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POSITION PAPER

on the Call for evidence for an impact assessment for a 'Cloud and AI Development Act'

Berlin, 05.06.2025

On 09 Apil 2025 the European Commission has published an official communication outlining the key elements of an AI Continent action plan. As part of the wider strategy, the Commission has also launched a public consultation in preparation for a Cloud and AI Development Act. The aim of the initiative is to create favourable framework conditions for the development of a sustainable cloud and edge infrastructure by the private sector, thereby strengthening the EU's competitiveness and digital sovereignty. The strategy focuses on research and innovation to improve resource efficiency in data processing and the operation of data centres. The capacity of EU data centres is to be tripled over the next five to seven years. Moreover, the initiative aims to lay the groundwork for an increase of EU-base cloud services.

eco welcomes the Commission's initiative to tackle key challenges faced during data centre project development and to improve the framework conditions for the expansion of digital infrastructures in the EU. eco would like the Commission to consider the following points:

- **On infrastructure challenges related to the expansion of datacentre capacity**

The Commission has pledged to triple the EU's datacentre capacity by 2032. In formulating this goal, the Commission has also acknowledged the current challenges faced by the datacentre sector. These challenges include access to land, energy and water as well as lengthy permitting procedures. The most pressing issue for the construction of new datacentre capacity is access to energy. Sufficient capacity in power grids is a basic requirement for the operation of data centres and therefore one of the decisive location factors for data centres and a key bottleneck for the scaling up of datacentre capacity across the EU.

The possibility of waste heat extraction is also an increasingly important concern for project developers. In accordance with Article 26(6) of the

Energy Efficiency Directive (EED) member states must ensure that data centres with a total rated energy input exceeding 1 MW utilise the waste heat or other waste heat recovery applications. Therefore, the availability of heating network infrastructure and potential users of waste heat is becoming a decisive location factor, in addition to electricity grid access. The actual usability of waste heat potential depends largely on existing heating networks, technical feasibility, the availability of local customers, climatic conditions and the economic conditions and the economic viability of the project. The requirement for waste heat utilization thus introduces additional requirements for project development and increases the complexity of location decisions considerably.

In addition to infrastructure challenges, the Commission has identified lengthy approval procedures as an obstacle for datacentre development. eco agrees with this assessment. Approval periods in Germany, including land use planning and the environmental approval of data centre projects can take up to four years. This represents a significant obstacle to investment security and project realisation. Action is required to reduce the administrative burden for project development and to reduce bureaucracy.

In light of these challenges a targeted designation of areas for the prioritised and accelerated construction of data centres with simplified authorisation procedure on previously designated areas should be pursued. This would both strengthen the framework conditions for the construction of data centres in the EU as well as help to manage the impact of data centres on the energy system. The designation of sites should be based on a comprehensive assessment of criteria such as customer demand, topology of the site, network connection availability, local and regional political support, qualified personnel and other criteria relevant to investment location decisions in addition to waste heat potential and the impact on grid stability. In addition, a general acceleration and simplification of permitting procedures is required.

- **On the promotion of sovereign cloud capacity for highly critical use cases**

Considering increasing global uncertainty, we welcome the discussion on how to foster a European cloud market. The focus should lie on fostering a competitive and open market for cloud while ensuring operational autonomy and retaining ownership control over sensitive data, also via the promotion of EU cloud services. Regulatory measures need to be shaped transparently and proportionally. It should be ensured that international cloud providers are not excluded on geographical aspects alone.

The promotion of sovereign cloud capacity for highly critical use cases must be grounded in a clear, shared understanding of what constitutes such use cases, ensuring that policy measures are appropriately targeted and effective. Setting a clear definition for sovereign cloud would help in increasing transparency and improving comparability of cloud services.

The ability to choose between different offers has proven to be the greatest driver of innovation and the proliferation of advanced technology. A diverse cloud ecosystem, featuring both European and international players, is essential for maintaining a competitive, innovative and resilient market. Efforts to support EU cloud providers should therefore be consistent with competition principles.

Conclusion

eco welcomes the initiative and recognizes the strategic importance of strengthening Europe's digital infrastructure. It is vital to enhance datacentre capacity in order to encourage innovation, competitiveness and digital resilience across the EU. Targeted measures, such as streamlined permitting processes and better integration of datacentres into the energy system e.g. through the designation of areas for the prioritised and accelerated construction of data centres, will be crucial to overcoming current development barriers while ensuring long-term investment security.

Regarding the promotion of sovereign cloud capacity, eco emphasizes that a dynamic, open and competitive market is fundamental to achieving both technological sovereignty and economic efficiency. However, eco supports the development of an EU cloud sector that enhances resilience and sovereignty, while aligning with competition principles.