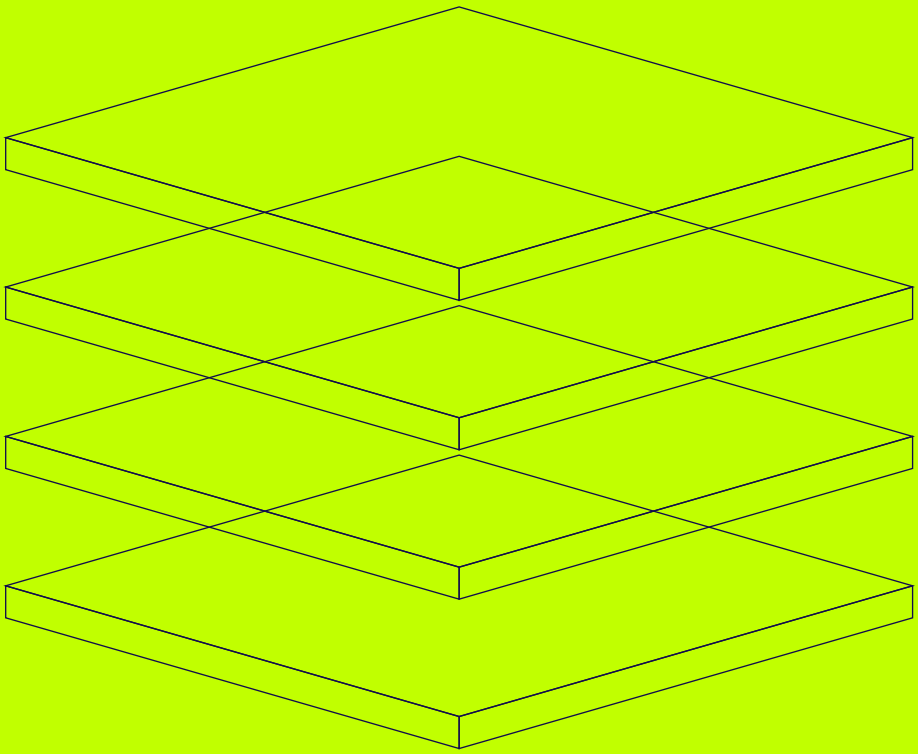
FOTI



Strengthening the EU's Cloud & AI Development Act

Step 3: Build Sovereign Capacity

How to set an ambitious industrial policy for the sovereign, clean compute Europe needs

A report series by FOTI
November 2026

FOTI

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Strengthening the EU's Cloud & AI Development Act is a report series by FOTI.

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Table of contents

01 Executive summary 04

02 Context:
Building capacity without sovereign standards only deepens dependency 05

- Who builds Europe's capacity? 06
- Who has the skills to build, run, audit and buy it? 07
- What CADA does to address this 08

03 CADA's weakness:
As is, Europe will build dependencies, not sovereignty 10

04 Our proposed fixes 12

- A. Build and recognise the skills needed for sovereign cloud and AI 14
- B. Build sovereign access conditions for frontier AI priority projects 20
- C. Build access conditions for data centre acceleration zones in favour of sovereign actors 24
- D. Enable sustainability to play a larger role in building sovereign capacity 28

Sources and resources 32

01 / Executive summary

Europe's data centre capacity is expanding rapidly, but it is being built and controlled by foreign actors. While the Union hosts approximately 18% of the world's data centre capacity, less than 5% is owned by European firms. Hyperscalers are projected to drive 65% to 70% of European data centre demand by 2028, and the Commission itself acknowledges that European providers risk being relegated to residual capacity under unattractive terms.

But it's not just the build-out ability we lack – we're missing the skilled workforce to make the transition possible. CADA relies on four essential competencies – building, operating, auditing, and procuring sovereign cloud and AI – yet no European qualification or training pipeline produces any of them.

CADA establishes valuable instruments for change: Cloud and AI leadership initiatives, a mandate for a common curriculum, Experience and Acceleration Centres for AI, publicly allocated compute for frontier AI, fast-track permitting within acceleration zones, and strategic project designations.

