Germany

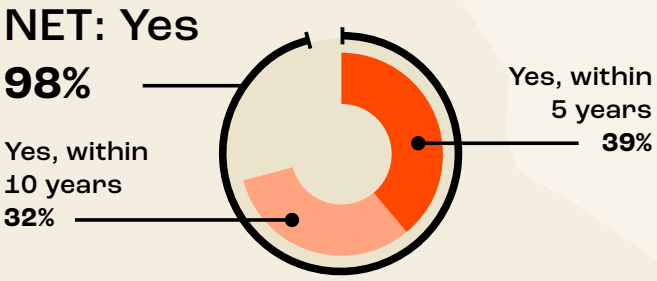


The vast majority (98%) of German business executives favour a transition away from fossil fuels to a renewables-based power system, but government assurances of support are critical for companies to continue to invest in renewables.

The majority (71%) of German business executives want to see a shift from fossil fuels to a renewables-based power system by 2035 or before. Germany's electricity grid has been progressively shifting away from fossil fuels over the last two decades,[1] although coal-fired electricity still comprises over one fifth (22%) of electricity generation.[2] Over the same period, renewables have been growing, with wind-generated electricity alone (28%) now overtaking coal-fired electricity in the national grid.[3] This transformation of the grid chimes with the strong support of almost all (98%) those executives polled in German businesses for a transition from fossil fuels to a renewables-based power system.

Under Germany's ambitious goal of achieving carbon neutrality by 2045, all coal-fired electricity would need to be phased out by the end of this decade. At present, the outgoing federal government is formally still committed to a final phase-out date of 2038 at the latest, to be accelerated to "ideally 2030".[4] This late date of 2038 stands in contrast with the view of a large majority of German business leaders. Among those who want their government to prioritise renewables in any new investments, 91% want coal to be phased out from power generation in the next ten years. An earlier date of 2030 is now set for lignite and hard coal in western Germany.[5] Further, EU carbon pricing is expected to bring the national phase-out of coal closer to 2030 in practice.[6] As a member of the Pentalateral Energy Forum, Germany is committed to cooperating with its neighbours to build a fully decarbonised power sector by 2035, as per business leaders' preference.[7]

Do you think your government should transition away from fossil fuels to a renewables-based electricity system?



1 https://wiki.energytransition.org/wiki/history-of-the-energiewende/
2 https://ember-energy.org/data/electricity-data-explorer/
3 Ibid.
4 https://www.agora-energiewende.org/fileadmin/Projekte/2022/2022-06_INT_Multi_Stakeholder_Engagement/A-EW_275_Coal-Phase-Out-Germany_WEB.pdf
5 https://www.cleanenergywire.org/factsheets/spelling-out-coal-phase-out-germanys-exit-law-draft#:~:text=The%20exit%20will%20happen%20in,are%20to%20remain%20by%202030
6 Ibid.
7 https://www.government.nl/latest/news/2023/12/18/group-of-european-countries-aim-to-decarbonize-their-electricity-system-by-2035

Access to renewables is a critical concern for business leaders when making new investments (83%), selecting their suppliers (80%) and locating their operations (74%). This 'pull effect' presents an opportunity for inward investment in areas of Germany where renewable capacity (mostly windpower) is strong, such as Lower Saxony, North Rhine-Westphalia, Brandenburg, and Schleswig-Holstein.[8]

Electricity policy

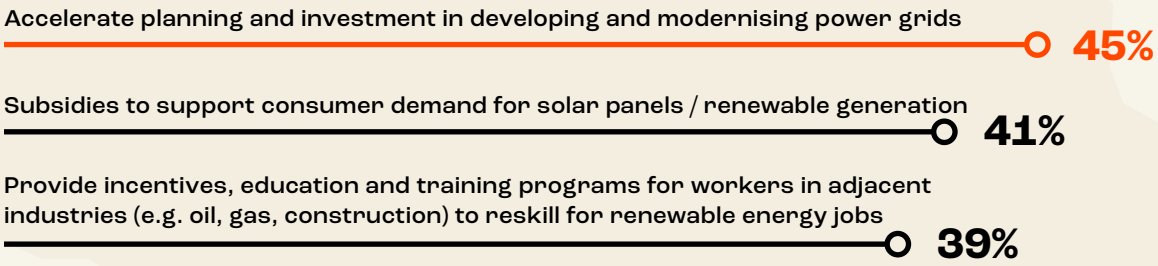
Around two-thirds (65%) of business executives back renewables-generated electricity directly replacing coal-fired electricity, bypassing the idea of fossil gas as a temporary stopgap. This welcome endorsement of a rapid transition contrasts with the German government's policy to date. However, Russia's war in Ukraine has highlighted the energy security vulnerabilities brought on by Germany's previously high dependence on gas from Russia.[9] This growing awareness gives political weight to the majority view (78%) among business executives that an acceleration of renewables will reduce the country's reliance on energy imports. Indeed, after mitigating climate change risks (56%), senior executives identify the provision of stable electricity prices for all (46%) and the enhancement of energy security (43%) as among the chief wins of a rapid transition.

Business 'asks'

Business leaders in Germany are looking to the government for consumer-oriented subsidies (41%), reskilling of workers (39%), and other signals of ongoing support. One area of particular concern relates to the cost of building out transmission infrastructure.[10] Over two-fifths (45%) of senior executives identify the development and modernisation of the country's electricity grid as a vital catalyst to a more rapid transition.

Corporate confidence in the direction of transition policy is essential to mobilising the business investment necessary for Germany to reach its 65% emissions reduction target by 2030 (compared to 1990).[11] Corporate executives express particular concern over insufficient grid infrastructure and storage for renewables (39%) and delays in permitting for renewable projects (37%), both of which are identified as barriers to the transition. Although some of these concerns are beginning to be addressed through reforms to European Union power market rules, the German government needs to show greater support to clean flexibility solutions like storage and demand-side management, and speed up permitting times.[12]

Top 3 requested actions that your government should take to accelerate the transition from fossil fuels (% who chose the following)



8 https://www.renewable-energy-industry.com/news/press-releases/pm-8357-wind-energy-expansion-in-germany-in-2024-at-previous-year-s-level-iwr-expects-upturn-in-2025-26

9 https://www.cleanenergywire.org/factsheets/germanys-dependence-imported-fossil-fuels

10 https://www.bmwk.de/Redaktion/EN/Artikel/Energy/electricity-grids-of-the-future-01.html

11 https://www.cleanenergywire.org/factsheets/germanys-greenhouse-gas-emissions-and-climate-targets#:~:text=Germany's%20national%20climate%20targets,aims%20for%20net%2Dnegative%20emissions

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