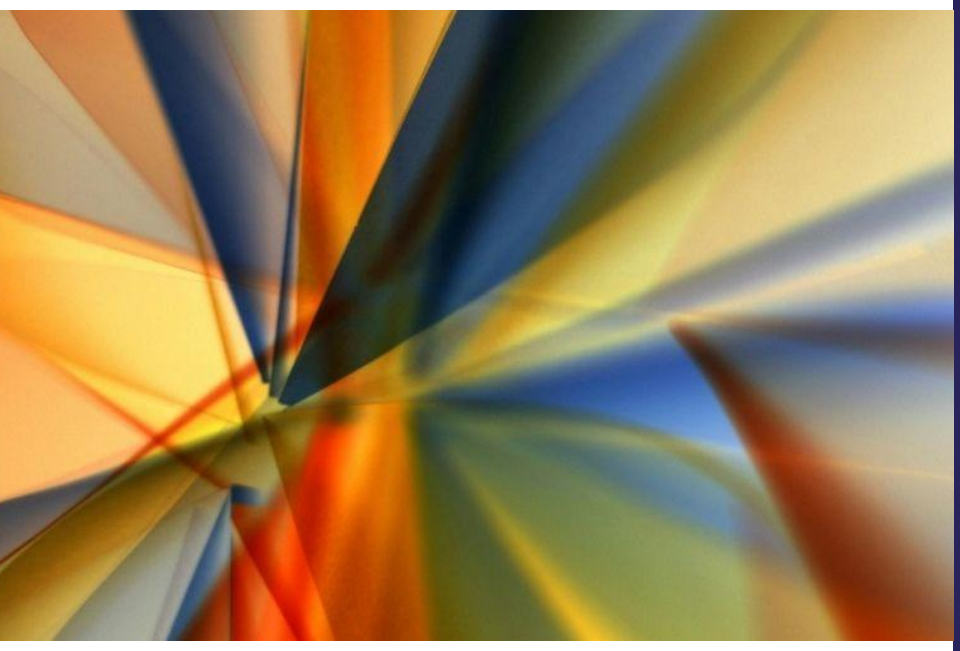
October 2026

EurEau Position on the Draft Regulation Establishing a Framework of Measures for Strengthening Europe's Cloud and AI Ecosystem

Enhancing Our Cloud and AI Capacity Must Not be to the Detriment of Local Water Resilience



Summary

The summer of 2026 has once again highlighted Europe's growing exposure to water scarcity, with massive economic impacts. The rapid growth of the economy around AI services, its locally-determined impact on water supply, and its specific water demand characteristics require that plans to develop AI-friendly ecosystems incorporate robust water resource planning from the outset. EurEau calls on the co-legislators to ensure the new measures on facilitating the deployment of AI and its related services make local water availability a hard siting test before data centre acceleration zones are designated or permits are approved. Public drinking water supply must be protected.

1. Introduction

The Commission presented new rules[1] that aim at strengthening the EU's technological sovereignty and competitiveness by expanding domestic cloud, data centre and computing infrastructure needed to develop and deploy AI. The focus is on creating the enabling ecosystem for AI, including compute capacity, data infrastructure, investment and resilience, so that European businesses and researchers can access secure, reliable and scalable resources for AI innovation and adoption.

While EurEau supports measures to strengthen Europe's cloud and AI ecosystem, we maintain that **the Commission's legislative proposal remains too weak in relation to the impact of AI and cloud services on water resources** and very unsatisfactory in terms of making **local water availability** a hard siting test before data centre acceleration zones are designated or permits are granted.

As key enablers of public health and economic activities, including those evolving around AI and cloud services, **we call on the co-legislators to adopt a comprehensive and consistent policy approach and ensure that this legal act does not put public drinking water supply at risk**. Permits must be based on robust knowledge on local water balances, including comprehensive abstraction registers and transparent monitoring. Data centres must be sited only where energy and water needs can be sustainably met, supported by appropriate siting procedures and strict environmental safeguards.

