

Results of Germany's coalition sounding have been published (very high-level) and appear overall promising for decarbonisation sectors

Consensus comes earlier than expected

- ▶ The coalition sounding was held between the Social Democratic Party (*SPD*), The Green Party and the Liberal Party (*FDP*) and is aimed at forming a new German government with the SPD-Candidate *Olaf Scholz* as new Chancellor and successor to conservative *Angela Merkel*
- ▶ Results to the sounding were not expected as early as this week. The next step is to formulate a coalition agreement, which the negotiating teams will now suggest to their respective committees
- ▶ The Sounding Paper entails the ambition to legislate an immediate climate plan still in 2022

Renewable Energy Generation – boost for onshore wind

- ▶ **Onshore Wind** to more than double in capacity with mandatory zoning of 2 per cent of all areas in Germany (currently 0.9 %)
 - ▶ Seems a reference to a specific proposal of earlier this year, which foresees forcing municipalities and regional planning bodies to provide for sufficient zoning in their area (i.e. 2 per cent) or otherwise the wind power plants would be permissible without zoning
 - ▶ If enacted, an amendment of this kind will increase the opportunities significantly for greenfield and repowering onshore wind projects in the near future.
- ▶ **Offshore Wind** capacities to be increased significantly (but no explicit amendment of goals)
- ▶ **Solar** to be rolled out on any suitable rooftop and mandatory for new commercial properties (but also no amendment to already ambitious goals on)
- ▶ **Financing of EEG** through electricity price surcharge to be phased out asap and new electricity market design to be implemented

Further support – permitting and taxation to improve

- ▶ **Permitting procedures** to be halved in duration across all infrastructure
- ▶ **Super write-offs** for investments supporting decarbonisation

Fossil Power Generation – coal out earlier, gas in longer

- ▶ **Coal power** phase-out ideally by 2030, in any event faster than currently foreseen (2038)
- ▶ **Modern Gas Power Plants** to be rolled out to replace coal power phase-out, but must be H2-ready; no word is said on **NorthStream 2**, but emphasize on gas may give a hint

Industry decarbonisation – following EU's course

- ▶ **EU's Fit for 55 supported**, but no specifics as to detail
- ▶ **Hydrogen** not explicitly mentioned, but
 - ▶ reference to technology neutrality in support for EU's course might hint at openness for both blue and green hydrogen to be considered as RFNBO
 - ▶ H2-ready gas power plants suggest power supply through increased use of H2 intended

Mobility – batteries and e-fuels, but ambiguous wording

- ▶ **Only CO2-neutral cars** to be registered as of 2035; but the passage sounds ambiguous:
 - ▶ The 2035 goal is phrased “as per the EU-Commission”
 - ▶ The coalition will “support” that only cars that can be fuelled with CO2-neutral fuels shall be permissible as of 2035 => but could this not include cars that can run on synthetic OR fossil fuel?
- ▶ **Battery infrastructure** to be strongly supported and Germany to become champion of the technology
- ▶ **No speed limit** on the German Autobahn (obviously :))