

BS3231 Data Centre Servicing - Policy and Guidance

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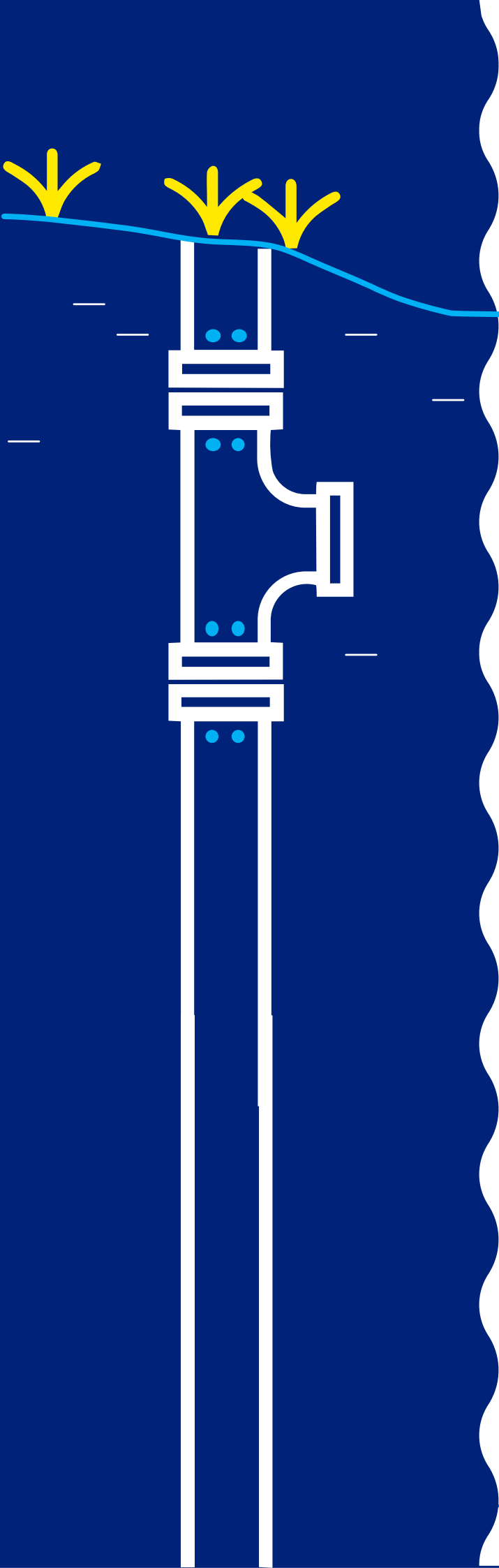


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1. Purpose

The purpose of this document is to explain South East Water's (SEW) policy and guidance for requests we receive for the connection of water (including recycled water) and/or sewer services for data centres to our network.

This policy and guidance should be read in conjunction with all other applicable SEW policies and procedures, including those related to land development at www.southeastwater.com.au/land-development-policies

2. Context

The Victorian Government Department of Jobs, Skills, Industry and Regions has identified data centres as important infrastructure for the state's future economy. Its "**Sustainable Data Centre Action Plan**" sets out a co-ordinated approach to planning, investment and sustainable growth.

This policy supports the Victorian Government's approach of responsible development, promoting efficient water use by data centres and helping protect long-term water security.

3. What role does South East Water have in servicing data centres?

As a water authority established under the *Water Act 1989* (Vic) (the **Act**), South East Water (SEW) is responsible for supplying water, including recycled water, and collecting and treating sewage across its designated service area.

SEW may support data centre servicing requirements through the provision of potable water, recycled water and wastewater services, subject to available infrastructure, regulatory requirements and service arrangements.

Importantly, SEW's role is not to automatically guarantee water supply to new developments. Rather, SEW exercises its statutory functions within a framework that balances customer needs, network capability, water security objectives and broader public interest considerations.

3.1 Can South East Water enter into water supply agreement with data centres?

Yes. Under its broad range of statutory functions, powers and duties, SEW may supply water from our works by agreement, including the supply of recycled water to commercial and industrial customers.

Where a supply arrangement is proposed, the terms and conditions of supply are determined through an agreement between the parties and operate within a regulatory framework overseen by the Essential Services Commission (ESC).

For data centres, this means that water servicing arrangements are generally assessed on their individual merits, having regard to the nature of the proposed demand, the availability of servicing infrastructure and any relevant regulatory or strategic considerations.

