



European Data Centre Association

The European Data Centre Association (EUDCA) represents the European data centre operator community. EUDCA is happy to submit to the consultation on the draft EU ETS State Aid Guidelines.

EUDCA wants to draw your attention to the following key points:

- Digital services, which rely on data centres, are crucial for the modern economy;
- Data centres should be taken into consideration when creating the guidelines;
- Synergies across industries should be taken into account;
- Metrics determining the industries Carbon Leakage list should be re-assessed.

Data centres are the backbone of the digital industry and enablers of the digital economy: 80% of servers in Europe are currently located in data centres, as the Commission recently recognised in the European strategy for data. The migration of disparate server installations to highly efficient facilities and efficiency improvements of virtualisation via cloud services is reducing emissions from server loads within the EU and worldwide.

Utility power is the largest operational cost for colocation data centres. It is essential that the EU creates an environment which stimulates data centres in their daily operation. Thus, in order to avoid carbon leakage, the Commission should take data centres into consideration when formulating the guidelines on EU ETS State aid measures post 2021.

Back-up power generation is of vital importance for data centre operations to prevent widespread business disruption arising from local infrastructure disturbances. These back-up generators which typically run only 50 hours per year cause data centres to currently fall within the scope of the EU ETS; however a compliance burden based on these standby systems adds unnecessary cost to EU data centres while missing the relevance and improvement opportunity of systems which run constantly. An evolution of the sector requires us to focus on the normal operational requirement and utility power usage. As such the ETS can have purpose and effect if combined with a larger initiative for integration of the sector into EU infrastructure planning policies.

Data centres are pre-destined to support our digital economy and the standard of living it provides. If we support their evolution, they can perform a similar stabilising function for our energy infrastructure; storing and recovering energy and filling heating deficits arising from the increase in renewable power sources.

As a next step we invite some discussion over the draft guidelines which determine the Carbon Leakage List for the period 2021-2030. This is based on quantitative criteria using three different indicators, but risks looking at industries in isolation. As outlined above, the EUDCA proposes consideration of synergies across industries, quantifying the combined and complimentary impact of the mutual integration of large carbon contributors into environmentally beneficial energy schemes.

The metrics to be reassessed: We would like the metrics for evaluation of merit for state aid to be re-assessed to address the opportunity for energy recovery between sectors and integration of data centres into schemes which recover and share energy within the community. We propose to use this aid for investment in next generation energy infrastructure design to achieve an aggregate reduction in emissions where the data centre fits into Europe's cities next to power generation, industry, commercial, health and residential building use types.

We note, as a final comment, that the proposed list is extensively based on manufacturing sector industries and does not consider the service sector which is increasingly dependent on digital technology. Digital services industries are critical for the modern economy, enabled by data centres and should be included in the guidelines on EU ETS (2021-2030). We are supportive of the common goal to achieve carbon neutrality by 2030, as stipulated in the Commission's 'Shaping Europe's digital future' communication, but require financial support to retain the industry within the Eurozone during our modernisation period, and we require incentives between sectors for them to work together and evolve into integrated energy community.