

Alert | Digital Infrastructure, Data Center and Cloud Computing



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Challenges in the Dutch Data Center Market

The Netherlands, widely acclaimed for its tulips, windmills, and cheese, is also an important player in a different realm: the data center market. Due to its strategic geographical position, its advanced digital infrastructure and its strong commitment to sustainability, the Dutch data center market, particularly in Amsterdam, is significant on the global stage.

Notwithstanding its growth, the Dutch data center market faces various challenges, such as high energy costs, competition for skilled personnel, limited land availability for expansion, power grid congestion and regulatory constraints related to environmental impact. Given rising global demand for data centers, these challenges strain the country's ability to meet growth expectations essential to keeping the Netherlands competitive in the sector.

One of the current impediments to industry growth is the scarcity of suitable locations in the Netherlands, especially because the Dutch government has imposed new rules for hyperscale data centers, and the Municipality of Amsterdam has issued a preparatory decision restricting the development of new data center projects.

Further to an amendment of the decree concerning rules on the quality of the physical environment and the performance of tasks and authorities (*Besluit kwaliteit leefomgeving*) that entered into force on 1 January 2024, no hyperscale data centers are allowed in the Netherlands, with the exception of a few locations in the municipalities Het Hogeland (e.g. Eemshaven) and Hollands Kroon (e.g. Agriport A7).

In this context, a hyperscale data center means a computer center or data center of more than 10 hectares and an electrical connected load of 70 MW, and includes other functional support activities performed at the same location.

The amended decree only applies to *new* hyperscale data centers; it does *not* apply to hyperscale data centers that already existed or were allowed to be built when the decree took effect.

The Municipality of Amsterdam also plans to implement further restrictions in relation to new data center developments.

In effect, based on the recently published draft umbrella zoning plan for Data Centers Amsterdam (*ontwerp paraplubestemmingsplan Datacenters Amsterdam*) and the draft policy rules, 'Location policy for data centers of the municipality of Amsterdam 2020 - 2030, first revision' (*de concept beleidsregels 'Vestigingsbeleid datacenters gemeente Amsterdam 2020 - 2030, eerste herziening'*), the ability to build expanded data centers of max 670 MVA in the Municipality of Amsterdam will be blocked. Further new data centers and expansion are not allowed unless (a) it is for the benefit of Amsterdam and (b) the data center would not cause additional grid congestion. The 'good news' is that data centers with a footprint of 2,000 square meters and a connect of not less than 5 MVA are excluded from this envisaged restriction.

Before the planned restrictions could be adopted, the municipality was required to organize a six-week consultation to give third parties the opportunity to comment. That period has lapsed, so we await the outcome of the process and how the envisaged plans will be implemented. To be continued.

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