3.2 What factors may South East Water consider regarding supply agreements?

When considering whether SEW will enter a supply agreement, SEW may take into account a range of factors, including the existing and projected availability of water resources, environmental values, the impacts on existing users and waterways, government water policy objectives, the purpose for which the water will be used, and the needs of other potential applicants.

Depending on the scale and nature of the proposal, this may require engagement with third parties such as Melbourne Water, the Department of Energy, Environment and Climate Action (DEECA), and other relevant government agencies. SEW may also consider any applicable Victorian or Commonwealth Government guidance provided to water corporations.

In exercising these functions, SEW must also comply with its obligations under the Statement of Obligations (General) issued under the Water Industry Act 1994 (Vic).

4. What SEW may need to consider when a request for a connection is made

Where an application for a connection is made, SEW is required to:

- ensure that water resources are conserved and properly managed for sustainable use and for the benefit of present and future generations;
- encourage and facilitate community involvement in the making and implementation of arrangements relating to the use, conservation and management of water resources;
- the need to integrate both long term and short term economic, environmental and equitable considerations, Aboriginal cultural considerations and social and recreational considerations.

To that end, SEW may request data centre developers to provide information to allow connection request review. These may include:

- documentation to demonstrate best-practice water use efficient design;
- site water demand, cooling volumes, storage, wastewater flows and development timing.

4.1 How to request a connection from SEW

Visit South East Water's website at southeastwater.com.au/datacentreservicing and follow the steps to make a data centre servicing request.

4.2 What charges or fees may apply for a connection application?

In accordance with the Essential Services Commission (ESC) approved pricing principles, the applicant will be required to pay all reasonable costs incurred by SEW that include:

- reviewing, investigating, assessing and processing an application for connection;
- professional costs such as engineering, environmental, legal, planning, commercial and financial;
- site inspections, feasibility studies, functional designs, cost estimates and detailed design;
- other administrative activities and any other direct or indirect costs reasonably incurred in the application process.

4.3 What contribution is required for the cost of new assets or infrastructure?

Where a request is made to provide a connection to service a property, the owner of the property may be required to meet or contribute to the cost of any works that are used (directly or indirectly) for the provision of those services. The amount of that contribution required will be informed by:

- what is fair and reasonable, taking into account the benefit to that property relative to others;
- calculated in accordance with our regulatory framework that includes:

- the ESC approved pricing principles;
- the New Customer Contribution requirements specified in the ESC Price Determination for South East Water;
- any charges or fees incurred by SEW from third parties (such as Melbourne Water) related to the connection request.

SEW will work with the data centre developer to explain these requirements upon application.

4.4 Can my data centre development be serviced?

Due to the complexity involved with servicing data centres, a staged approach is likely to be required to determine if existing SEW infrastructure may be able to service the demand.

Where existing infrastructure cannot supply the data centre development, additional infrastructure funding and delivery may be needed.

To meet our statutory requirements above, serviceability will be determined on a case-by-case basis.

SEW will likely consider other assets and infrastructure needed to enable servicing of the data centre development such as; potable water, recycled water, sewerage and sewerage treatment.

4.5 Will I have to use recycled water?

Where recycled water is available, South East Water will require you to use recycled water for the purpose of water cooling.

Property owners, developers or data centre applicants are therefore encouraged to explore recycled water opportunities early in the planning process and incorporate them into project designs.

4.6 What happens if there is no recycled water in the area?

SEW has a growing network of recycled water assets and infrastructure. Targeted investment can enable additional capacity of recycled water to cater for the demand by data centres.

4.7 Can potable water be used where recycled water is not yet available?

SEW understands that due to the current availability of recycled water, data centres might require an initial supply of potable water as well as during any period(s) of supply constraints of recycled water.

In these scenarios, SEW may (in its absolute discretion) impose conditions of connection that may include making a connection available for potable water for a limited time only (e.g. until the necessary recycled water assets and infrastructure become available).

If you do not comply with a condition of connection your potable or recycled water supply may be disconnected.

Further, after connection to the potable supply, SEW may need to impose water restrictions or discontinue supply from time to time (e.g. during periods of drought) or where the customer misuses its water supply.

4.8 What are the steps to determine serviceability?

Visit South East Water's website to find out more and submit your application:

southeastwater.com.au/datacentreservicing.

After receiving your application, SEW will contact you to discuss next steps. This page also includes a typical data centre development process and an indicative network capacity plan.