

## **Environmental Defence Society comments on the Waikato Regional Council's draft position statement on the development of AI data centres in the Waikato region**

### **DETAILS**

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### **Introduction**

1. The Environmental Defence Society (EDS) welcomes the Waikato Regional Council's proactive development of a position statement on AI data centre development. Such development can have significant environmental, social, economic, infrastructural and security risks if not managed appropriately, as overseas experience has shown.
2. We generally support all 11 positions adopted in the statement. We suggest that some of them be strengthened, and that others be oriented more towards action by central government (which holds many of the levers to implement them).
3. We particularly agree that a strategic and spatial approach is needed to consider where data centres should go and what safeguards are needed for the whole sector, rather than just relying on existing piecemeal legal frameworks to address individual risks as proposals are made one by one. The current system is essentially a first in first served model, which will be inappropriate for data centres.
4. Aside from general advocacy to central government, there are two more formal points of potential influence that the Council could signal more strongly in its position statement:
  - a. Through the development of national direction under the Planning Act/Natural Environment Act, where the Council could advocate for common standards for AI data centres that reflect the concerns in its position statement (eg around freshwater use); and
  - b. Through the development of its regional spatial plan under the Planning Act. The Council has an advantage here, since it already has an energy strategy and many relevant

constraints on AI data centres (eg significant natural areas and outstanding natural landscapes) largely mapped. These should input into a spatial plan.

5. Combined, these avenues would provide a greater (even if not complete) ability for the Council to achieve the regional expectations outlined in its draft position statement.

#### **A regional strategy is good, but a national approach is needed**

6. A regional position statement is a valuable starting point. It should be made more explicit, however, that AI data centres are a national concern requiring a national response. There is currently no government strategy for determining how resource demand from data centres should be accommodated alongside other priorities for things like electricity use, emissions reductions, freshwater and other environmental values.
7. To be effective, many of the positions adopted for Waikato need to be aligned with those in other regions and central government agencies which operate in and beyond Waikato.
8. Part of the purpose of the position statement should be to spark a central government strategy as part of broader national strategies for energy, decarbonisation and spatial planning. Without a national strategy, there is a risk that investment happens on a first in first served basis, before the environmental and infrastructure consequences are properly understood.
9. Furthermore, many of the principles in the position statement do not have a clear pathway to implementation/actual decision-making at the regional level. Each data centre will have to be considered under relevant laws (eg the RMA, Fast-track Approvals Act, or the Planning/Natural Environment Acts). The principles could usefully be reframed as the Council's preferred expectations and matters that it will be looking at closely, rather than decision-making principles (which imply they could be used to refuse consent).

#### **Location is important**

10. Principle 2 is about ensuring data centres are located in the right place. We agree that public policy considerations should include natural hazards, climate risks, electricity infrastructure, telecommunications connectivity, water availability, transport access, landscape values, productive land, biodiversity, wetlands and future growth patterns, noise, visual effects, and traffic.
11. There is an opportunity to address many of these matters in spatial plans under the Planning Act, which should be signalled in the position statement. However, it is also necessary to take a national view of where data centres are located in light of their infrastructure requirements (especially electricity). This suggests the need for a national, integrated spatial plan (whether statutory or not).

## Electricity use

12. It is positive that the position statement focuses on electricity constraints and related issues of equity and social licence. Large AI data centres can require hundreds of megawatts of electricity, potentially creating substantial new demand that is difficult to reduce at short notice (or at all).
13. Part of addressing these matters is being able to plan for supporting infrastructure. If data centres become concentrated in particular locations, the resulting electricity infrastructure requirements may be large and difficult to anticipate through individual consenting decisions. A strategy therefore needs to consider what is an acceptable spatial distribution of data centres, taking into account available electricity generation and network capacity. Locating data centres closer to suitable generation sources may reduce the need for some network investment.
14. However, there is a more fundamental question about how scarce electricity (both generation and transmission capacity) is allocated between different uses over time. In particular, it is questionable whether new renewable generation – much of which is being constructed or coming online in the near future – should be prioritised to support international digital services like data centres, especially if the domestic benefits are modest or unclear. The country has many other, arguably more important, short-term demands for new electricity generation because of the environmental and social imperative to decarbonise our economy (notably through the electrification of transport and process heat, and a move away from a diminishing gas supply). Keeping New Zealanders' lights on and small businesses and essential services running is more strategically and morally important than maintaining electricity supply for international AI data centres with more modest economic contributions.
15. We therefore agree with principle 4 about additionality: that operators should provide sufficient new generation (and transmission, if required) to, at minimum, meet their own electricity demand. This needs to be in step/in advance of actual demand, not just a promise to build new generation in the future. And it needs to reflect actual increases in generation capacity rather than just putting in place contracts to purchase electricity. There should, for example, be a requirement for rooftop solar on data centre facilities.
16. As the position statement says, it is not enough for data centres to not displace existing electricity users. They should also not be allowed to undermine efforts towards *planned* electrification. We cannot pause or slow down our domestic efforts at decarbonisation/electrification to accommodate AI data centres. If they would have this effect, data centres should be tightly constrained during a transition.
17. For example, in 2019 Singapore introduced a temporary pause on new data centres while it considered the sector's resource footprint. In 2022, it began allowing new capacity, but via a controlled application process designed to support not just the environment but also the country's wider economic objectives. It has since created a 2024 Green Data Centre

Roadmap<sup>1</sup> to enable 300 MW of additional capacity in the near term while promoting better energy efficiency and greater use of green energy.

