

Media Release

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IPART to review data centre water pricing

The State's independent pricing regulator has released draft terms of reference for feedback as it prepares to review the water pricing and regulatory framework for data centres in NSW.

Independent Pricing and Regulatory Tribunal (IPART) Chair Anthony Wing said the review would examine how water services to data centres should be priced and regulated to protect other water users while appropriately supporting investment that benefits NSW.

"Data centres are an important part of the digital economy in NSW and around the world," Mr Wing said.

"The equipment in data centres generates a lot of heat, and some cooling systems can use a lot of water.

"As demand for data storage and processing continues to grow, we need the right framework in place to ensure that any impacts on water infrastructure and our long-term water supply are properly managed."

Under the draft terms of reference, the review would consider how the costs of connecting data centres to water networks, including any required infrastructure upgrades and additional supply capacity (such as water recycling plants), should be funded.

"This would include how data centre operators should contribute to the costs they create, while ensuring existing customers are not required to subsidise them," Mr Wing said.

Key issues in the draft terms of reference include:

- the costs of supplying water services to data centres
- the impacts of large, high-intensity water users on existing water systems
- safeguarding long-term water security, including during drought conditions
- incentives for data-centres to optimise water use
- the broader economic benefits of data centres
- approaches adopted in other jurisdictions.

"Community input will be an important part of this review, and we are keen to hear a broad range of perspectives to help inform the terms of reference," Mr Wing said.

The draft terms of reference are available on the IPART website and input can be provided until Friday 2 October 2026.

For more information visit www.ipart.nsw.gov.au.

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