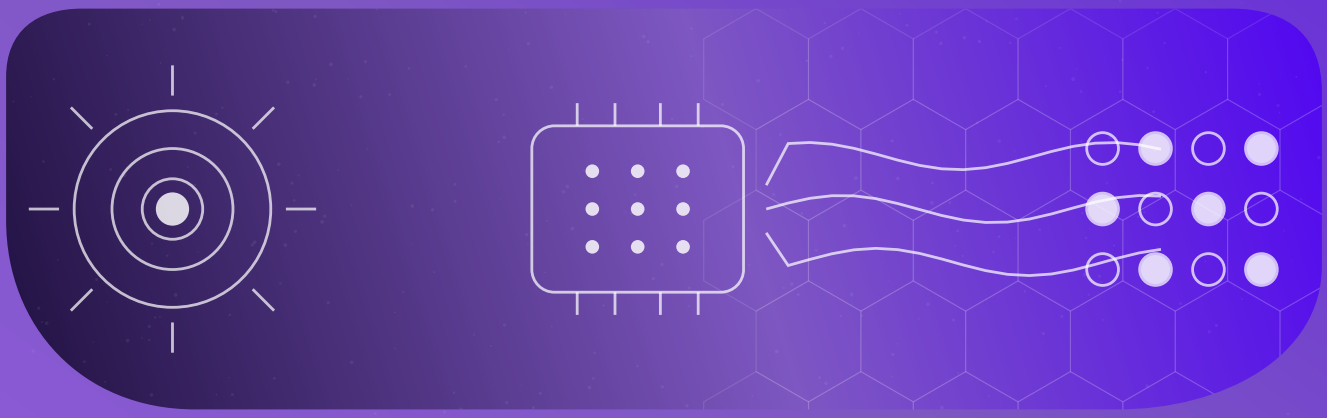
MEDIA RELEASE | POLICY ANALYSIS | 15 JULY 2026

The Australian Standards for AI: Australia should export intelligence, not ~~just energy~~

Australia can turn abundant renewable energy into governed intelligence and export eligible AI services over fibre. The proposed standards should reward whole-system value, not a blunt one-for-one grid test.



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Knox Hart, Founder of Tailor

By Knox Hart
Founder of Tailor

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EXECUTIVE POSITION

Australia should export intelligence, not just energy

BRISBANE, AUSTRALIA – 15 July 2026 – The Prime Minister announced Australian Standards for AI: a national framework covering large data centres and AI training, to be considered by National Cabinet in August, with legislation intended early next year.

Before Australia turns that proposal into law, one question matters: will we regulate data centres only as a new source of demand, or design for their potential as flexible, renewable-powered export infrastructure? This analysis separates what is in force from what is proposed, then sets out Knox Hart's view.

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What was announced - and its status

Status is stated as at 15 July 2026. Proposed measures are not presented as enacted obligations.

STATUS	WHAT THE ANNOUNCEMENT SAYS	PRIMARY SOURCE
Proposed	Australian Standards for AI – a national framework to be considered by National Cabinet in August, with legislation intended early next year.	PM media release, 15 Jul 2026
In force	Office of AI established within the Department of the Prime Minister and Cabinet, effective 15 July 2026 – the only announced measure stated to take effect that day.	PM media release, 15 Jul 2026
Proposed	The next generation of large-scale data centres would be required to underwrite new power supply, pay their full share of grid connection, put at least as much energy into the grid as they take out, and build renewable generation and firming.	PM speech, 15 Jul 2026
Pre-existing	The framework builds on the Data Centre Expectations published in March 2026 – five expectations applied through regulatory prioritisation that did not create standalone legal obligations as at 15 July 2026.	DISR, Data Centre Expectations (Mar 2026)
Proposed	The framework would cover large data centres and AI training, and the Government describes it as the first of its kind to be legislated worldwide – a prospective characterisation contingent on passage.	PM media release, 15 Jul 2026
Announced	On creators and copyright, the Government stated that no company should use Australian creative works to train AI without the artist's control – a position, with no mechanism, bill or decision body named.	PM media release, 15 Jul 2026
Pre-existing	The AI Safety Institute referenced in the announcement was established in November 2025 with $29.9m initial funding and became operational in early 2026.	Minister Ayres media release, 25 Nov 2025
Proposed	The standards are promised to speed up approvals and streamline verification of compliance with energy, water and safety requirements – a property of the future framework.	PM media release, 15 Jul 2026

Reading the announcement

Of the measures announced on 15 July, only the Office of AI was stated to take effect that day. The Government said it would seek National Cabinet agreement on the standards in August and aim to bring legislation to Parliament early next year. The standards themselves, the data-centre obligations and streamlined compliance verification therefore remain proposed.

