

On Tuesday 11 March, the Sydney office hosted its dynamic industry event 'Spotlight on Data Centres' as part of HSF's National Infrastructure Seminar Series.



The event featured a panel of speakers including:

- **Aaron White** (Partner, Head of TMT Asia, Herbert Smith Freehills);
- **Laura Caspari** (Chief Renewables Officer & Managing Director, Engie);
- **Michael Helmer** (Chief Risk Officer, Company Secretary and Group Executive for Legal, Governance & Sustainability, NEXTDC); and
- **Matthew Grimes** (Managing Director, Infrastructure, Brookfield Asset Management).

We thank them for their valuable insights into the data centre asset class and provide below a summary of key takeaways from the session.

Key takeaways

How do data centres fit into the energy transition?



Data centres are **processing powerhouses** that enable efficient energy use – this is central to transitioning into an energy efficient economy



BESS have multiple benefits, including reducing reliance on coal power, improving operational reliability and meeting renewables targets



Increasing efficiency of existing resources critical for Australia's power market, including minimising transmission loss, and improving data centre PUE



Data centres **facilitate a smarter use of energy** - they are saving 280,000 households' worth of power each year



Although speed of deployment and meeting capacity is top priority, **data centre operators remain committed to net zero**



Data centres benefit local communities due to upgrades to water facilities and pipelines

Challenges facing data centre delivery and operations



Rapid increase of demand on equipment for data centres (including transformers and leads) with limited availability of certain equipment in Australia



Disconnect between federal, state and local governments means an integrated and bipartisan approach is needed to understand the role data centres have in the broader economy



VPPAs have allowed data centres and their customers to secure renewable energy and achieve sustainability goals, however, anticipate renewable energy facilities being located physically near to or even on-site in the future



Investment uncertainty arises from the frequency of Australia's election cycles and no firm bipartisan commitment to support data centre deployment



Some key challenges include **capacity of the grid, planning obstacles and the social licence to operate**



Data centre locations depend on where power generation occurs and user location, as well as ease of maintenance and available grid capacity

Drivers and innovators of growth



Direct to chip liquid cooling may see data centres' physical footprint shrinking despite maintaining or increasing power consumption levels



There will always be demand for the efficiency of cloud computing power despite some AI technology moving to localised device processing



Geographic location and political stability position Australia well for data centre expansion and to harness opportunities in Southeast Asia



DeepSeek's model disrupted the AI market, and while the impact on capacity is yet to emerge – operator focus remains on securing long-term contracts with quality customers



AI training centres will likely be centralised and located in the US in the near term, and Australia needs to be prepared for this development



New mid-tier AI companies will likely emerge as disruptors to the existing technological giants