However, as drafted, CADA will subsidise dependencies rather than build sovereignty. Across Articles 3 to 15, the build-side instruments are almost entirely disconnected from the sovereignty criteria of Title IV. The safeguard against speculative reservation in acceleration zones lacks an enforcing authority, procedure, or benchmark. Furthermore, the mandatory sustainability metric arbitrarily excludes renewable energy indicators and risks establishing a rigid regulatory ceiling that caps Member State ambition.

We make nine recommendations to change course: define the skills the Act requires in a new Annex (A.1), fund and deliver them (A.2) and track them in national strategies (A.3); condition Union and Member State compute on an EU-controlled operator (B.1) and frontier AI projects on recognised services (B.2); condition acceleration-zone benefits on service continuity (C.1) and give Article 11(2) a concentration cap and a use-it-or-lose-it regime (C.2); finally, fix the sustainability clause so that it covers renewable energy and water sustainability (D.1) and sets a floor rather than a ceiling for Member States (D.2).

02 / Context:

Building capacity without sovereign standards only deepens dependency

Reducing a dependency requires building the alternative: the capacity, the people and the conditions under which a European industry can grow. This section sets out who builds Europe's cloud and AI capacity today, who has the skills to build, run, audit and buy it, and what the proposal does about it.

Who builds Europe's capacity?

Page 6

Who has the skills to build, run, audit and buy it?

Page 7

What CADA does to address this

Page 8

Who builds Europe's capacity?

Capacity is short, and the structural gap is growing. Installed data centre capacity in the Union was expected to reach 12.4 GW in 2025, against an estimated shortfall of almost 3 GW relative to current demand, with the Union accounting for about 20% of global installed capacity. Independent estimates show a similar imbalance: the Groupe d'études géopolitiques finds that "Europe hosts a total of 18% of the world's data center capacity, of which less than 5% is owned by European companies", and that Europe "accounts for 4 to 5% of the AI computing capacity deployed worldwide, or 0.25 GW". European data centre demand is projected to surge to approximately 35 GW by 2030 (up from 10 GW today), with electrical grid access acting as the primary bottleneck; queue times for new power connections in hub markets like Frankfurt and Dublin frequently exceed three to five years.

The capacity being built is overwhelmingly controlled by foreign incumbents. Hyperscalers are projected to drive 65% to 70% of European data centre demand by 2028. Market data from CBRE confirms that the hyperscaler self-build segment (growing at 22% year-on-year) is outpacing the colocation market (18%), while enterprise colocation leases for AI workloads more than quadrupled in early 2026. As the OECD's 2025 competition review observes, massive cash reserves and commercial scale allow hyperscalers to realise economies of scale that no prospective entrant can match. The Commission's own impact assessment acknowledges the structural result: hyperscalers preemptively secure land, power connections, and colocation leases, while European cloud providers struggle to access infrastructure inputs and are "relegated to residual capacity under less attractive conditions".

The underlying hardware stack remains entirely non-European. The European Court of Auditors found in April 2025 that the Union's share of the global semiconductor value chain stood at 9.8% in 2022 and will reach only 11.7% by 2030, concluding that the Chips Act will fail to meet its 20% Digital Decade target. The Commission confirms that the EU produces only around 10% of global semiconductors, while US-owned firms capture 96% of the data centre semiconductor market. Access to that hardware is itself unequal: the OECD notes that the shortage of advanced chips "may raise barriers to entry for smaller cloud players, who may lack the purchasing power to gain preferential access to purchase the most advanced chipsets", while larger players "may secure volume discounts". Building sovereign capacity in Europe therefore means, for now, building European-controlled operations on largely non-European components.

Who has the skills to build, run, audit and buy it?

Skills shortages constrain the rate of European deployment. Over 57% of European enterprises recruiting ICT specialists report difficulties filling vacancies. The State of the Digital Decade 2026 report records 10.5 million ICT specialists employed in the EU – barely half of the 2030 target of 20 million. Europe also faces a critical retention gap: research from the Robert Schuman Foundation highlights that the Union produces top-tier technical researchers but fails to retain them, with only a third of European advanced AI talent actively employed in domestic industry.