18. Ireland's experience is also illuminating. It was an early hotspot for AI data centre development and suffered from its risks. According to the country's Central Statistics Office, data centres accounted for 22 percent of metered electricity consumption in 2024 (up from 5 percent in 2015). In December 2025, Ireland's energy regulator announced a new connection policy for data centres that specifically takes account of grid constraints, security of supply and renewable-energy targets. It has requirements for new data centres to provide generation and/or storage capacity on-site or nearby, matched to their expected demand.
19. Waikato's position statement should also place a stronger emphasis on the firming issue. Not only should data centre proponents be expected to provide additional renewable generation capacity generally; they should also have to supply adequate firming and peaking capacity (including battery storage) to ensure they do not draw down or outbid other users' electricity supply in periods of high demand or dry periods (when hydro lakes are low). AI data centres, which require continuous supply of electricity, should not be prioritised in the event of a grid or other network constraint or failure. Close and transparent assessments of power purchase agreements will be needed to ensure social license.
20. Emissions are relevant as well. The energy needs of data centres should not have the effect of exacerbating short-term reliance on fossil fuel firming (by increasing the use of LNG, coal or diesel for firming/peaking). Instead, they should be treated as an opportunity to progress the development of better renewables firming across the electricity system.
21. More generally, Waikato (and others) should be specifically calling for a national energy strategy. Alongside this should sit an implementation plan that coordinates data centre development with new generation, electricity storage, network investment and other measures needed to transition to a resilient, low-emissions energy system.

## **Freshwater**

22. EDS supports principle 5 concerning responsible water stewardship (and, related, principle 2 on appropriate site selection). Water demand for cooling AI data centres can be substantial, and its appropriateness depends on the source, location, timing and cumulative scale of abstraction.
23. Water availability varies significantly not just between regions, but also between catchments and aquifers. Climate change, drought, existing allocations, future allocations (including with respect to iwi rights and interests) and ecological requirements should all be taken into account when asking strategic questions about whether, and to what extent, an

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<sup>1</sup> [Charting green growth for data centres in SG | IMDA](#)

area is appropriate for AI data centre development. Once centres (and water takes) are consented, rights will be very hard to remove or scale back.

24. Possible precedent effects should be emphasised as well. Granting a permit for a substantial groundwater take for one data centre may well be considered acceptable, but if that creates a gold rush or expectation for more such centres then there should be a clear line in the sand as to how much should be allocated to this use.
25. For example, in Sydney, it has been observed that proposed AI facilities could consume 40 million litres of water every day (roughly the same as a large city). Closer to home, the recently consented Southland AI data centre is authorised to draw over 600,000 litres per day, resulting in over one metre of water table drawdown over 20 years. This, combined with other allocated takes, represents under 9 percent of the allocation limit in the relevant groundwater zone. But the consenting decision did not, and could not, deal with the question of whether additional data centres should be able to receive water rights and use a much larger total portion of that water. The cumulative risk, and concerns around the equity of water allocation (including for tangata whenua), is significant and will become more relevant as the industry expands.
26. We therefore agree that developers should be expected to use low-water and closed-loop cooling technologies, water recycling and appropriate non-potable sources. If current and possible future water scarcity or potential effects on groundwater, rivers, wetlands or aquatic ecosystems cannot be satisfactorily addressed, an alternative site should be preferred. This should be made clear in advance through spatial planning rather than being fought through individual consenting processes.
27. Opportunity cost is also an important consideration for water use and should be emphasised more. In the absence of a principled-based approach to water allocation in the new planning system (which will continue to rely on a first in first served approach, as well as 35-year consent periods), there needs to be a strategic conversation among communities about what a limited water resource *should* be used for. In Waikato, that includes consideration of Te Ture Whaimana. Where there is environmental headroom for freshwater allocation, it is by no means settled that water should be used for AI data centres.

### **Other environmental concerns**

28. The position statement (principle 2) should recognise more explicitly that the environmental effects of the energy infrastructure needed to serve data centres, like new electricity generation projects, transmission corridors and substations, can affect landscapes, indigenous biodiversity, wetlands and other sensitive environments. These ancillary projects may even impact the environment more than the data centres themselves and should be proactively considered at the strategic planning stage (including through spatial plans under the Planning Act), not merely in an ad hoc and unpredictable way after a preferred development location has been established. Otherwise, there is a high risk that

data centres are established and large-scale infrastructure is treated as a fait accompli on the grounds there is a ‘functional or operational need’ to locate in sensitive environments.

