

Energy infrastructure: Growth drivers and obstacles for investors under the grand coalition

Briefing

November 2025

Executive Summary



Germany is now in its “autumn of reforms”¹ and thus at a turning point in its energy and infrastructure policy. After just under 200 days of the governing alliance between Germany’s two largest political parties (the “grand coalition”), one thing has become apparent: Industry and investors are generally cautiously optimistic, but there are uncertainties about the future direction of infrastructure and energy policy and its impact on key markets. In addition, some industry representatives fear that investors will withdraw from sectors that have previously been growth drivers for Germany.

The government is holding fast to national climate targets for 2030, 2040, and 2045, but the envisioned energy mix goes beyond conventional renewable energies and highlights technological openness. As a result, in addition to traditional renewables, fossil fuel bridging technologies and emerging solutions such as CCS (carbon capture and storage) and CCU (carbon capture and utilisation) are assuming a greater role, especially in the transition toward a climate-neutral energy supply.

The introduction of a special fund for infrastructure and climate neutrality lays the groundwork for long-term financing of selected infrastructure projects. However, it remains unclear whether these funds will actually create investment incentives for the energy industry and its infrastructure, and how the monies from the climate and transformation fund will be used. The federal budget for 2025 has earmarked clear investment amounts from the special fund to infrastructure sectors and, through commitment appropriations, opened the door to multi-year investments. The government has thus sent out the first key signals for positive development.

However, for investors, these steps are still more of a promise than a reliable basis for decision-making. The risk of an execution gap remains.

According to our analysis, the outlook for investors is still uncertain. On the one hand, government initiatives to lower energy costs or establish a technology-neutral capacity market, combined with designated financial resources, offer new perspectives. Thus transmission system operators are dramatically scaling up their investment plans, and the first major storage projects are showing solid demand and opportunities. On the other hand, doubts persist as to whether incentives for particular asset classes will be sustained or scaled back: For renewables in particular, continuing uncertainty regarding the subsidy framework, for example, grid fee policies or support for alternative technologies, remains the key concern on the path towards climate neutrality. Uncertainty has also been triggered by a cancelled offshore wind auction in August and the absence of H₂-ready power station auctions. Developments in technology and financing for the heat transition have likewise stalled, as the promised amendment to the Building Energy Act remains outstanding. Operators of fossil fuel assets, like energy-intensive industries, are facing rising energy costs due to the new European emissions trading scheme and the obligation to comply with climate targets.

All asset classes lack planning security so long as many government proposals remain unapproved by parliament and key cost factors for end consumers, such as grid fees and electricity tax, are subject to constant risk of change. For example, future electricity demand cannot be reliably predicted due to uncertainty about the permissible types of drive systems

in the transport sector². The investment climate continues to be hampered by lengthy approval and procurement procedures.

Investor sentiment and deal flow reflect this tension. While some industrial and infrastructure companies, such as Siemens Energy³, BASF and Equinor⁴, continue to demonstrate their commitment to Germany and major international players like Giga Storage⁵ are entering the market, numerous others are adopting a wait-and-see stance. Journalists and analysts frequently refer to a “mixed record” – a view further supported by underperformance in important auctions.

Based on detailed data relating to auctions, funding mechanisms, grid status and European requirements, this briefing summarises the key risks: inappropriate use of the special fund, immature auction designs, grid connection bottlenecks, regulatory uncertainties (electricity network tariff system (AgNes), Federal Court of Justice ruling on customer installations), complex award procedures and macroeconomic pressures arising from trade disputes and currency volatility.

This gives rise to three medium-term scenarios for Germany by 2027:

- In the **bull case**, Germany accelerates the investment path with clear auctions, reliable framework conditions for the energy transition, appropriate incentives for investment and an effective procurement reform – capital flows broadly into all asset classes.
- In the **base case**, progress remains patchy: Selected infrastructure projects and energy sectors benefit from rigid investment requirements and ad hoc advances, such as the CCS amendment, while other asset classes lose attractiveness.
- In the **bear case**, many proposals cannot be implemented. Future demand stays uncertain due to shifting political sentiment, auctions either do not happen or attract no bidders, trade conflicts and persistently high electricity costs intensify cost pressures on businesses, and capital moves elsewhere.