Skills training is monopolised by incumbents. As the OECD notes, developers overwhelmingly build on platforms they know, a dynamic reinforced by hyperscaler outreach and subsidised academic programmes. Dominant cloud providers operate proprietary certification tracks at massive scale – AWS alone reports more than one million certified individuals – creating vendor lock-in and high friction for organisations attempting to migrate to open or European platforms.

No Union framework produces the operational competencies CADA demands. The Act relies on four kinds of expertise: how to build sovereign infrastructure, how to operate it, how to audit it against the assurance criteria, and how to buy it. None is backed by a recognised European curriculum or professional standard:

- ESCO, the Union's skills and occupations classification, contains 13,939 skills and 3,039 occupations, but only one generic cloud skill ("cloud technologies"), zero cloud occupations, and no sovereignty concepts.
- The Commission runs or is launching six Digital Skills Academies – (covering AI, cybersecurity, HPC, quantum, semiconductors, and virtual worlds), but none for cloud architecture or sovereign digital infrastructure.
- The Digital Europe Programme's advanced digital skills window expressly mentions high-performance and cloud computing, yet receives the smallest financial envelope of the programme: €577.3 million for 2021–2027.

What CADA does to address this

The proposal is bifurcated into two unconnected blocks. Title IV establishes the regulatory sovereignty framework, while Titles II and III govern industrial incentives: Union funding, publicly held compute, acceleration zones with fast-track permitting, and strategic project status.

Articles 3 to 6 establish the Cloud and AI Leadership Initiatives. Their objectives include "cloud computing stacks supporting the Union's technological autonomy" and the uptake of services "provided by European cloud computing service providers" (Article 3(2)(b) and (h)). They are implemented through eight grand challenges set out in Annex I, which the Commission may amend by delegated act, and "may be supported by funding from Union programmes, including Horizon Europe and the Digital Europe Programme" (Article 6(3)). Under operational objective 8, the Initiatives must "develop a common cloud and AI curriculum" (Article 4(8)(b)); recital 23 says it should "equip workers in both the public and private sectors with advanced competencies to reduce dependence on non-EU providers", without saying which competencies.

Article 5 requires every Member State to establish Experience and Acceleration Centres for AI, built on the European digital innovation hubs. Their tasks include "ensuring or providing access to relevant upskilling and reskilling schemes, in close collaboration with the AI Skills Academy", and the network of Centres is to "provide specialised services across regions where the required skills or compute capacity are not available locally".

Article 7 requires national cloud and AI strategies with at least eight elements – adoption, deployment in strategic sectors, data centre capacity, high-intensity computing infrastructure, procurement, open cloud stack technologies and access to data – assessed at least every three years against key performance indicators. None of the eight elements concerns the people who will build, operate, audit or procure. Article 7(2)(g) is the only provision in Titles II and III that uses the word "sovereignty".

Article 8 sets the criteria for frontier AI priority projects. A project must be pioneering, be "undertaken by a European digital infrastructure consortium … or another legal entity eligible for funding under Union law" with at least three Member States, and the participating Member States must "pool computing time and other relevant resources".

Article 9 allocates compute to those projects. The Union and the Member States "shall ensure that sufficient AI computing resources from their compute capacities are allocated" to them, and the Union matches Member State contributions "within the Union's share of European high performance computing access time". Recital 35 confirms that this is EuroHPC capacity. Article 9 says nothing about who operates that capacity and contains no cross-reference to Annex II or to the assurance levels.

Articles 10 to 13 establish data centre acceleration zones and the benefits attached to them. Member States must designate at least one zone, considering among other things

"the available and future power grid capacity and the possibility and conditions for on-site storage and clean energy generation" (Article 10(1)(b)). Projects in a zone are treated as strategic projects under the Regulation on speeding up environmental assessments, benefit from an aggregated baseline permit covering the zone, and must be permitted within 12 months, with the status of highest national significance where national law provides for it (Article 13). Article 11 sets the conditions within zones: when setting sustainability requirements, Member States "shall use the key performance indicators specified in Delegated Regulation (EU) 2024/1364 … under Annex II, from (a) to (n)" (Article 11(1)); and they must ensure that the allocation and use of resources "takes place on fair, reasonable and non-discriminatory terms and does not give rise to speculative reservation or foreclosure practices capable of impeding effective competition or the effective development or use of those zones" (Article 11(2)). The provision attaches no authority, benchmark, definition of "resources", procedure or remedy to this obligation.

