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Update on network capacity for new large-scale loads in Western Sydney

Dear applicant,

In light of the rapid growth in proposed data centre electricity demand, particularly in Western Sydney's 330kV transmission network, I am writing to clarify transmission network planning requirements with all data centre proponents who have contacted the Transgrid Group.

Connection enquiries and applications have increased substantially

Over the past two years, Transgrid has experienced an unprecedented increase in enquiries from proponents seeking to connect large-scale electricity loads to the transmission network in Western Sydney. This represents a significant departure from historical demand patterns, which were predictable and incremental. Data centre demand is now at significant scale and pace, with enquiries concentrated towards Western Sydney.

Transgrid is currently managing a very large and rapidly expanding pipeline of data centre enquiries, connection applications, and connection agreement negotiations. More than 8 GW of prospective data centre load is currently in advanced discussions with Transgrid regarding potential connection to the transmission network. To put that into perspective, the average daily demand for electricity in New South Wales typically ranges between 7.5 GW and 10 GW.

The scale of current proposals, ranging from several hundred megawatts to more than one gigawatt of demand, means that even a small number of developments can materially influence network planning outcomes and the availability of future transmission capacity for all electricity users.

Transmission capacity assessed as largely exhausted beyond 2033

Under the National Electricity Rules, all connection applications are entitled to access available network capacity, provided system security and reliability standards are maintained.

Transgrid has undertaken detailed analysis of transmission network capacity across the Sydney basin, with a particular focus on Western Sydney, to understand the implications of this emerging demand on all network users, including households and small businesses, through to the 2030s.

Transgrid has recently signed connection agreements with data centre proponents representing approximately 1.5GW of demand in Western Sydney. Based on current assessments, this load can be accommodated within existing network capacity in the near term. However, Transgrid's analysis of the impact of these new connections, alongside the most recent demand forecasts from distribution networks submitted as part of Transgrid's annual planning cycle, reveals that the transmission network in Western Sydney is becoming increasingly constrained, with capacity largely exhausted beyond 2033.

Data centre proponents will be required to fund additional infrastructure that would provide capacity to connect to the transmission network

There is limited scope to accommodate additional large load connections beyond those reflected in current forecasts in Western Sydney until there is greater certainty regarding the timing and delivery of major new transmission projects. Transgrid analysis indicates incremental load growth may be possible before the realisation of these major projects by augmenting Western Sydney's 330 kV transmission network. Transmission network augmentations need to be funded upfront by prospective data centre proponents that either trigger the need or are expected to benefit from the additional capacity, regardless of whether they are seeking to connect to Transgrid's network or a distribution network. We note that application of this principle to proponents connecting at the distribution level is subject to anticipated regulatory change.

Accurate information is critical to ensuring efficient planning and fair allocation of network capacity

In the interest of transparency, Transgrid is working with government, energy regulators and market bodies on frameworks to support the timely connection of new large loads while protecting consumers and preserving network reliability.

Transgrid is also undertaking additional due diligence across all available demand forecasts, including those prepared by distribution network service providers, to improve the accuracy and transparency of large-load demand forecasts across the distribution and transmission networks.

We will continue to support data centre development by processing the enquiries and applications received to date and will work with proponents to identify augmentations that data centres could fund to unlock additional capacity in the transmission network in Western Sydney. Transgrid's dedicated customer connections team can assist you to explore all available connection options, including advice on locations on the network that are able to support future growth. These locations include areas in regional New South Wales where major transmission lines are being built or upgraded, such as the Hunter and the Riverina regions.

Transgrid remains committed to working constructively with proponents to support data centre investment in New South Wales. Should you have any questions or wish to discuss this matter further, please contact your Transgrid customer representative.

Yours sincerely,



Jason Krstanoski
Executive General Manager, Network