Conclusion: Germany possesses all the instruments to deliver both short- and long-term investment certainty, but success will depend on the prompt delivery of clarity, speed and legal certainty through determined action at German and European legislative levels. If this is achieved, Germany will once again become a magnet for capital and leverage the energy transition as a growth engine for its economy and industrial base.

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I. Introduction

In autumn 2025, Germany finds itself in a situation marked by contradictory developments. On the one hand, international pressure to accelerate the energy transition and modernise infrastructure is mounting. On the other, the economic climate has become noticeably gloomier – high capital costs, volatile markets and escalating geopolitical tensions are shaping investment decisions. For investors in the energy and energy infrastructure sectors, this is an environment where strategic clarity, reliable parameters and an effective interplay between state and market are critical.

Following the announcements made by the new federal government, opportunities for international investors appear to be opening up in areas where they would not have been expected just a few months ago. A special fund of historic proportions was approved, and various measures to reduce energy costs and accelerate the expansion of the power station network were announced. These steps signal that the government recognises the central role of investors in the transformation. At the same time, many initiatives remain at the announcement stage or at varying stages of implementation. Fresh uncertainties are also emerging in sectors previously seen as reliable pillars, such as offshore wind and H₂-ready power stations.

The key question is whether these positive signals are enough to attract capital to Germany on the necessary scale – or whether persistent or even new uncertainties will continue to hold back investment decisions.

This briefing addresses exactly that point. Drawing on detailed analyses of the government's record (Part II), current sentiment among international investors (Part III) and robust data on auctions, networks and funding instruments (Part IV), it distils the underlying structural risks (Part V).

II. Government record at the start of Q4/2025 – just under 200 days of the grand coalition

1. Overview of measures decided and initiated

The government has approved a special fund for infrastructure and climate neutrality worth €500 billion (including €100 billion for the federal states), which has already been approved by parliament and integrated into the 2025 federal budget. For 2025 alone, €37.24 billion from the special fund is available for investment.⁶ Of this, €11.7 billion will be invested in transport infrastructure projects. In the field of energy infrastructure, investments are planned for Deutsche Energy Terminal GmbH and measures related to the PCK Schwedt refinery, totalling €849.2 million.⁷ Nevertheless, total investment in 2025 will be 10% lower than in the previous year. The special fund currently appears to be geared more towards federal tasks rather than being used as a clear investment incentive, and, at present, the criteria for accessing the climate and investment fund have yet to be defined. As a result, it remains unclear if and how these funds will translate into effective incentives for investors in the future.

Further reforms have been initiated: A draft CCS amendment will allow offshore storage in the future,⁸ and a draft Hydrogen Acceleration Act promises significant simplifications throughout the entire hydrogen supply chain.⁹ The government has also presented proposals to reduce energy costs from 2026 onwards. The gas storage levy will then be abolished, and part of the transmission grid fees will be covered by a federal government subsidy. The lower electricity tax is also to remain in place for manufacturing companies.¹⁰ The Federal Ministry for Economic Affairs and Energy (BMWE), which was established as the central authority for energy, CCS and hydrogen,¹¹ has also provided new impetus. Shortly after the coalition took office, the Federal Minister for Economic Affairs Reiche signalled plans to add new gas-fired power stations to ensure security of supply,¹² aligning with the coalition agreement on a power station strategy that sets a target of up to 20 GW of new gas generation capacity by 2030.¹³ In the second half of September, the Federal Ministry for Economic Affairs and Energy published a ten-point plan outlining future investment priorities and policy objectives for the energy transition.¹⁴ In the meantime, parts of this ten-point plan have been – slightly adjusted – agreed by the coalition: in 2026 and 2026/2027, 12 GW gas power plant capacities shall be awarded and the electricity price package (reduction grid fees, industry electricity prices and abolishment of gas storage expenses) shall be implemented.¹⁵