The energy detail matters. In the accompanying speech, the Prime Minister proposed that the next generation of large data centres put at least as much energy into the grid as they take out and become "net-generators, not net-users". That one-for-one principle is announced, not enacted. The accounting boundary, time interval and treatment of co-located generation, storage and flexible load will determine whether it strengthens the shared system or simply changes where new infrastructure is built.

Sources: PM media release | PM speech, University of Sydney | Data Centre Expectations (Mar 2026)

Knox Hart's view

What follows is Knox Hart's perspective, not reportage. We tried to export renewable energy as molecules. The energy thesis was right; the export medium was early. Compute gives Australia another path. Consume energy close to where it is generated, turn it into useful intelligence and export eligible AI services over fibre.

PSA: hyperscalers are not committing billions to Australian AI infrastructure so we can write faster LinkedIn posts. The scale of that investment signals a competition for energy-backed compute. Australia's land, renewable potential and international cable links give us a credible position in that market.

Sources: National AI Plan – capture the opportunities | Austrade – AI and data centres

Compete on LCOT

We call the economic test LCOT – the levelised cost of tokens: the all-in cost of turning energy, firming, silicon, cooling, network capacity and accelerator utilisation into useful model output. Sunshine is not enough on its own. Idle silicon can destroy the economics. If renewable-powered Australian compute wins on LCOT, adoption will be pulled by economics rather than pushed by mandate.

Our bet is that demand from markets such as the United States and United Kingdom could position Australia as a net exporter of intelligence. Eligibility is the constraint: data classification, jurisdiction, latency and security will determine which workloads can run here. For eligible, latency-tolerant work, geography can become an advantage. UK batch workloads could run during Australian daylight and return outputs for the UK working day. The value moves; the grid electricity does not.

Sources: UK Compute Roadmap | US Department of Energy – data-centre demand

Regulate net system impact, not gross meter flows

The announced one-for-one grid test is not yet law – and its design matters. Requiring additional supply, firming, full connection costs and demand flexibility is a sensible starting point. But unless the final standard credits co-located generation, storage and controllable load, a simple grid-in, grid-out test risks pushing compute behind the meter rather than making it a participant in the shared system.

Australia is already committing $2 billion to help aluminium smelters transition to renewable power. A poorly designed AI standard could leave public support flowing to legacy grid-connected loads while flexible compute develops behind the meter. That is a policy risk, not an argument against standards.

The final framework should test the whole-system outcome: additional generation and firming, location, demand flexibility, connection costs, water, emissions and auditable consumption. The newly established Office of AI should make that principle central to its coordination work. Reward data centres that locate near generation, absorb power when it is abundant and reduce load when the grid needs it.

Sources: PM speech – proposed data-centre obligations | AEMO – flexible demand as a system asset | Green Aluminium Production Credit

Cheap tokens are not the outcome

Low-cost compute matters, but it is not the product. Government and regulated organisations need AI to perform consequential work without surrendering control, data or accountability.

Tailor's thesis is that the customer must own the application layer – its workflow, organisational context, permissions, approvals and audit trail – while models and compute remain replaceable suppliers. That is how cheap intelligence becomes accountable decisions and completed work.

Australia does not need grid electricity to cross national borders to export its value. Use the energy here. Send the work there.

About Tailor

Tailor's customer-proven platform turns documents, records, APIs and system events into accountable decisions and completed work for government and regulated organisations. Fabric interprets the evidence; a named person approves; the system creates or submits the work; and PACT records authority and provenance throughout. Customers can choose their deployment environment and model without surrendering their workflow, organisational context or audit trail.

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Read online: https://tailor.au/media/australian-standards-for-ai-response

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PRIMARY SOURCES

References

These primary sources support the factual statements in this release. Market positioning, LCOT and the export-intelligence thesis are clearly identified as Knox Hart's analysis.

1. Prime Minister of Australia – Australian Standards for AI media release (15 July 2026)
Open primary source

2. Prime Minister of Australia – AI in Australia's Interests speech (15 July 2026)
Open primary source

3. Department of Industry, Science and Resources – Expectations of data centres and AI infrastructure developers
Open primary source

4. Minister for Industry and Innovation – Establishment of the Australian AI Safety Institute
Open primary source

5. Department of Industry, Science and Resources – National AI Plan: Capture the opportunities
Open primary source

6. Austrade – AI and data centres
Open primary source

7. UK Government – UK Compute Roadmap
Open primary source

8. US Department of Energy – Evaluating increased electricity demand from data centres
Open primary source

9. Australian Energy Market Operator – Flexible demand as a system asset
Open primary source

10. Department of Industry, Science and Resources – Green Aluminium Production Credit
Open primary source

Live article: https://tailor.au/media/australian-standards-for-ai-response