Renewables Norway

Renewables Norway reply to the Commission consultation:
Energy efficiency – rating scheme for data centres in Europe

The proposal will undermine investor confidence, reduce incentives for cost efficient investments in renewable energy, reduce the competitiveness of renewable energy, punish early movers, fragment the internal market, reduce liquidity, impact physical markets, incentivise consumers to locate in zones with a low proportion of renewable energy, punish countries that have loyally followed up delimitation of bidding zones, cement inappropriate bidding zone structures and disproportionally increase costs and administrative burden. The proposal is possibly in violation of the Directive on Renewable Energy and the right to freedom of establishment. These legal and other effects on the energy market and economical aspects have not been analysed in accordance with the treaties and the Rules of Procedure of the European Commission.

Please find further details below.

Ensuring consistency and simplicity in carbon accounting across electricity-consuming sectors

- The European Commission is currently developing or revising carbon accounting methodologies for several electricity-consuming industries, including battery manufacturing and data centres. In parallel, the most important international carbon accounting standard (Greenhouse Gas Protocol) is assessing potential changes to its global standards for Scope 2 emissions accounting.
- Applying diverging rules for accounting electricity-related emissions (scope 2) across sectors would significantly increase complexity, reduce transparency, and undermine comparability. This would contradict the Commission's objective of simplification and risk increasing administrative burdens for electricity consumers, power producers and issuing bodies for energy certificates.
- Renewables Norway therefore recommends that the Commission ensures harmonised rules for scope two emissions accounting across all consumption sectors, anchored in a common and transparent methodology.

Preserving the intended role of Guarantees of Origin

- Guarantees of Origin (GoOs) are a voluntary, market-based, financial instrument designed to document and track the consumption of renewable electricity in the internal market, independently of physical electricity flows in real time.
- Using GoOs for purposes beyond their original function – for example by introducing additionality requirements, asset age limitations, or geographical restrictions – fundamentally alters the nature of the scheme and the incentive structure for renewable energy.

- Such changes risk significantly restricting the usability and liquidity of the GoO market, deviating from its core purpose, and limiting electricity procurement to local generation rather than benefiting from a well-functioning European market.
- Renewables Norway underlines that policy objectives such as additional renewables deployment should be addressed through carbon pricing and dedicated investment and support instruments rather than by modifying the GoO framework.

Challenges related to time granularity requirements

- Introducing mandatory sub-hourly matching requirements would likely necessitate the creation of sub-hourly GoO spot markets.
- Such markets risk being highly illiquid, particularly in smaller bidding zones, as GoOs would need to be redeemed within the same zone and time interval.
- There is also a risk that sub-hourly GoO price signals could interfere with physical power markets, influencing dispatch decisions and reducing overall system efficiency.
- Strict temporal and geographical matching would disproportionately affect bidding zones reliant on cross-border electricity exchanges or characterised by high shares of flexible renewable generation, such as hydropower.
- If increased time granularity is considered necessary, a gradual transition towards quarterly or monthly matching requirements for all market participants would be a more proportionate approach, preserving liquidity in the European GoO market and allowing companies to adapt reporting systems with lower costs and administrative burden.

Risks of geographical matching and locational restrictions

- Requiring geographical matching at the bidding zone level would sharply reduce the number of available GoOs per zone and fragment the European GoO market, thereby reducing efficiency, increasing costs for consumers, and weakening the internal electricity market.
- In line with the European Commission's "One Europe, One Market" agenda, Renewables Norway recommends treating the internal electricity market as a single geographical area, enabling consumers to fully benefit from interconnected markets and cross-border cooperation.
- Matching at bidding zone level will punish countries that have followed up the Commission´s and ACER´s recommendations on bidding zone delimitation. Countries like Germany with one bidding zone will be able to sell GoOs from the North to the South, giving perverse incentives to maintain existing structures.

Concerns related to limiting the eligibility of renewable assets

- Restricting GoOs to assets within a limited operational lifetime (like ten years) is highly questionable from a carbon accounting perspective, as older renewable assets produce electricity with the same climate benefit as new ones.

- Such limitations would penalise early movers, particularly in regions that have already decarbonised their power systems.
- In the Nordic countries, where electricity generation is already close to 100% renewable or carbon-free thanks to hydropower, many assets were commissioned decades ago. Excluding these assets would significantly reduce the availability of GoOs, especially under sub-hourly matching requirements.
- As a result, electricity-intensive industries such as data centres may be incentivised to locate in regions with planned renewable pipelines rather than in regions with an already highly decarbonised electricity system.
- Introducing consumer-level additionality requirements risks leading to an inefficient allocation of generation investments, optimised at the level of individual consumers rather than the power system as a whole.
- Even without additionality rules, demand for renewable electricity – including through GoO redemption – contributes to renewables expansion at system level.
- In addition, the EU Emissions Trading System ensures that increased electricity demand is progressively met by clean generation rather than fossil fuels.

Legal concerns and lack of required administrative procedures for new legislation

- Introducing a new standard for GoOs for a specific type of consumption in an Annex to a delegated Act that goes contrary to the Renewable Energy Directive is legally questionable. This is a fundamental issue, not a minor detail. The Directive does not foresee that sellers and buyers of GoOs shall be met by diverse types of GoOs in different areas. This undermines the directive and investor certainty. In addition is it questionable if the proposal is in line with the principle of freedom of establishment in the internal market and if it is unduly harming competition in the energy market. In any case it is essential that the Commission has an obligation to thoroughly analyse such fundamental amendments form a power system perspective as well as economically and legally. We cannot see that this has been done and it makes it impossible for the legislator to make well-founded decisions, thus making them open for legal complaints.