Departmental clustering

The Federal Ministry for Economic Affairs and Energy is responsible for energy prices and hydrogen, and, together with the Federal Ministry for the Environment, Climate Protection, Nature Conservation and Nuclear Safety (BMUKN), oversees the storage of CO₂ emissions (CCS). It continues to be responsible for climate protection, while the Federal Ministry of Finance (BMF) manages fiscal policy, tax incentives and administers the special fund. The Federal Ministry for Digital Affairs and State Modernisation (BMDS) and the Federal Ministry for Transport (BMV) are driving the development of digital and physical infrastructure.

2. Implementation status

At present, only the Act Establishing a Special Fund for Infrastructure and Climate Neutrality is legally in force.¹⁶ The criteria for allocating resources from this fund to the climate and transformation fund have not yet been defined. For CCS, hydrogen and planned measures to reduce energy costs, cabinet decisions have been made, but these now need to pass through the legislative process.¹⁷ There is also no binding legal basis for the expansion of gas-fired power stations and the capacity market; there is no current draft bill.

3. Initial assessments from associations, think tanks, media

The assessment of the situation is mixed. While industry associations such as the German Association of Energy and Water Industries (BDEW) welcome the overall approach and restrict their comments to calls for clear definitions and planning certainty¹⁸, it is mainly representatives from the renewables sector who criticise the cooling investment climate.¹⁹

Associations are unanimous in their criticism of the pace of implementation: the German Renewable Energy Federation (BEE) warns of “too little momentum”,²⁰ and Environmental Action Germany (DUH) speaks of “delayed climate protection”.²¹ Gas and hydrogen associations welcome the government’s general direction but call for more speed in holding auctions.²² Most economists assess the balance sheet negatively; according to a survey of German economics professors (“ifo panel”), 42% assess economic policy negatively, while only 25% assess it positively.²³ The Federal Audit Office warns against the vague use of funds.²⁴ Media coverage reflects this scepticism too: the magazine “Der Spiegel” sees a “mixed record”,²⁵ the newspaper “Handelsblatt” notes a “lack of optimism”²⁶ and the newspaper “FAZ” emphasises the historic dimension of the special fund, but doubts its structural impact and reform potential.²⁷ The recent coalition alignment feeds expectations of the industry that a quick implementation will follow.²⁸

III. Investor sentiment & deal flow

1. Positive drivers

Investors recognise some progress and see new opportunities emerging. As a result, the start of the government's term was initially met with a great deal of goodwill by parts of the industry: Around 61 large companies signalled their willingness to invest to Chancellor Merz and welcomed the new form of cooperation between business and politics.²⁹ The cabinet decision on the CCS/CCU amendment, which for the first time created a robust legal framework for offshore CO₂ storage and transport, was also well received. Similarly, a ten-point plan published by the Federal Ministry for Economic Affairs and Energy in September clarifies the overall direction of policy making.³⁰ The announced measures to reduce energy costs could also make Germany more competitive as a business location. In the hydrogen sector, the Federal Ministry for Economic Affairs and Energy's³¹ white paper on hydrogen storage provides guidance for the future role of hydrogen storage in transforming the energy system. Following on from this, the current draft Hydrogen Acceleration Act already promises concrete improvements, for example by classifying certain hydrogen infrastructure projects as being in the overriding public interest.³² Increased capex and site commitment among major industrial players are strengthening the positive momentum – a sign of stability for regulated assets.³³ Finally, in a global comparison, euro assets are considered a relatively stable anchor for capital in view of the volatile US dollar environment. And finally, the wind energy industry has also received a strong signal from the Federal Ministry for Economic Affairs and Energy, which assumed patronage of the HUSUM WIND 2025 trade fair.³⁴