[1] Proposal for a regulation of the European Parliament and of the Council establishing a framework of measures for strengthening Europe's cloud and AI ecosystem (Cloud and AI Development Act). COM(2026) 502 final.

2. Impact of data centres on water resources

Water services are considered as **critical infrastructure** under the Critical Entities Resilience Directive[2] ensuring the continuity of services that are essential[3] to **maintaining vital societal functions under all circumstances**[4]. Furthermore, the Drinking Water Directive[5] requires water services to develop a 'risk-based approach', and to assess and manage vulnerabilities in the water supply system.

Understanding the 'significance' of the impact of the economy evolving around AI and cloud services (data centres, power generation, semiconductors production) on water resources is a complex topic and subject to evolving research. However, the criticality of this impact should be understood on the basis of the following characteristics:

AI and related services are becoming a **fast-growing industry**, with the biggest impact through the power supply to data centres, followed by the water embedded in chip manufacturing and onsite data centre cooling requirements[6].

Water impacts are not the same everywhere; they are **location-specific**. A data centre may therefore be fully sustainable in one basin but problematic in another.

Uncertainty in both water supply and demand due to **seasonal fluctuations, climate change effects, and differences between projected and actual operational water use**, exacerbate challenges in understanding the real impact on and the availability of water resources.

Some cases in the EU are already affecting the local water balance. On the other hand, more positive examples are also emerging. Several projects by major U.S. technology companies in North Rhine-Westphalia (Germany) appear to use closed-loop cooling systems, if our information is correct. However, requirements have reportedly been set in terms of "volume per hour". Such requirements are not systemically feasible, may have implications for water quality (e.g. turbidity), and can only be met through significant investments in existing infrastructure. This is an important aspect that should not be overlooked.

[2] Directive 2022/2557 on the resilience of critical entities and repealing Council Directive 2008/114/EC.
[3] Commission Delegated Regulation (EU) 2023/2450 of 25 July 2023 supplementing Directive (EU) 2022/2557 of the European Parliament and of the Council by establishing a list of essential services.
[4] Joint Communication on Preparedness Union Strategy.
[5] Directive 2020/2184 on the quality of water intended for human consumption (recast).
[6] GWI, Xylem. 2026. Watering The New Economy: Managing the impacts of the AI revolution.

Examples

Certain data centre campuses in Aragón, Spain requested a 48% increase in water availability because the originally anticipated volumes were considered insufficient for cooling during hotter periods. The request generated significant debate because Aragón is already exposed to drought pressures and competing demands from agriculture[1].

In the municipality of Wieringermeer, North Holland, a data centre cooling-water consumption was found substantially higher than originally expected. Reported cooling-water use was around 83–84 million litres annually, compared with earlier public expectations of around 12–20 million litres. The findings led to local criticism exacerbated also by the fact that the local drinking water company was calling on residents of the municipality to limit the use of drinking water, including by watering gardens more sparingly and filling swimming pools less frequently[1].

Climate change increases the risk of below-average precipitation in Austria leading to declining groundwater levels. Water-intensive projects, such as Google's data centre in Kronstorf and Microsoft sites around Vienna, increasingly add pressure to local water resources. For Kronstorf, Google states cooling demand with water from riverbank filtration will remain well below the permitted ~15 million litres/day, yet expansion plans and the absence of a mandatory environmental assessment fuel controversy in public discourse. Droughts challenging water availability provoke conflicts of use which must not jeopardise drinking water for human consumption.

3. Proposed changes to the draft regulation to ensure a water-resilient data centre ecosystem

With a view to ensuring the measures proposed by the Commission enable a genuinely sustainable AI ecosystem with regard to its impacts on water resource management, EurEau presents the following changes to the Commission draft legislative act.

Article 7 – National cloud and AI strategies

National cloud and AI strategies must not be limited to the deployment of these technologies but also ensure that this deployment does not go to the detriment of other sectors, and in particular public water supply.

Article 10 – Designation of data centre acceleration zones

Paragraph 1: When designing data centre acceleration zones, Member States must **assess the impact on local/regional resilience** and in particular on the **basin-level availability of drinking water resources** in the right quantity and quality. A specific point should be added to the list of aspects to be considered by Member States.