Article 14 allows the Commission to designate data centre strategic projects that meet at least two of five criteria: support to essential public sector functions; highly sustainable or innovative features; contribution to grid stability; the integration of "chips, processors and accelerators, servers or quantum computers designed and/or manufactured in the Union"; or addressing a shortage of compute capacity. Only the fourth mentions anything European, and nothing in Article 14 concerns who owns or controls the project.

Article 20(4)(b), in Title IV, requires auditing organisations to have "proven expertise, technical competence and capabilities in auditing cloud computing services". It is the most explicit competence requirement in the text, and the proposal does not organise the supply of that competence.

Delegated Regulation (EU) 2024/1364, to which Article 11(1) refers, is the Union's data centre rating scheme under the Energy Efficiency Directive. Its Annex II point 1 originally ran from (a) to (r), with the four renewable-energy indicators at (o) to (r); point 2 measures ICT capacity; Annex III sets out the sustainability indicators PUE, WUE, ERF and REF. The amending act adopted on 21 September 2026 extends point 1 to (v) – three nuclear-energy indicators and a total low-emission indicator – and adds a fifth sustainability indicator, LEEF. The Delegated Regulation contains no target or minimum performance, and the Energy Efficiency Directive does not empower one.

03 / CADA's weakness:

As is, Europe will build dependencies, not sovereignty

CADA's industrial mechanisms provide valuable tools to finance, permit, and accelerate digital infrastructure. However, the operational text divorces build-side incentives from sovereignty requirements, fails to establish training pipelines, and introduces rigid sustainability metrics that undermine clean energy goals.

Gaps in CADA

01

The Act requires competencies that Europe does not currently have.

The proposal relies on building sovereign infrastructure, operating it, auditing it against the assurance criteria, and buying it – but no qualification exists, and the Union cannot even name the jobs: ESCO contains a single cloud-related skill and no cloud occupation. The Act creates a market for audit but provides no way of entering it: Article 20(4)(b) requires "proven expertise, technical competence and capabilities in auditing cloud computing services", and no curriculum or certification anywhere in Europe evidences that competence. The Union's skills instruments stop short of cloud: six Digital Skills Academies exist or are launching and none covers cloud or digital infrastructure, in a package whose central instrument is about cloud; the Digital Europe Programme names cloud computing in its advanced digital skills objective and gives that objective its smallest envelope; and nothing in the proposal directs any of this funding, or the Centres for AI it creates, towards the competences it requires. Even the common curriculum of Article 4(8)(b) has no defined content, no funding and no delivery channel.

02

The build-side instruments carry almost no sovereignty conditions.

Across Articles 3 to 15, public funding, fast-track permitting, and priority compute are awarded without assessing third-country control. The Commission's impact assessment treats foreign direct investment as an unqualified benefit, proposing to monitor European-owned capacity while funding infrastructure that deepens foreign operational

dependencies. The Act may therefore fund, host and accelerate the very dependencies that Title IV asks public buyers to avoid.

03

Frontier AI eligibility tests corporate establishment, not technological control.

Under Article 8(b), a frontier AI priority project may be undertaken by any "legal entity eligible for funding under Union law". A Union-incorporated subsidiary of a third-country parent is such an entity; the criterion excludes nobody. Article 9 then imports the Union's share of EuroHPC access time and leaves behind the condition the Council attached to that resource in January 2026 requiring the coordinator of an AI gigafactory to be "headquartered in the Union" and "under the control, directly or indirectly, through ownership interest or via other means". Similarly, Article 14 allows a project to be designated strategic without satisfying any sovereignty criterion.

04

The safeguard against speculative reservation in acceleration zones lacks an enforcement mechanism.

Article 11(2) requires fair, reasonable and non-discriminatory allocation and prohibits "speculative reservation or foreclosure practices". But the obligation has no authority, no benchmark, no definition of "resources", no procedure and no remedy. Therefore, realistically, without a metric and a procedure, Article 11(2)'s requirements cannot be applied.