2. Restraining factors

In the meantime, however, disillusionment is starting to take hold in some quarters. Statements by Chancellor Merz³⁵ and Federal Minister for Economic Affairs Reiche³⁶ hinting at a slowdown in the expansion of renewables have caused confidence in these asset classes to dwindle. Investors are questioning whether ambitious targets for wind and solar expansion

will actually be met, or if the volumes originally planned might even be cut. The existing difficulties became particularly visible in the offshore wind auction, which ended in August without any bids – a clear warning that the economic conditions are inadequate. The lack of H₂-ready power station auctions eroded trust first, as such projects can only be economically viable and thus eligible for financing once clear remuneration mechanisms are in place. However, recent coalition agreements seem to have re-established the trust. In the case of battery storage, grid connection shortages, a recent court ruling and continued regulatory uncertainty on construction subsidies and grid fees are all putting downward pressure on returns; biomethane auctions with undersubscription highlight flaws in the funding design. The newly announced regional focus ("southern bonus") is creating further questions of locational fairness³⁷, and it is reported that a first formal complaint has already been lodged by affected companies.

Another risk stems from parallel developments not directly initiated by the government, but whose uncertainties it has so far failed to address decisively. These include the ongoing Federal Network Agency (BNetzA) debate on the electricity network tariff system³⁸ and the latest Federal Court of Justice ruling on customer installations³⁹, both of which could create new cost and obligation profiles. The macroeconomic situation is also adding to the pressure: In addition to the EU's existing trade restrictions on Russia, there are trade conflicts with the US, China and India, as well as US dollar volatility. This is placing strain on supply chains and making it more difficult to calculate the costs of capital-intensive projects.

3. Deal flow

These mixed signals are reflected in the market. A number of completed and upcoming large-scale M&A transactions demonstrate the willingness of international players to invest and the general attractiveness of German energy and infrastructure assets (Techem, Amprion, TenneT, Uniper). Grid and storage projects continue to see growth, Amprion and TenneT, for example, plan to increase capex by several billion euros in the coming

years⁴⁰, and Giga Storage⁴¹ has acquired a 350 MW/1,400 MWh battery storage project. Site commitment is underlined by individual investments such as Siemens Energy’s €220 million investment in Nuremberg⁴² or LNG contracts entered into by BASF and Equinor⁴³. On the other hand, the unsuccessful offshore auction highlights investor reluctance in key areas. The basic attitude remains one of “wait and see”: While opportunities are recognised, ongoing uncertainties are slowing down additional capital allocation.



IV. Deep dive

1. Asset class-specific heat map from an investor’s perspective

Asset class	Date/round	Volumen (MW) ⁴⁴	Result	Special features	Source ⁴⁵
Offshore wind	June & Aug 2025	1,000 and 2,500	June: 100% awarded August: 0 bids	June: bid value very low August: first auction without a successful bid	Federal Network Agency, press reports
Onshore wind	May & Aug 2025	3,443 each	May: ~100% awarded August: ~100.14% awarded	Land and approval risks May & August: significant oversubscription	Federal Network Agency
Solar rooftop	June 2025	283	~90% awarded	Slightly undersubscribed	Federal Network Agency
Solar ground-mounted	July 2025	2,266	~100,2% awarded	Moderate oversubscription	Federal Network Agency
Biomethan	Sept 2025	26	0 bids	Reduction of the auction amount due to the risk of undersubscription	Federal Network Agency
Hydrogen power stations	n/a	n/a	No auction	Launch postponed, criticism from associations	Hydrogen gas ⁴⁶

