Carbon Emissions Tax Consultation

techUK response: Data Centres

September 2020

Introduction

techUK is the UK trade body for the digital technology sector and we represent the UK's data centre sector. Data centres are characterised by large emergency generating capacity but very low generating activity: these are standby plant that are deployed only in the event of grid failure, which fortunately is rare. All UK data centre facilities are ultra low emitters. We were therefore delighted when this category was introduced for phase IV: operators are currently obliged under the full scheme. With typical emissions of a few hundred tonnes, compliance costs dwarf allowance costs and EU ETS has rankled for many years as an unduly burdensome and unproductive policy instrument when applied to this cohort of installations.

We have few comments on the proposals: all facilities within our sector are within the ultra low emitters category and we were very pleased to see the exemption for that cohort of operators will be maintained under the proposals. We have a couple of points to make:

1. We would ask that the methodology for monitoring emissions for ultra low emitters is pragmatic. We have in fact developed a methodology approved by the Environment Agency, to measure carbon emissions associated with our standby generators. This was because the EU ETS requirements were impractical, burdensome and inaccurate. Measuring gasoil consumption from large tanks in a low usage scenario is very tricky and it is more accurate to calculate gasoil consumption from capacity, load and runtime and cross reference with invoices than to measure tank levels. We are very happy to provide more information as needed.

2. Our sector is growing and new facilities are being developed that will qualify as ultra low emitters based on activity. Can these sites register as ultra low emitters under the new carbon tax as and when they become operational? This is an important question so if you need further clarification please do get in touch.

3. We welcome approaches that support negative emissions and while we have not been able to identify a way that we could contribute currently, we felt it worthwhile drawing your attention to the potential for data centres to act as prosumers in the energy market. This will enable a greater degree of renewable and distributed generation and reduce pressure on grid supply. Some degree of incentive will be needed to pump-prime the supply chain for hydrogen. Similarly, data centres are well placed to help fund additional, utility scale renewables but again, support will be needed to mitigate some of the longer term risks that are currently delaying UK deployment. While it looks likely that these potential avenues are out of scope for this consultation we are very happy to provide further information as needed. In the meantime our Data Centre Energy Routemap covers this and other energy

matters relating to data centres: https://www.techuk.org/insights/reports/item/16263-data-centre-energy-routemap

Contacts

- For more on our data centre programme see: techUK data centre programme: https://www.techuk.org/focus/programmes/data-centres
- Data centre programme overviews, 2019 overview and 2020 Q1 overview

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