05

The acceleration zone sustainability requirements exclude renewable energy.

Article 11(1) harmonises a vocabulary, not a level of ambition: the Delegated Regulation contains no target and the Energy Efficiency Directive does not empower one, so the Delegated Act lettering range "from (a) to (n)" is the whole content of the provision. That range excludes eight of the twenty-two points: all four renewable indicators, all three nuclear indicators and the low-emission aggregate. A Member State can therefore require a data centre in an acceleration zone to be efficient with the electricity it uses, and can require nothing about where that electricity comes from – although Article 10(1)(b) asks it to consider "clean energy generation" when designating the zone. The range also excludes the measure of ICT capacity, so efficiency is expressed only as infrastructure overhead, never as useful work per unit of energy.

06

Article 11 acts as a regulatory ceiling rather than a minimum floor.

Article 11(1) tells Member States which indicators they must use and contains no saving clause for stricter national measure. Therefore, we believe that limiting national ambition now and potentially after more sustainable technologies reach the market will be counterproductive. The divergence already exists in national connection policy and grid queue management, which are national competences the Act does not displace; the question is only whether the Act acknowledges it or leaves it to be litigated.

04 / Our proposed fixes

We make nine recommendations across four groups: workforce and competence frameworks (A); sovereignty access conditions for frontier AI compute (B); operational conditions for acceleration zones (C); and comprehensive sustainability rules (D). For each, we set out the problem and the specific legislative amendments required.

A. Build and recognise the skills needed for sovereign cloud and AI

A.1 Define the competences required to build, operate, audit and procure sovereign cloud and AI — Page 14

A.2 Direct a defined share of Union advanced digital skills funding to those curricula and deliver them through the Centres for AI — Page 16

A.3 Include sovereign cloud and AI skills in national strategies and in the Commission's evaluation — Page 18

B. Build sovereign access conditions for frontier AI priority projects

B.1 Condition Union and Member State compute allocated under Article 9 on an EU-controlled operator — Page 20

B.2 Require frontier AI priority projects under Article 8 to demonstrate sovereignty and to use recognised services — Page 22

C. Build access conditions for data centre acceleration zones in favour of sovereign actors

C.1 Make the benefits of Article 13 conditional on a demonstrated ability to maintain service continuity and resist third-country orders Page 24

C.2 Supply Article 11(2) with a concentration cap and a use-it-or-lose-it regime Page 26

D. Enable sustainability to play a larger role in building sovereign capacity

D.1 Replace the indicator range in Article 11(1) with the sustainability indicators including clean energy generation Page 28

D.2 Make the Union rating scheme the floor, not the ceiling Page 30

A. Build and recognise the skills needed for sovereign cloud and AI

A.1 Define the competences required to build, operate, audit and procure sovereign cloud and AI

The Act requires four competences and names none of them, nothing defines what the people who build, operate, audit and buy such services must know or be able to do. Article 4(8)(b) mandates “a common cloud and AI curriculum” and recital 23 says it should “equip workers in both the public and private sectors with advanced competencies to reduce dependence on non-EU providers”.

We recommend that the co-legislators add a new Annex setting out, for each of the four roles, the competences required, structured by Union assurance level so that it can be read against Annex II: auditing at Level 2 or above requires, for instance, the ability to assess the supply chain measures and third-country control criteria that level introduces; procuring at Level 2 or above requires the ability to read an audit report, to apply the derogations of Article 30(4) and, before that, to assess the dependencies of the administration.

Placing the competences in an Annex has two further advantages. It allows them to be amended by delegated act and reviewed on the same cycle as Annexes II and III under Article 16, so that competences evolve with the criteria they serve. And it gives the Commission a reference to transpose into ESCO, so that the Union’s own classification finally recognises the occupations the Act creates.

Proposed changes:

01 **Competence profiles (new Annex IV).** Add an Annex setting out the competence profiles for the four roles, building, operating, auditing and procuring sovereign cloud and AI services.