2. Funding and subsidy instruments

Instrument	Legal basis	Budget	Status	Recipients
Auctions and the Renewable Energy Sources Act ⁴⁷ (renewables/ biogas)	Renewable Energies Sources Act (EEG) 2023/2025	Variable	Ongoing	Project developer (renewables/biomass)
CCS/CCU-legal framework ⁴⁸	2025 Amendment to the Carbon Dioxide Storage and Transport Act (KSpTG-Novelle)	n/a	Cabinet decision, ongoing legislative process	Industry, pipeline and storage projects
Special fund for infrastructure/ climate ⁴⁹	Law	€500 billion	Adopted	Federal government, federal states, down-stream subsidies, award criteria for climate and transformation fund still open
Hydrogen core network financing ⁵⁰	Energy Industry Act/regulation (planned) ⁵¹	n.a. (capex)	Strategy published	TSOs, industry
KfW-funding for building energy ⁵²	2025 federal funding for efficient buildings	>€10 billion p. a.	Ongoing	Households, biogas/hybrid use cases

3. Network & connection status

Network type	Indicators for 2025	Bottlenecks / Backlog	Remarks
Transmission network	Amprion: €36.4 billion capex	High backlog	TSO capex paths clear, financing robust
Distribution networks	High connection requests	Unclear approval period	Bottlenecks for connecting solar/onshore/BESS (battery energy storage system), market consolidation expected
Offshore connections	Federal Network Agency 2025: delays ⁵³	Significant manufacturer bottlenecks	Offshore backlogs are limiting projects
BESS connections	Federal Court of Justice „Construction cost subsidy“July 2025 ⁵⁴	Cost increase	Unclear logic in the case of the electricity network tariff system, status quo protection for so-called „Kundenanlagen“ provide temporary solutions ⁵⁵

4. EU references

EU instrument	Relevance for German assets	Status (2025)	Remarks
RED III ⁵⁶	Expansion goals for renewable energy	Being implemented Onshore wind: being implemented	German auctions linked to RED III implementation; permitting simplifications (simplification of species protection, faster approval)
Net Zero Industry Act (NZIA) ⁵⁷	Supply chain resilience	Approved	National implementation in Germany is still pending
State aid framework (CEEAG) ⁵⁸	Subsidy–logic renewables/ H ₂ /CCS	In force since 2022	Flexibility for H ₂ /CCS projects utilised
IPCEI hydrogen ⁵⁹	Backbone projects	Continuous, multiple waves	Germany actively involved
EU Emissions Trading System (EU ETS) ⁶⁰ and its extension ETS II ⁶¹	Price signals for industry/ heat	In force (phased model)	Interconnection between CCS/CCU

5. Interim result: Risk/opportunity matrix for the sector

Topic area	Probability of occurrence	Impact on investments	Assessment	Comment
Permits & litigation risks	High	High	●	Delays in onshore, grids and industrial projects
Grid connection/redispach	High	High	●	Connection problems (solar, wind, BESS); redispach costs rising
Auctions (design, Offshore Wind Energy Act, manufacturer backlogs)	Medium–high	High	●	Offshore auctions without bids and a decrease in value of the bids → undermines confidence in the regulatory framework
Supply chains & customs duties	Medium–high	Medium–high	●	Russia sanctions + conflicts between the US, China and India + USD volatility → capex/import risks
Budget framework/special funds	Adopted	Medium	●	Uncertainty about targeting and access mechanisms, particularly for climate and transformation funds
State aid law/EU compatibility	Medium	Medium	●	Subsidies (H ₂ , CCS) in the EU State Aid Framework – delineations still open
Capital costs/interest rate environment	Medium	Medium–high	●	Dependent on ECB rates, affects financing capacity, bankability
Political shift (coalition, federal states)	Low to medium	Medium–high	●	States can block expansion targets; coalition dynamics uncertain
Innovation (BESS, H ₂ , CCS)	Medium	Medium–high (positive)	●	Cost decrease, new business models → attractiveness increases
EU programmes (IPCEI, NZIA)	Medium–high	High (positive)	●	Tailwind for H ₂ /CCS projects, supply chain resilience