With regard to the impact on water resilience, a three-step approach should be adopted and compared to current and future water availability and expected demand development:

i. primary water consumption by the data centre;
ii. indirect water consumption through potential energy generation for the data centre;
iii. the strain on the local water infrastructure.

Paragraph 2: The review that Member States have to conduct at least every three years, must also include a **comprehensive analysis of the water needs** in the light of progressing climate change and the needs of other water users, in particular public water supply.

Paragraph 4: Given the substantial impact of data centres on local water resilience and public water supply and the need to enable **greater transparency** and collaboration to understand their present and future requirements, Member States should also ensure the **involvement of local drinking water operators** as defined in Directive 2020/2184[7].

Article 11 – Conditions within acceleration zones

We welcome the Commission Delegated Regulation establishing a common Union rating scheme for data centres[8], which introduces a labelling scheme for data centres and includes a water consumption indicator. **However, the decision on whether it is appropriate or not to build a data centre in a specific place does not only depend on the rating itself**, but the actual impact on local water resilience including conflicts with existing uses, depletion of resources, seasonal fluctuations, climate change effects, peak demand, and differences between projected and actual operational water use.

Data centre design tends to favour energy efficiency at the expense of water efficiency or vice versa. It is therefore important, that an overarching goal of greater energy efficiency does not lead to a disproportional burden on water needs. Indeed, in some areas it might be necessary to prioritise water efficiency over energy efficiency (particularly in cases where water is scarce and renewable energy is abundant).

[7] Directive 2020/2184 on the quality of water intended for human consumption (recast).
[8] Commission Delegated Regulation establishing a common Union rating scheme for data centres. C(2026) 3472 final.

Elaboration on the water energy trade-off

Data centre acceleration zones must take account of a structured analysis to weigh the nearly inevitable trade-off between water efficiency and energy efficiency. This is because, as a rule, high water consumption occurs when energy consumption is to be reduced through the cooling that water enables. Conversely, technical solutions that use little water usually lead to increased electricity consumption. Since resource shortages currently manifest themselves economically (i.e. through price) primarily on the energy side, energy-efficient technologies are likely to be favoured over water-efficient technologies.

Member States should ensure these factors are accounted for when setting up the sustainability requirements for data centres deployed in acceleration zones. **Rating should be relative to the exposure of areas to water stress**. Compliance with directive 2000/60/EC (Water Framework Directive) must be ensured in terms of water quality and water quantity.

Article 12 – Single information points

The single information point should not only look at authorisations regarding water abstraction, but also **overall water use**.

Article 13 – Facilitating administrative and permit-granting processes

EurEau rejects the obligation for Member States to issue aggregated baseline permits authorising the deployment of data centres in acceleration zones.

- ~ This process might exclude the possibility for other stakeholders, including water service providers, to be heard in the approval of a specific project.
- ~ Depending on technological choices, the water consumption of data centres varies significantly. Some projects may lead to massive water availability issues while others do not.
- ~ The aggregated baseline permits do not seem to be limited in time. As precipitation patterns and local water uses change over time, such permits may be quickly outdated.

EurEau suggests a **permit review clause** should be put in place in order to assess the impact of the data centres on the local water supply capabilities taking into consideration the assessed consumption based on which the permit was granted and real operational consumption. These provisions should require the project developer to implement mitigating measures with the purpose to ensure continuity of quantity and quality of drinking water supplied to other water users, in particular public water supply.

Article 14 – Designation of data centre strategic projects

EurEau disagrees with this article. It would allow the Commission to designate certain projects as strategic even if they negatively affect water resources in a certain area. This Regulation should set as a **minimum requirement that strategic projects do not deplete local water resources** nor harm existing local water uses such as public drinking water supply, farming and manufacturing.

About EurEau

EurEau is the European Water Services Association, representing 38 national organisations from 33 countries and the public and private water services they bring together.

We work with EU institutions and international organisations to shape policies that protect water quality, strengthen resilience and ensure sustainable, affordable water services for more than 500 million Europeans.

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