02 **Common curriculum (Article 4(8)(b)).** Replace “develop a common cloud and AI curriculum, drawing on the network of Centres for AI” with “develop a common cloud and AI curriculum covering the competences set out in Annex IV, drawing on the network of Centres for AI”.

03 **Review and amendment (Article 16(2) and (3)).** Extend the delegated act and 18–month review mechanism to the new Annex IV.

A. Build and recognise the skills needed for sovereign cloud and AI

A.2 Direct a defined share of Union advanced digital skills funding to those curricula and deliver them through the Centres for AI

A curriculum without funding and without a classroom ends up as a document that might never be used. We recommend, first, that the co-legislators align the negotiations on the next multiannual financial framework with the CADA proposal, so that the Act can direct funding to the skills sovereign cloud and AI need; and that the Commission be required to dedicate a defined share of the advanced digital skills objective, in its work programmes, to the curricula implementing the new Annex.

We do not propose the figure and budget: it should follow an assessment of the number of people to be trained. What the Act should fix is the obligation to set the share, so that sovereign cloud and AI skills no longer compete, unprotected, with every other priority of the Programme's smallest objective. Secondly, we recommend that the objectives and tasks of the Centres for AI be extended expressly to cloud and sovereign infrastructure skills, so that the curricula reach SMEs and public sector bodies in every region.

Proposed changes:

01 **Dedicated funding share (Article 6(3), new sentence).** Require the Commission to dedicate, in the work programmes of the Digital Europe Programme and its successor, a defined share of the advanced digital skills objective to the curricula referred to in Article 4(8)(b) and Annex IV.

02 **Objectives of the Centres for AI (Article 5(2), new point).** Add the development of the competences set out in Annex IV, including for public sector bodies and SMEs, to the objectives of the Centres for AI.

A. Build and recognise the skills needed for sovereign cloud and AI

A.3 Include sovereign cloud and AI skills in national strategies and in the Commission's evaluation

Article 7(2) lists eight elements that every national strategy must contain, and not one of them concerns the people who will build, operate, audit or procure. Article 7(5) requires Member States to assess their strategies "at least every three years on the basis of key performance indicators", and Article 33(4) shows that the Act is prepared to set a quantified objective where it matters. Skills receive neither an indicator nor an objective.

We recommend that national strategies include measures to develop the competences of the new Annex, with targets among the key performance indicators under Article 7(5). As in recommendation A.2, we propose the obligation to set a target. The aggregated results should feed the Commission's evaluation under Article 47, so that the co-legislators learn, at the first review, whether the Union is producing the competences the Act requires.

Proposed changes:

01 **National strategies (Article 7(2), new point (i)).** Add measures to develop the competences set out in Annex IV, with quantified targets, to the mandatory content of national strategies.

02 **Key performance indicators (Article 7(5)).** Provide that the key performance indicators include the targets referred to in Article 7(2), point (i).

03 **Evaluation (Article 47(3)).** Require the Commission's evaluation to cover the development and availability of the competences set out in Annex IV.

B. Build sovereign access conditions for frontier AI priority projects

B.1 Condition Union and Member State compute allocated under Article 9 on an EU-controlled operator

Article 9 allocates significant public computing resources to frontier AI priority projects, backed by EuroHPC, but sets no operational requirements for the hosting infrastructure. The sovereignty dimension is left completely out of providing compute support for frontier AI.

A control condition on publicly held compute already exists, in the very instrument Article 9 draws on. We ask the co-legislators to restore coherence: the compute allocated under Article 9 by the Member States and the Union should sit on infrastructure whose operator meets the headquarters, control and location requirements the Council adopted in January 2026.

This is not a novel form of conditionality. Horizon Europe allows participation in actions related to "Union strategic assets, interests, autonomy or security" to be limited by establishment and, "for duly justified and exceptional reasons", entities controlled by non-associated third countries to be excluded; the Digital Europe Programme admits entities "established in the Union but controlled from third countries" to high performance computing and AI actions only under requirements guaranteeing the essential security interests of the Union and the Member States; and the European Defence Fund requires the infrastructure, assets and executive management structure used in an action to be located in the Union for its duration.