6. Asset class-specific heat map from an investor's perspective



Asset class	Rating	Brief explanation
Offshore wind	●	– No bids in the previous auction, framework conditions unsuitable, – an asset previously in high demand is now viewed more critically
Onshore wind	●	– Land availability and permits remain bottlenecks, – grid connection problematic, – reduced volumes increase uncertainty for what was previously an attractive asset class
Solar (PV)	●	– Slightly declining demand, – grid connection problematic, – market premium eliminated, – still attractive with storage
Bio & natural gas	●	– Biomethane is weak, – LNG capacities are secured, – attractiveness is increasing, – and there is political momentum to create new gas-fired power stations
Network infrastructure (electricity, gas)	●	– High capex requirements, measures to facilitate capex financing are currently being advanced in the political sphere, – regulated returns are stable, – and there is political momentum to create new gas-fired power stations
District heating networks	●	– High capex requirements, – business is fragmented, – often involves complex municipal structures and dependencies (municipal utilities), – customers show low willingness to switch providers
CCS/CCU	●	– Cabinet decision signals future planning certainty,
Hydrogen	●	– Core network outlook is positive, – power station auctions are missing, – political momentum from the white paper and government draft
Battery storage	●	– Project pipeline is growing, planned privilege for BESS in unplanned areas (Außenbereich)⁶² – cost/tariff issues weigh on IRR, – first projects mainly financed through mezzanine capital
Geothermal energy	●	– Political momentum, – deal flow remains low
Coal-fired power stations	●	– Rising CO₂ prices and coal phase-out impose restrictions, – but new federal government stance and the general electricity network tariff system discussion present opportunities
Waste-to-energy	●	– An important pillar of waste management, – but market potential is limited in view of climate targets and circular economy
Power-to-gas/power-to-heat	●	– Dependent on climate policy momentum and favourable electricity surpluses, – PTG benefits from hydrogen policy measures

V. Cross-sector risks & scenarios

1. Key risks

From an investor's perspective, the following issues are crucial for the further development of the energy and infrastructure sector in Germany:

a) Special funds and budgetary framework

The federal government's special fund of €500 billion is formally a strong signal. However, there is a risk that it will finance investments already planned by the government instead of targeting specific growth incentives.⁶³ Bankable incentives will only arise once the specific use of the special fund is anchored in budget legislation and the allocation criteria for the climate and transformation fund's resources are defined.

b) Auctions and remuneration design

The unsuccessful offshore wind auction in August 2025 and the federal government's reluctance to further expand renewables have reduced the attractiveness of investments in these asset classes. Although green hydrogen is widely considered to be market-ready, systemic barriers remain due to missing auctions, sluggish market development and purchase guarantees.⁶⁴ The same applies to the planned expansion of gas-fired power stations: the necessary legislative changes have not yet been made, full EU approval under state aid law has not been granted⁶⁵, and investors criticise the fact that the definition of "hydrogen-compatible" remains unclear. Initial tenders and a clear remuneration design are still awaited, whereby they have been announced to start in 2026 and 2026/2027.

c) Grid connection, redispatch and demand shocks

Grid expansion is the bottleneck for the entire industry. To maintain security of supply in the energy transition and provide energy at the lowest possible cost, extensive development of grid infrastructure is required.⁶⁶ Network expansion plans worth billions are ready, but only being implemented with delays. Investors see risks in connection times, redispatch

costs and planning certainty. Current debates about projected energy demand may also affect the scope of future approved investments.

d) Regulatory uncertainties

Ongoing discussions at the Federal Network Agency about a new electricity network tariff system and decisions by the European Court of Justice and Federal Court of Justice on customer installations are shifting the cost and obligation profiles for storage, district/neighbourhood and industrial projects. The need for regulation is obvious. Until the federal government takes legislative action, it remains unclear which business models will be viable. The implementation of the new grid and grid fee structures will have an impact on costs, at least for consumers and possibly also for producers. First positive signs are already available: aside the temporary status quo protection for „Kundenanlagen“ also battery storage projects shall become privileged in unplanned areas.

