Sovereign AI Compute — Australia

Company one-pager · June 2026 · for prospective cofounder & early investors

CONFIDENTIAL DRAFT

Sovereign AI requires firmed, in-region power and heat rejection.

Not silicon — silicon is buyable. We're standing up an Australian-owned sovereign compute company that owns **both sides**: the **supply** — **Swanbank** (1.2 GW grid, on-site firming, a non-potable cooling lake, 336 ha brownfield) — and the **demand** — a single sovereign gateway that aggregates every tenant's AI traffic into wholesale buying power over the frontier labs.

1.2 GW	336 ha	385 MW	0 L
grid connection on site	brownfield, zoned	firm gas + 500 MWh battery	potable water per token

THE PROBLEM

- **Sovereign AI can't burst offshore.** AU-only data residency means you size for peak *and* for node-failure **in-region** — no overseas relief valve.
- The real bottleneck isn't GPUs (buyable) — it's **firmed power + grid headroom + land + a heat sink, under one cooperative owner.**
- Those four rarely co-exist in Australia. Where they don't, sovereign compute is slow, expensive, or impossible.

THE INSIGHT — THE LAW HAS ONE ANSWER

- Retired coal-power sites already satisfy both halves of the law: **firmed power** (gigawatt grid + on-site generation) *and* **heat rejection** (a purpose-built cooling water body).
- **Swanbank** (Ipswich, QLD) is the strongest near-term candidate — 11 km from Brisbane's demand centre, landlord courting tenants now.
- The power station's waste-heat cooling lake becomes our **closed-loop thermal reservoir** — low-water, no creek discharge, non-potable since 2007.

WHAT WE BUILD

- **Behind-the-meter GPU pool** on firmed precinct power — not the open grid.
- **Two serving tiers:** low-latency (chat, <800 ms voice/vision) + batched throughput (embeddings, batch, consensus).
- **Closed-loop liquid cooling** to the dam — direct-to-chip, recirculated, near-zero water draw.
- **AU-residency by construction** — every watt and byte stays in Queensland.

WHY WE WIN (MOAT)

- **Demand aggregation** — every tenant's AI traffic funnels through *one* sovereign gateway. Aggregated volume = buying power we turn on the frontier labs. Compounds: more tenants → more leverage → better rates → more tenants.
- **Site control** — the scarce asset. Firmed power + heat sink + land + landlord, co-located.
- **Software already exists** — an OpenAI-compatible sovereign gateway with capability routing, vendor failover, AU-residency guard & the `SovereignBackstop` seam the substrate plugs into.
- **Sovereignty story that sells** — AU-owned power + land + compute + data, end-to-end. Built for defence, government, critical-minerals.

THE SCALE RUNWAY — START SMALL, GROW 50×

Stage	IT power	Indicative GPUs	Heat to reject	% of grid envelope
Pilot hall	~2 MW	~2,000	~2 MW	<1%
Phase 1	~20 MW	~20,000	~20 MW	~2%
Build-out	~100 MW	~100,000	~100 MW	~8%
Full envelope	up to 1.2 GW	—	—	100%

- **The site isn't the limit — capital and silicon are.** A 100 MW build-out (a top-tier AI campus globally) uses under 10% of the connection. Same site scales two orders of magnitude.

COMMERCIAL TERMS BY COMPONENT

Component	Structure	Indicative cost	Notes
Land	99 ha land lease	$__ /ha/yr · __ yr term	Leased parcel within the 336 ha precinct
Grid connection	Powerlink Connection & Access Agreement	**~$2.5m / yr**	Connection & access only (TUOS-style); **N-1** firm. Energy commodity is separate (below).
Energy	Firmed supply (behind-the-meter: Swanbank E gas + 500 MWh battery)	**~$65 / MWh**[†]	QLD wholesale avg, AEMO Q1 2026 (−27% YoY). Behind-the-meter PPA targets *below* grid (no network/retail margin); commodity is on top of the connection charge.
Electrical reticulation	275 kV incomer → 33 kV site HV → 240 V LV + rectifiers	capex TBC	275 kV = QLD network incomer substation; rectifiers feed DC GPU halls
Cooling	Closed-loop liquid cooling to the Cooling Water Dam	capex TBC	Non-potable recirculating loop; access terms + PFAS containment with CleanCo

[†]Energy benchmark = QLD wholesale volume-weighted average $65/MWh (AEMO Quarterly Energy Dynamics, Q1 2026). Used as a public reference price; the actual behind-the-meter firmed PPA with CleanCo is negotiated and targets below grid. Recurring committed (land lease + ~$2.5m/yr Powerlink C&A) are the contracted floor; reticulation & cooling capex resolve through the CleanCo / Powerlink term sheets. Figures indicative, pre-final-terms.

