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Response to the European Commission's consultation on rating schemes for Data Centres in Europe

Brussels, April 2024

Key Messages

Energy Traders Europe welcomes the opportunity to provide feedback on the delegated act on energy efficiency in data centres. We support the objective of improving transparency and contributing to the decarbonisation of electricity consumption.

However, we have concerns regarding the **proposed definition of renewable electricity consumption from Guarantees of Origin (GOs)** in Annex III, in particular the introduction of sub-hourly (15-minute) temporal matching, bidding zone-level restrictions, and the limitation of eligible GOs to assets commissioned within the last 10 years.

As an association representing market participants active in wholesale energy and certificate trading, we advocate for **harmonised, transparent, and well-functioning GO markets** across Europe. In this context, introducing sector-specific quality criteria risks fragmenting the existing framework, reducing liquidity, and weakening efficient market signals.

Importantly, as a delegated act, this initiative should **remain fully consistent with the primary legislation** governing Guarantees of Origin under the Renewable Energy Directive. Some of the proposed requirements, in particular those related to temporal matching and eligibility criteria, may go beyond the current framework. This raises questions of **legal consistency and proportionality**, as delegated acts should not alter the core design of the GO system established at the primary law level.

While we support the introduction of more granular voluntary products, we believe their development **should remain market-driven**. At present, even annual matching is not consistently applied across Member States. Moving directly to mandatory 15-minute matching would therefore represent a significant departure from current practice, imposing **disproportionate administrative and procurement burdens** without clear evidence of system-wide benefits. We therefore do not support the introduction of sub-hourly matching requirements at this stage.

More broadly, the proposed provisions introduce deliverability and granularity constraints that are not aligned with **the operational realities of the European electricity system**, which is highly interconnected and based on market coupling. As electricity flows cannot be

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physically traced, such requirements risk creating unintended consequences and inefficiencies.

In addition, the proposed “additionality” criterion, limiting GOs to assets younger than 10 years, would effectively create a separate market segment for GOs eligible for data centre use. This approach conflates impact metrics with certificate eligibility, leading to unnecessary market fragmentation and inefficiency.

In particular, these provisions could:

- Fragment the European GO market and reduce liquidity
- Undermine cross-border procurement and Power Purchase Agreements (PPAs)
- Increase administrative complexity and costs for market participants

They may also inadvertently incentivise the siting of data centres based on the administrative feasibility of meeting 15-minute matching requirements, rather than on overall system efficiency, grid conditions, or optimal resource allocation.

We would also underline that **Power Purchase Agreements (PPAs) remain a key instrument** for financing renewable generation and supporting investment in new capacity across Europe. It is therefore essential that the regulatory framework continues to provide stability and does not introduce unintended barriers to their development.

In light of the above, we encourage the Commission to ensure that **any revisions remain technology-neutral**, market-compatible, and supportive of the **integrated European electricity market**. In particular, requirements should avoid restricting cross-border trade, undermining liquidity, or fragmenting the GO framework. Where more granular approaches are pursued, these should be developed on a voluntary, market-led basis.

Contact

Name: Andrej Stancik

Position: Senior Policy Advisor (Electricity Committee)

E-Mail: a.stancik@energytraderseurope.org