e) Public procurement law and acceleration plans

Reforms in public procurement are intended to accelerate infrastructure projects, but they also entail shorter deadlines, reduced opportunities for legal recourse and less competition. While this offers opportunities for faster implementation, it also carries risks of new conflicts and legal disputes.⁶⁷ For investors, it is unclear whether the goal of "acceleration" will in practice also increase planning and investment security.

f) Macroeconomic pressures

Global trade conflicts, particularly with the US and China, as well as tariffs and the volatility of the US dollar, are making it more difficult to calculate costs for import-intensive projects. Offshore wind, batteries and grid technology are particularly affected.⁶⁸ The necessary and now renewed isolation and sanctions against Russia are leading to higher prices for the procurement of fossil fuels.

2. Scenarios for 2025–2027

How the federal government addresses these risks will have a significant impact on the further development of the energy and infrastructure sector. Three scenarios are emerging:

a) Bull case – “Accelerated transition”

The special fund, in particular the resources of the climate and transformation fund, will be used in a targeted manner, with offshore and H₂-ready auctions starting with attractive remuneration mechanisms. CCS gains momentum through clear legislation. Procurement law reform truly accelerates processes and reduces planning times. The first auctions for new gas-fired power stations start promptly, with clearly defined H₂ standards, EU-compliant state aid approval and support for nationwide initiatives. The federal government makes it unequivocally clear what “technology neutrality” means for achieving climate targets and does not reduce the (auctioned) expansion volumes for established renewables. Uncertainties regarding the development of grid tariffs are sustainably resolved. Supply chains stabilise despite global tensions. Investors see a clear investment path and rising bankability across all major asset classes.

b) Base case – “Fragmented progress”

Incentives in certain asset classes excite investors, whereas in others they are discouraged. The hydrogen core network is developing, CCS is delayed by extended discussions, and offshore wind and biomethane remain weak. The special fund is flowing, though with unclear prioritisation. Expansion of gas-fired power stations is beginning, but with delays and unanswered questions regarding hydrogen-readiness. Only the first projects are slowly being completed. The political signal that “less” may be possible in renewable energy expansion is causing investors to expect only stepwise implementation of expansion volumes and plan their capital allocations more cautiously. Procurement law reform does accelerate some projects but also leads to new legal disputes. Energy costs can only be stabilised in the short term. Investors are reacting selectively, meaning they are increasingly investing in certain (new) asset classes in Germany while remaining more cautious in others. There is no broad capital allocation.

c) Bear Case – “Execution gap”

The special fund is used only to create new consumption opportunities for households and has little effect. Offshore wind is stagnating, H₂ auctions are being postponed and biomethane remains weak. Trade conflicts are escalating, tariffs are increasing the cost of imported components and delaying supply chains. Procurement law reform proves insufficient to secure investments. Tenders for new gas-fired power stations fail to meet schedules, state aid cases are blocking implementation and uncertainty about technical standards deters investors. At the same time, the federal government is reducing volumes for tendered renewable energy carriers. The development of grid tariffs remains unresolved in the long term, creating ongoing uncertainty about the profitability of different asset classes. Measures to cut energy costs are blocked. Investors are withdrawing capital and shifting engagement to other EU markets with more stable frameworks.

VI. Conclusion

Precisely now, as new opportunities are emerging in previously weaker fields, clear framework conditions need to be established. At the same time, policymakers must not allow functioning segments such as solar or onshore wind to lose their appeal.

The federal government has drafted initial approaches in several legislative proposals and has made substantial financial resources available through approval of the special fund. However, these steps have so far not been implemented clearly and reliably enough to build confidence among national and international investors.

If Germany does not want to fall behind in the competition for capital to drive the transformation, it now needs legally secure auctions for offshore wind and H₂-ready power stations, targeted distribution of the special fund, transparent and predictable grid tariffs, clarity about the path to achieving climate goals, accelerated grid expansion procedures and procurement legislation that combines acceleration with legal certainty.