29. Principle 2 should also be more emphatic that data centres (and associated infrastructure projects) should *avoid* significant effects on indigenous biodiversity and productive land, not just that conflict be avoided where practicable. For example, they should not be allowed to operate in significant natural areas. Clearly defined constraints should be mapped through spatial plans and inform site selection before a region is declared ‘open for business’ to AI data centres.
30. More specifically, it should be made clear that AI data centres should not be allowed to breach environmental limits set under the Natural Environment Act (including for freshwater and biodiversity), which is currently open to any activity the Minister considers will have a net public benefit. They should be specifically ineligible for exemptions. The Council should make this expectation clear to Ministers so the law can be amended.
31. AI data centres should also be explicitly ineligible for consideration under the Fast-track Approvals Act, since this operates largely independently of, and can effectively override, the broader regional planning framework that is necessary for a strategic approach to development. The council should advocate for this to central government.
32. Data centres can have significant impacts on people’s wellbeing. In other jurisdictions (like Virginia in the United States), there have been significant issues with data centres being constructed near where people live. A recent report from the State’s Joint Legislative Audit and Review Commission noted that a lack of strategy had resulted in about one-third of data centres being located near residential areas, and that some had been approved in places where zoning had not appreciated their industrial scale.<sup>2</sup>
33. The position statement should go further and make clear that large AI data centres will be regarded as inappropriate in current or future residential areas, rather than just seeking to ‘manage’ reverse sensitivity or to ‘consider’ impacts like noise. Visual impacts will need to be managed too, which may require the council to advocate for law changes to the Planning Act (which is very constrained in how it can manage amenity issues).

## **Net benefit**

34. We agree there should be demonstrable net regional (and national) benefits if AI data centre development is allowed to expand at scale. That is particularly important because ongoing employment benefits can be modest, and if most profits are sent to offshore owners. Such an assessment should consider the entire life of the development, not just short-term economic benefits from construction. This will require mechanisms other than the reactive planning system focused on managing adverse environmental effects.

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<sup>2</sup> [JLARC | Data Centers in Virginia](#)

35. We also support the expectation, in principle 9, that data centre proponents internalise the full costs (including cumulative costs) attributable to a project.

## **Transparency**

36. We support principles 7, 8 and 11 with respect to tangata whenua involvement, community trust and transparent performance reporting.
37. Given their implications for public investment and common pool resources, strategic decisions about whether, where and at what scale AI data centres should be developed must be informed by public discussion.
38. This is partly about consenting. For example, the recent consent granted in Southland was processed on a non-notified basis (effects were considered to be no more than minor) despite being for a discretionary activity (affected party approval was obtained by neighbours) and despite environmental impacts of public concern such as the removal of a natural wetland, electricity demand, and drawdown of the water table. We think that the possible cumulative impacts of multiple data centres warrants greater public transparency and involvement.
39. This conversation must go further than consultation on individual resource consent applications. Communities should have an opportunity to consider the broader choices about electricity use, water allocation, land use and the distribution of economic benefits before major investment decisions are made. There should be a legal mechanism by which this community sentiment can translate into an enforceable decision. This would provide certainty, and social license, to data centre operators and investors.

## **Concluding comments**

40. AI data centres may contribute to New Zealand's digital infrastructure and economic development, but their expansion should not be treated as a public good in the same way as housing, renewable electricity or transport infrastructure. An open call for investment is premature before safeguards are put in place. The expansion of the industry needs to be treated with caution and careful strategic thought. Substantial demands for electricity, water and land, and the wider infrastructure required to support them, create risks that cannot be properly managed through individual consenting decisions.
41. Proactive spatial planning is a big part of addressing those issues. In 2022, for example, the Netherlands moved to restrict where new hyperscale data centres could be established.<sup>3</sup> Its approach identified limited areas where such facilities could be permitted, rather than leaving their location entirely to the market. This was because of potential pressure on scarce land, energy and national infrastructure, as well as a concern that large data centres

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<sup>3</sup> [Kabinet beperkt mogelijkheid tot vestiging hyperscale datacentra | Rijksoverheid.nl](https://www.rijksoverheid.nl/onderwerpen/hyperscale-datacentra) (translated to English)

could consume a disproportionate share of energy relative to other socially and economically important uses. The government considered broad public policy imperatives like energy efficiency, on-site solar generation, intelligent cooling and waste-heat reuse.

42. The council's draft position statement is a useful starting point. We encourage the council to use it not only to guide its own engagement with developers, but also to advocate for a coherent national framework that aligns investment with environmental limits, energy system resilience and the long-term interests of communities. The objective should be to secure genuine public benefits while avoiding environmental degradation, inefficient infrastructure investment and the transfer of private costs to the wider public.