Proposed changes:

01 **Operator of the compute (Article 9, new paragraph).** Provide that the AI computing resources allocated under paragraphs 1 and 2 are provided on infrastructure whose operator fulfils the conditions set out in Article 2(3e) of Regulation (EU) 2021/1173, and whose infrastructure, assets and executive management structure are located in the Union for the duration of the allocation, by reference to Article 9(2) of Regulation (EU) 2021/697.

B. Build sovereign access conditions for frontier AI priority projects

B.2 Require frontier AI priority projects under Article 8 to demonstrate sovereignty and to use recognised services

Article 8(b) requires a frontier AI priority project to be "undertaken by a European digital infrastructure consortium … or another legal entity eligible for funding under Union law". That is an establishment test, not a control test: a Union-incorporated subsidiary of a third-country parent is a legal entity eligible for funding under Union law, and the criterion as drafted excludes nobody. Article 8(c), which requires participating Member States to pool computing time, says nothing about where that computing time runs or about the Union assurance levels defined later in the text.

The Act already contains the test needed. We recommend adding to Article 8 a criterion that the project demonstrate sovereignty by reference to Annex II, and that the compute and cloud services used to implement it be recognised at a specified Union assurance level. Compute allocated under Article 9 as amended by recommendation B.1 would satisfy the criterion by construction.

Proposed changes:

01 **Sovereignty of the project (Article 8, new point).** Add a criterion that the project demonstrates, by reference to the criteria in Annex II, that its development and operation are not subject to the control of a third country or a legal entity established in a third country.

02 **Recognised services (Article 8(c)).** Provide that the computing time and cloud computing services used to implement the project are recognised as having Union assurance Level 3 or higher under Article 17.

C. Build access conditions for data centre acceleration zones in favour of sovereign actors

C.1 Make the benefits of Article 13 conditional on a demonstrated ability to maintain service continuity and resist third-country orders

The benefits of Article 13 such as strategic project status, aggregated baseline permit, the 12-month permitting cap etc. accrue to any operator who builds in a zone. Yet the same facility, if operated by a provider under third-country control, cannot always ensure the continuity of service that the sovereignty framework aims to guarantee and that the public demand created by the same proposal will require. The co-legislators should resolve that contradiction.

Because a zone, a permit and a deadline are regulatory benefits rather than Union money, the condition must be origin-neutral in form and in operation. Article 18 already contains the test: points (b) and (c) of Article 18(1) describe third-country measures compelling access to data or the degradation or disruption of a service. We recommend applying a similar test to the operator's capacity deployed in the zone: the benefits of Article 13 should be conditional on the operator demonstrating that it is able to maintain service continuity and to resist third-country orders to transfer data in respect of that capacity. The ability should be demonstrated legally, technically and operationally, not through preventive measures.

Proposed changes:

01 **Condition on the benefits (Article 13, new paragraph).** Provide that paragraphs 1, 2 and 5 apply to a data centre project only where its operator has demonstrated, to the authority designating the zone, its legal, technical and operational inability to comply with a third-country measure of the kind referred to in Article 18(1), points (b) and (c), in respect of the capacity deployed in the zone.

02 **New recital (after recital 41)**. State that the acceleration of permitting is justified by the contribution of the capacity to the Union's autonomy, and that this contribution presupposes that the capacity cannot be disrupted or accessed by order of a third country.

C. Build access conditions for data centre acceleration zones in favour of sovereign actors

C.2 Supply Article 11(2) with a concentration cap and a use-it-or-lose-it regime

Article 11(2) requires Member States to ensure that the allocation and use of resources within acceleration zones "takes place on fair, reasonable and non-discriminatory terms and does not give rise to speculative reservation or foreclosure practices". The provision exists but it has no authority, no benchmark, no definition of "resources", no procedure and no remedy, and the problem it is meant to address is the one the impact assessment itself documents: hyperscalers securing land and grid access and pre-leasing colocation space while European providers "are relegated to residual capacity under less attractive conditions".

We recommend giving Article 11(2) a metric and a procedure through two mechanisms:

- a concentration cap on the share of capacity within a zone that may be held, contracted or operationally controlled by any single undertaking or group;
- a use-it-or-lose-it regime for congested grid connection capacity and other congested resources in the zone based on three conditions (based on existing conditions in Regulation 2024/1789 on the internal market for gas and hydrogen): a published comparison of the use versus contracted capacity, an evidenced failure to offer unused capacity, and a competing firm request.