If these catalysts are implemented decisively, Germany can mobilise available capital, attract international investors and turn the energy transition and infrastructure modernisation into a growth engine for the country.

¹ Friedrich Merz during the general debate on the budget, <https://www.bundesregierung.de/breg-de/aktuelles/kanzler-generaldebatte-september-2025-2384684>, accessed on 27 Oct. 2025

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³ Press release “Siemens Energy invests €220 million in transformer production in Nuremberg”, <https://www.siemens-energy.com/de/de/home/pressemitteilungen/siemens-energy-investiert-220-millionen-euro.html>, accessed on 27 Oct. 2025

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⁵ Press release “GIGA Storage Acquires 350MW/1,400MWh Project GIGA Albatross in Germany, Marking Key Step in European Expansion”, <https://giga-storage.com/en/giga-storage-acquires-350mw-1-400mwh-project-giga-albatross-in-germany-an-important-step-in-european-expansion/>, accessed on 27 Oct. 2025

⁶ German Parliament approves expenditure of €502.55 billion in 2025 budget, <https://www.bundestag.de/dokumente/textarchiv/2025/kw38-de-haushaltsgesetz-2025-dritte-lesung-1104010>, accessed on 27 Oct. 2025

⁷ Records of the Bundestag. 21/500, pp. 3333, 3335; Records of the Bundestag. 21/1060, p. 4, <https://dserv.bundestag.de/btd/21/010/2101060.pdf>, accessed on 25 Oct. 2025

⁸ Press release “Federal Government paves the way for CO₂ storage and utilisation (CCS and CCU)”, [nisterium.de/Redaktion/DE/Pressemitteilun-gen/2025/08/20250806-bunderegierung-ebnet-weg-fuer-co2-speicherung-nutzung-ccs-ccu.html](https://www.bundeswirtschaftsmi-nisterium.de/Redaktion/DE/Pressemitteilun-gen/2025/08/20250806-bunderegierung-ebnet-weg-fuer-co2-speicherung-nutzung-ccs-ccu.html), accessed on 27 Oct. 2025

⁹ Press release: “Hydrogen infrastructure development to become faster, more digital and less bureau-cratic – German government adopts draft Hydrogen Acceleration Act”, <https://www.bundeswirtschaftsmi-nisterium.de/Redaktion/DE/Pressemitteilungen/2025/10/20251025-bun-desregierung-beschliesst-entwurf-fuer-wasser-stoff-beschleunigungsgesetz.html>, accessed on 27 Oct. 2025

¹⁰ Lower grid fees for electricity, <https://www.bun-desregierung.de/breg-de/aktuelles/niedrigere-netzentgelte-2382396>, accessed on 27 Oct. 2025

¹¹ Law for the establishment of administrative and legal institutions of the Federal Government, <https://www.bundesregierung.de/resource/blob/992814/2345476/cdff731d8650c3ea9281853dedf46d2c/2025-05-06-organisationserlass-data.pdf>, accessed on 27 Oct. 2025

¹² Reiche plans new gas-fired power stations, <https://www.tagesschau.de/wirtschaft/energie/gaskraftwerke-reiche-energie-wende-kernener-gie-neubau-100.html>, accessed on 27 Oct. 2025

¹³ Coalition agreement for the 21st legislative period, p. 33, https://www.koalitionsvertrag2025.de/sites/www.koalitionsvertrag2025.de/files/koav_2025.pdf, accessed on 27 Oct. 2025

¹⁴ 10 key measures for the monitoring report, www.bundeswirtschaftsmi-nisterium.de/Redaktion/DE/Downloads/J-L/klimaneutral-werden-wettbe-werbsfaehig-bleiben.pdf?__blob=publicationFi-le&v=24, accessed on 27 Oct. 2025

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