



Summary

Date: 2022-08-16

Reference number: 3.1.1-2021-0760

RiR 2022:18

Central government initiatives to stimulate investments in data centres

Summary

Data centres for storage and processing of data is an important building block in the digital society. However, data centres are also large users of energy at a time when more and more businesses are competing for electricity. This is why central government initiatives to stimulate investments in data centres need to build on a balance between objectives and effects in industrial policy and energy policy.

The overall assessment of the Swedish National Audit Office (Swedish NAO) in this audit is that the Government has not ensured that essential effects of central government initiatives to stimulate investments in data centres have been taken into account so that the initiatives are efficient with regard to industrial policy and energy policy objectives.

Fewer companies than expected have received a reduction of energy tax for data centres

From an industrial policy perspective, this has meant that much fewer companies have received a reduction than the Government expected. Furthermore, a large portion of the reduction was issued to a limited number of large companies, despite the Government's adjustment after one year to ensure that also smaller data centre companies would receive the reduction. This means that the reduction's contribution to employment and economic development may be smaller than it could have been.

The Government has not made any own impact assessments to identify which companies the initiatives need to reach in order to achieve the intended effects and to contribute to the industry policy objective – strengthening Swedish competitiveness and creating prospects for more jobs in more and expanding companies.

In investigations on the right to reduced energy tax, the Swedish Tax Agency continues to see challenges, mainly with regard to co-located data centres. It is a matter of basic practical conditions of importance for which companies can receive the reduction, for example who has access to the equipment in the data centres and how large the electricity consumption has been.

The data centres' possible contribution to the energy system has not been taken into account

From an energy policy perspective, the Government has not considered measures that could help address the challenges in the energy field. In particular, this applies to energy efficiency, where data centres can contribute as producers of waste heat, by adding flexibility to the energy system and through its internal energy efficiency efforts.

Although the link to energy policy is obvious, the Government has not addressed the energy policy significance of the reduction of energy tax for data centres in its inquiry nor the implementation of the reduction. In the investment promotion activities, the Government's remit and guidelines to Business Sweden includes that Business Sweden must provide potential investors with establishment-relevant and qualified information. However, the Government does not state that Business Sweden is to inform about policy objectives in the areas concerned and thereby express expectations or make demands on investors.

The Government has not evaluated or reviewed the efforts

The Government has not carried out any follow-up, evaluation or review of the efforts to stimulate investments in data centres. The Swedish NAO assesses that this is a shortcoming and that the need for an evaluation is growing, with the aim of considering adjustments, especially of the links to energy policy objectives. It has been five years since the reduction was introduced, and the initiatives have both industrial policy and energy policy implications.

The Swedish NAO's recommendations to the Government

It is uncertain whether central government initiatives to stimulate investments in data centres have led to the intended industrial policy effects. At the same time, the consequences of the efforts in the area of energy have become increasingly relevant in recent years. The Swedish NAO therefore makes the following recommendations to the Government:

- Review the reduction in the energy tax for data centres, based on an evaluation of the impact of the reduction.
- Carry out measures to link central government efforts on data centres with energy policy objectives.
- In the governance of central government investment promotion, clarify that it is part of the mission to inform about national policy objectives of importance for each investment area. For investments in data centres, this mainly concerns business and energy policy objectives.