

Data centre connection

**CP BUS 5.01 - Data centre connection - Jan2020 -
Confidential**

Regulatory proposal 2021–2026

Contents

1	OVERVIEW.....	3
2	BACKGROUND.....	4
3	IDENTIFIED NEED.....	6
4	OPTIONS ANALYSIS.....	7
5	RECOMMENDATION.....	9
A	MEDIA RELEASE.....	10
		11

1 Overview

This business case details NextDC's requirements for electrical supply to a new data centre, M3. The business case includes the scope of work, timing and associated costs.

The required investment over the 2021–2026 regulatory period will be customer funded and is outlined in the table below.

	2021	2022	2023	2024	2025	2026	Total
Investment	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m	£60.0m
Operating Costs	£0.0m						
Revenue	£0.0m						
Net Investment	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m	£10.0m	£60.0m

2 Background

Established in 2010, NextDC is a data centre technology company with a nationwide network of data centres in Australia. NextDC has already developed six data centres in Australia, with another two under development.¹

In 2012, NextDC built its first Melbourne based data centre, M1, with a capacity of 15MVA.² M1 was the largest independent data centre in Victoria at the time. Due to strong demand for cloud and digital services in Victoria, NextDC built a second Melbourne based data centre in 2017. The data centre was known as M2, with an ultimate capacity of 40MVA.³ This data centre is shown in the figure below.

Figure 1: M2 Melbourne Data Centre (Est. 2017)



Source: NextDC

In April 2018, NextDC announced to the Australian Stock Exchange its intention to develop a third Melbourne data centre, M3 (further information is provided at appendix A.⁴ In so doing, it cited advanced negotiations with several large customers, which improves its confidence in the size and nature of the long-term demand for its data centre services.⁵

¹ NextDC <<https://www.nextdc.com/>>

² NextDC <<https://www.nextdc.com/data-centres/m1-melbourne-data-centre>>

³ NextDC <<https://www.nextdc.com/data-centres/m2-melbourne-data-centre>>

⁴ CP ATT221: ASX, 17 April 2018 <<https://www.asx.com.au/asxpdf/20180417/pdf/43t86xf0kzl9mm.pdf>>

⁵ CP ATT221: ASX, 17 April 2018 <<https://www.asx.com.au/asxpdf/20180417/pdf/43t86xf0kzl9mm.pdf>>

[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3 Identified need

Clause 6 of our Electricity Distribution Licence requires connection services and the supply of energy to be provided to a customer when requested.⁶ Clause 11 further provides the conditions under which we are compelled to make an offer to customers for supply.

The connection offer must be made in accordance with Chapter 5A of the National Electricity Rules.⁷

⁶ CP ATT026: CitiPower, Electricity Distribution Licence, clause 6, 17 August 2016

⁷ National Electricity Rules, Chapter 5A.

[Redacted]

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

[Redacted]

The scope of works has been completed in accordance with our connection policy of providing the least cost technically acceptable solution to the customer for its supply.

5 Recommendation

We recommend option two of establishing electrical supply to the customer's facility. This is the most appropriate option because it meets NextDC's requirements for M3. The table below outlines the investment required over the 2021–2026 regulatory period, which will be customer funded.

	2021	2022	2023	2024	2025	2026	Total
Option 1	0	0	0	0	0	0	0
Option 2	0	0	0	0	0	0	0

A Media Release



17 April 2018

Three new data centres to meet Australia's exploding demand

Our data centre family is getting a whole lot bigger with three new commercial sites planned across Australia. These sites will go toward developing our next generation of data centres in Sydney (S3) and Melbourne (M3), as well as the development for our second-generation Perth (P2) facility.

With several large customer opportunities on the horizon these upcoming projects will help meet the long-term demand of our premium services and mitigate the risk of reaching capacity, allowing us to respond quickly to the growing need for data centres in the enterprise world.

Ready for the future

Continuing our commitment to maximising uptime while minimising energy consumption, the data centres will all feature Tier IV design and will target a level of energy efficiency that has never been achieved in Australia before. They'll also connect seamlessly to the existing NEXTDC data centres in each city, ensuring our existing clients can reap the benefits.

The S3 and M3 facilities, expected to be located 5km outside the CBD and in Port Melbourne respectively, will both offer 80MW of total IT capacity. While P2 in East Perth will offer 20MW of total planned IT capacity. It's expected that in phase 1 of practical completion, which is scheduled for the first half of 2020, it will have over 1MW of capacity.

*"We are incredibly excited by the breadth and depth of these new investments that will further support the exponential growth of the digital economy in Australia. Over time these new infrastructure developments are expected to be the largest of their kind in Australia. These important strategic investments will extend our world class operation of Tier IV data centres across the Australian landscape."*Craig Scroggie, Chief Executive Officer for NEXTDC.

Raising the capital

Funding for these projects will come from a fully underwritten \$281 million institutional placement and a non-underwritten Share Purchase Plan (SPP). NEXTDC Directors have committed to taking up their full entitlement under the new SPP.

This venture not only gives us the opportunity to create new facilities, it gives NEXTDC the tools to act accordingly and with precision over the longer term. With the business climate rapidly changing, the need for enterprise to store and curate its data is greater than ever, so we need to be ready.

This opens a new chapter for NEXTDC and allows us to further develop facilities that push the boundaries of what is possible for our data centres. The purchase of these sites is only the beginning.