UNIT ECONOMICS — WHY THE SPREAD IS THE BUSINESS

Per GPU (H100-class)	Figure	Basis
Power draw	~0.7 kW	**700 W/GPU at the chip**
Energy cost / GPU-hr	~$0.05–0.07	**at ~$65/MWh (≈1.4× for cooling/PUE overhead)**
Rental revenue / GPU-hr	~$2.00–3.30	**1-yr contract ~$2.35; on-demand avg ~$3.31 (2026 market)**
Gross spread / GPU-hr	~$2.00–3.20	**energy is <3% of the rental price — the moat is firmed cheap power + uptime**

- **Energy is a rounding error against revenue.** A GPU that rents for ~$2.35/hr costs ~$0.05/hr to power. The constraint was never the electricity bill — it's *securing firmed capacity at all, in-region*. Swanbank gives us that.
- **GPUs are sold out.** 1-yr H100 rental contracts rose ~40% (Oct 2025 → Mar 2026) on sold-out capacity — a structural demand tailwind for new firmed supply.

THE GATEWAY FLYWHEEL — OWN THE DEMAND, NOT JUST THE SUPPLY

- **One gateway, all the demand.** Every tenant's AI traffic routes through a single OpenAI-compatible sovereign gateway (`api.tailor.au/v1`). That concentrates fragmented per-tenant spend into **one aggregated buy**.
- **Aggregated volume = leverage on the frontier labs.** We negotiate wholesale / committed-capacity rates from OpenAI · Anthropic · Google that *no single tenant could ever get* — then resell at retail per-token. The spread is ours.
- **The substrate is the floor; lab leverage is the ceiling.** The gateway arbitrages every request across **negotiated frontier-lab capacity** and our **own Swanbank sovereign pool** — cheapest/best-fit, AU-residency-aware. Owning supply caps what the labs can charge us; aggregated demand caps what they charge everyone.
- **It compounds.** More tenants → more volume → better wholesale rates → sharper retail price → more tenants. A demand-side flywheel competitors without the gateway can't spin.

STATUS & WHAT'S DE-RISKED

- ✅ Sovereign software switch built & running (gateway, routing, failover, residency guard).
- ✅ Site identified, facts grounded; thesis & deal model written.
- ☐ Open: CleanCo commercial terms, power $/MWh, dam thermal headroom, connection timeline.

WHO WE NEED (THIS HIRE)

- **Infrastructure operator/cofounder** — DC build + power commercials + GPU ops at scale.
- Someone who has **energised a site**: PPAs, behind-the-meter deals, liquid cooling, hyperscale build.
- Pairs with existing **sovereign-AI software** + product + customer access.

WHY NOT THE INCUMBENTS

- **vs. hyperscalers (AWS/Azure AU-region)** — "AU region" is a data-centre location, not sovereignty: foreign-owned, foreign-controlled, subject to offshore jurisdiction. We are AU-owned power + land + compute + data, end-to-end.
- **vs. colocation (NextDC et al.)** — they sell racks and let; they don't own firmed generation, don't aggregate AI demand, and don't run a sovereign routing layer. We own the power and the demand, not just the floor space.
- **vs. GPU-cloud resellers** — they arbitrage someone else's capacity with no substrate and no power edge. Our owned site caps our input cost; our gateway caps everyone's.
- **The gap we fill** — nobody in AU pairs a firmed-power sovereign site *with* a demand-aggregating gateway. That combination is the company.

RISK REGISTER — AND HOW WE DE-RISK IT

Risk	Mitigation
GPU price decay — rental rates fall as supply catches up	Payback ~2.4 yr is inside the depreciation window; sensitivity tab models down to $1.80/hr; demand-aggregation margin is price-agnostic.
Utilisation risk — empty GPUs earn nothing	The gateway routes our own tenant demand first — we fill capacity from owned demand, not a cold sales pipeline.
Single-site / single-landlord concentration	CleanCo is QLD-govt-owned (stable counterparty); N-1 connection; build-out is staged, capital follows proven demand.

Risk	Mitigation
PFAS / environmental at a legacy coal site	Closed-loop cooling consumes & discharges nothing; contained by design; named up front with CleanCo's environmental team.
Capex intensity — GPUs are ~69% of the raise	GPUs are a resaleable, financeable asset (not sunk); vendor-financing / lease cuts the equity cheque.
Connection / timeline slippage	Pilot sized to spare, already-energised capacity; full envelope phased behind the Clean Energy Hub study, not gating day one.
Frontier-lab dependency (gateway resale)	Owned sovereign substrate is the floor — if lab terms worsen, traffic routes to our own pool. Two supply sources, one gateway.

The ask: Join to co-found / back the company that puts Australia's sovereign AI substrate on Australian ground. **Near-term:** mandate + capital to close CleanCo terms and stand up a ~2 MW pilot hall — with a defined path into the 1.2 GW envelope. **Why now:** the coal site is mid- redevelopment and the landlord is courting tenants *today*; sovereign-AI demand is structural and AU-bound. First mover on the site wins the runway.

Sources: CleanCo Queensland (Swanbank Energy Precinct & Cooling Water Dam / RDMW); RenewEconomy; QLD Ministerial Statements; Global Energy Monitor; AI-rack power-density & closed-loop DC-cooling literature (SemiAnalysis, nVent, DataBank, NLR, Vantage); AEMO Quarterly Energy Dynamics Q1 2026 (QLD wholesale price); GPU rental benchmarks (Spheron, SemiAnalysis, getdeploying, 2026). Site facts current June 2026; commercial terms, land lease rate, dam thermal headroom & PFAS containment unconfirmed. Load, price & unit-economics figures directional, not a bill of materials.