

CISPE Response to the Consultation on Guidelines on State aid for environmental protection and energy

1. About CISPE

Cloud Infrastructure Services Providers in Europe (CISPE) is a non-profit association that focuses on developing greater understanding and promoting the use of cloud infrastructure services in Europe. Members based in 14 EU Member States range from SMEs to large multinationals. CISPE members have invested billions of euros in Europe's digital infrastructure and currently provide services to millions of customers, including organisations in multiple countries and locations outside the EU.

Security and data protection are cornerstones of the CISPE constitution. It was the first association in the EU to develop a dedicated GDPR-compliant Code of Conduct for Data Protection for the sector, aligning with strict GDPR requirements to help providers comply while bringing clarity to customers to help them select providers and build trust in their services. CISPE also co-chaired the cloud industry working group (European Commission) to develop codes of conduct for reversibility and data portability under the Regulation on the free flow of non-personal data.

2. CISPE response

CISPE applauds the ambition of the European Green Deal and the efforts underway to make Europe climate neutral by 2050. Achieving the goals of reducing greenhouse gas emissions 55% by 2030 and the accompanying revision to the Renewable Energy Directive will require new and creative policy solutions. Increasing the deployment of renewable energy with the support of private sector investment can play an important role.

To meet the target of 55% by 2030, Member States will want to expand existing national schemes to meet more aggressive renewable energy targets while also looking for new ways to support the development of additional renewable energy generators on the electricity grid. To meet this challenge, Member States will also want to consider new policies that enable additional or alternative financing mechanisms for renewable energy.

CISPE members and other corporates can play a role in helping to finance the deployment of new renewable energy to meet the ambitious goals of the European Green Deal. Voluntary corporate renewable energy procurement creates an opportunity to add new renewable capacity to European electric grid and thereby help Member States achieve their renewable energy goals. By leveraging corporate investments in renewable energy, Member States can also offset some of the costs for renewable energy that are traditionally borne by consumers.

Corporate power purchase agreements (CPPAs) are one such mechanism by which businesses enable renewable energy assets to be developed on electricity grids through private-sector investment. CPPAs allow for Member States to diversify the financing mechanisms relied upon to meet renewable energy targets. CPPAs are growing globally, with the ICT sector leading the way. According to the International Energy Agency, global renewable energy purchasing through power purchase agreements grew from ~300 megawatts in 2009 to ~18.6 gigawatts in 2019¹.

CISPE members operate energy intensive data centres across Europe. CISPE and many CISPE members have committed to operate climate neutral data centres under a self-regulatory initiative developed in coordination with the European Commission. As part of our commitment, we will be 75% renewable by 2025 and 100% renewable by 2030. Data centre operators are already among the largest buyers of renewable energy and our commitments to be climate neutral have the potential to drive the expansion of renewable energy capacity across Europe.

To date, data centre operators have already leveraged CPPAs to purchase renewable energy and invest in new or "additional" projects that would not have existed without corporate purchasing. These projects accelerate the growth of renewable energy on the electricity grid, help Member States meet targets under the Renewable Energy Directive and do not increase electricity prices for consumers. New models for corporate renewable procurement are also emerging in Member States. These models seek to encourage small and medium sized enterprises to enable

¹ <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

new renewable energy through voluntary renewable energy purchasing. These emerging models can help expand the market for renewable energy procurement and increase mechanisms for private sector investment in renewable energy. With CISPE and our members commitment to be climate neutral under the self-regulatory initiative, there is considerable potential to leverage corporate renewable energy purchasing to further expand renewable energy deployment towards the goals of the European Green Deal and the Renewable Energy Directive.

The current Guidelines on State aid for environmental protection and energy (EEAG) permit partial relief from renewable surcharges to a select industries identified in Annex 3 and Annex 5. This allows Member States to grant relief to energy intensive industries from renewable energy surcharges, while ensuring a level playing field in the single market. However, these provisions do not allow Member States to offer relief as a mechanism for encouraging corporate renewable purchasing. This limits Member States from restructuring their renewable energy levies to encourage corporate renewable purchasing by providing relief from levies as an incentive to encourage voluntary renewable procurement by data centre operators or other corporates.

Creating this mechanism in the State Aid Guidelines will allow Member States to encourage corporate purchasing. Member States can restructure their renewable energy levies to recognize data centre operators and other corporates that are enabling new projects on the electric grid within their national borders. By adapting renewable energy levies, Member States can encourage CPPAs and emerging forms of voluntary corporate renewable energy purchasing and send a price signal to encourage investments in additional renewable energy projects.

Given the goals of the European Green Deal and the revision of the Renewable Energy Directive, allowing Member States to provide relief from renewable energy levies as a mechanism for encouraging corporate renewable energy purchasing is a valuable change that should be included in the revision to the State Aid Guidelines. This can help deploy additional gigawatts of renewable energy with the support of private capital and reduce reliance on public funding.

Data centre operators can help make significant contributions towards renewable energy targets while reducing cost pressures on consumers. CISPE and many CISPE members have already committed to being climate neutral by 2030. By encouraging data centre investments in new renewable energy, Member States can leverage the sustainability commitment of the industry towards meeting the goals of the Renewable Energy Directive and the European Green Deal. If State aid can be modified to encourage investments in new renewable energy projects on the grid, data centre operators will be incentivised to source renewable energy from new projects in Europe.

3. Recommendations

The EEAG should be amended to allow for Member States to encourage renewable energy purchasing by data centre operators and other corporates that choose to invest in new renewable energy projects. The EEAG should allow Member States to amend their renewable energy levies to incentivise voluntary renewable energy purchasing that enables new or additional projects to be added to the electricity grid. This can help Member States meet the targets of the Renewable Energy Directive while offsetting costs that might have otherwise be borne by consumers. Given the importance of data centres and cloud computing in supporting Europe's digital and climate neutral future, there is significant potential for data centre operators and to drive renewable energy development across Europe. Adapting the EEAG to support this effort can help unlock this potential.