropriate to test whether existing arrangements are sufficiently flexible to respond to significant new demand while maintaining appropriate protections for existing and future customers.

CCF NSW also encourages IPART to consider the issue alongside its related work on developer charges, recycled water pricing and other matters, so the respective frameworks operate coherently.

From regulatory settings to infrastructure delivery

Pricing and regulatory settings ultimately translate into critical water infrastructure that must be efficiently planned, procured, constructed and maintained so that NSW can prosper.

CCF NSW members deliver water and enabling infrastructure across NSW. They bring practical experience in infrastructure deliverability, market capacity, efficient cost, procurement and risk.

CCF NSW looks forward to contributing this practical infrastructure-delivery perspective during IPART's substantive review.

For further information, please contact

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Yours sincerely

Chief Executive Officer