Both mechanisms need the same machinery: a designated authority, a definition of "resources" covering at least grid connection capacity, water allocations and contracted colocation space, monitoring, and a withdrawal-and-reallocation procedure. We do not propose the level of the cap or the benchmark in this paper; however, the Act should fix the obligation and the method, and the cap based on its intent on diversity of data centre capacity and available capital in Europe.

Proposed changes:

01 **Concentration cap (Article 11, new paragraph 3).** Provide that Member States ensure that no single undertaking or group holds, contracts or operationally controls more than a defined share of the capacity of an acceleration zone.

02 **Use-it-or-lose-it (Article 11, new paragraph 4).** Provide that Member States designate an authority empowered to withdraw and reallocate, in whole or in part, systematically under-used contracted resources in an acceleration zone, on the basis of a published comparison between used and contracted capacity, where the holder has not offered the unused resources on reasonable terms and another operator requests them.

03 **Definition of "resources" (Article 2, new point).** Define "resources", for the purposes of Article 11, as covering at least grid connection capacity, water allocations and contracted colocation capacity.

04 **Monitoring (Article 15(1), new point).** Require the Commission to monitor the concentration of capacity within acceleration zones on the basis of the information reported by the designated authorities.

D. Enable sustainability to play a larger role in building sovereign capacity

D.1 Replace the indicator range in Article 11(1) with the sustainability indicators including clean energy generation

We recommend replacing the lettering range with a reference to the sustainability indicators of Annex III to the Delegated Regulation – PUE, WUE, ERF, REF and LEEF – as amended, which are the ratios the Commission itself uses to rate data centres, and stating expressly that Member States may draw on any of the indicators in Annex II points 1 and 2 when setting their requirements. In practice, this will not create additional reporting burden: every facility of 500 kW or more already reports all of those points to the European database, and Member States already have access to that data. One carry-over is needed: the derogation for colocation operators, who cannot measure their customers' equipment, should apply equally to any requirement a Member State sets on an indicator that depends on that equipment.

We do not ask, in this recommendation, for a Union-level target, what we ask is that the Act stop excluding the indicators that measure the thing Article 10(1)(b) already asks Member States to consider when designating a zone: clean energy generation.

Proposed changes:

01 **Indicators (Article 11(1)).** Replace “under Annex II, from (a) to (n)” with the indicators that will enable it to include clean energy generation for the sustainability requirements for data deployed in acceleration zones.

02 **Colocation (Article 11, new subparagraph).** Provide that requirements relating to indicators that depend on the equipment of the customers of a colocation data centre apply to the colocation operator only in respect of the equipment it operates, in line with Article 3(3) of Delegated Regulation (EU) 2024/1364.

D. Enable sustainability to play a larger role in building sovereign capacity

D.2 Make the Union rating scheme the floor, not the ceiling

Article 11(1) tells Member States which indicators they must use and contains no saving clause for stricter national measures. Inside a harmonising chapter, this creates a ceiling for sustainability rather than a floor. As drafted, the proposal would leave Member States wishing to go further to argue, case by case, that their measure is compatible with the Regulation, which is counterproductive to a high sustainability agenda.

We therefore recommend a national divergence clause for more stringent sustainability requirements, including in national connection policy and grid queue management, which are national competences the Act does not displace. The Member States carrying the largest concentrations of capacity are managing grid constraints in real time, and their policies move faster than any Union instrument will. The clause should be bounded in the usual way: the requirements must be non-discriminatory, proportionate and notified to the Commission.

Proposed changes:

01 **Saving clause (Article 11, new paragraph).** Provide that this Regulation does not prevent Member States from maintaining or introducing more stringent sustainability requirements for data centres deployed in acceleration zones, provided that such requirements are non-discriminatory and proportionate and are notified to the Commission.

02 **Grid and connection policy (Article 11, new paragraph).** State that the paragraph applies in particular to national rules on grid connection, queue management and the flexibility services data centres provide to the grid.

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