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Opinion

Why the EU Commission's plan for an AI data-centres boom is short-sighted

By Fieke Jansen, Kristina Irion and Alex Lutz, Amsterdam, 16 March 2026 14:07

Across Europe, conflicts over data centres' demand for water, energy, and land are now playing out.

In Spain, the Your Cloud Dries Up My River movement exposes water-hungry data centres.

In Ireland, households were put on water rations to ensure data centres could keep on cooling their servers.

In the Netherlands, a new school building struggled to be connected to the electricity grid due to capacity pre-committed to a data centre.

These local conflicts will only worsen now that the European Commission plans to triple data centre capacity in Europe over the next five to seven years.

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The current EU approach to the Cloud and AI Development Act (CAIDA) will sacrifice local communities' interests in favour of the data centres' sector expansion.

As part of its AI Continent Action Plan, the commission is finalising a new proposal for a regulation aimed at a massive data centre expansion.

CAIDA seeks to fast-track permissions for data centre developments to access energy, water, and land. Prepared at breakneck speed, it has already cut a few corners on transparency, participation, and inclusiveness.

From the start, the process focused on how to best facilitate industry growth, without presenting evidence that justifies tripling EU data centre capacity.

Neither has the commission drawn up reports on the outcomes of its call for evidence and the public consultation. The supporting impact assessment study has primarily consulted cloud industry stakeholders, sidelining local stakeholders and civil society.

Tripling data centres' capacity and fast-tracking permission procedures will further disempower local governments, exacerbate resource conflicts, and create barriers to public interest computing.

Municipalities, provinces, and environmental protection agencies already have too few tools to ensure that energy, water and land resources are not gobbled up by data centre developers with the deepest pockets.

CAIDA would also not prioritise public interest uses when allocating scarce resources, such as housing, schools, or hospitals.

CAIDA also sidesteps sustainability, relegating it to the forthcoming Data Centre Energy Efficiency Package.

It is unclear whether the EU can still achieve its commitment to 'climate-neutral, highly energy-efficient and sustainable data centres by no later than 2030'.

Focusing narrowly on energy efficiency is not enough: tripling data centre capacity will also triple their environmental footprint.

Only if each and every new data centre runs 24/7 on renewable energy and does not consume water for cooling can one call it operationally sustainable.

Moreover, sustainability can only be ensured by taking local conditions into account and following careful coordination with local authorities.

Shy on transparency

While the data centre industry is pretty keen on fast-tracking permissions, it is rather shy when it comes to transparency.

It has not been open about expansion plans, local electricity consumption, carbon emissions, or water use.

Under the European Energy Directive, data centre operators must report key indicators on efficiency and sustainability. Yet, over the first reporting period in 2024, 64 percent of data centres did not report at all, and many of those that did withheld crucial information.

Through the CAIDA call for evidence, industry actors seek to keep transparency requirements at bay by invoking 'confidentiality' and influencing how the metrics are being designed.

Little thought has been given to the oligopolistic cloud market and how it will evolve if the EU triples its data centre capacity.

The Draghi report notes that three US "hyperscalers" account for over 65 percent of the global and European cloud market, while the largest European cloud operator accounts for just two percent of the EU market.

The Dutch Consumers and Markets Authority has concluded that the cloud market is highly concentrated and that users face lock-ins.

The commission has launched investigations into cloud services under the Digital Markets Act, including Microsoft Azure and Amazon Web Services.

Yet, CAIDA simply aims to scale up data centre capacity, without any strategy for how to diversify suppliers and ensure that cloud markets in the Union become

more competitive.

The central question is: what future do we want for Europe?

One where CAIDI facilitates big Cloud and AI companies to circumvent local decision-making, public consultation, and environmental protection for their own economic gain.

Or a European digital future that benefits public interest computing, local economies, and communities, diverse ownership and competition, and is in harmony with the environment?

Achieving the latter requires more than rolling back 'red tape' for data centre construction. The commission must adopt an integrated approach that guarantees participation in planning and permitting, demands genuine transparency on environmental impacts, prioritises SME data centre development, and supports public interest computing infrastructures.

Comments

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