

# Client Alert

Corporate

FEBRUARY 20, 2025

For more information, contact:

Dr. Axel J. Schilder  
+49 69 257 811 300  
[aschilder@kslaw.com](mailto:aschilder@kslaw.com)

Dr. Peter Stainer  
+49 69 257 811 052  
[pstainer@kslaw.com](mailto:pstainer@kslaw.com)

Dan Feldman  
+971 2 596 7027  
[dfeldman@kslaw.com](mailto:dfeldman@kslaw.com)

Frederick Lazell  
+44 20 7551 2143  
[flazell@kslaw.com](mailto:flazell@kslaw.com)

Antonia Wood  
+44 20 7551 2143  
[awood@kslaw.com](mailto:awood@kslaw.com)

---

King & Spalding

Frankfurt  
TaunusTurm  
Taunustor 1  
60310 Frankfurt am Main  
Germany  
T. +49 69 257 811 000

With valuable insights from:



Julian Dannhof  
Dr. Laurent Hoff  
<https://dh-advisors.eu>

## Germany's Upcoming Federal Election: Potential Impacts on Energy and Climate Policy

The premature German Federal election on 23 February 2025 – triggered after the collapse of the coalition between social-democrat, green and libertarian parties (which was nicknamed the “traffic light coalition”) – is poised to be a pivotal moment not only for Germany but for European and global positioning with respect to the intersection between energy and climate policies. As one of the world's leading economies and a key player in the international energy and climate landscape, Germany's political direction will significantly influence global strategies and commitments to reducing carbon emissions. This election will determine the country's approach to renewable energy, industrial competitiveness and the related decarbonization challenges, carbon pricing, and international climate agreements, making it crucial for businesses and other stakeholders to stay informed and engaged.

As the world grapples with how to balance action to address climate change with weak economic growth in many economies, the decisions made by Germany's next government will resonate far beyond its borders: The policies and regulations that emerge from this election will impact various sectors, including energy, manufacturing, transportation, finance and international relations.

This article summarizes the energy strategies – as laid down in their manifestos (*Wahlprogramme*) – of all German parties currently represented in the German parliament (*Bundestag*).

## A. Introduction to the German political landscape<sup>i</sup>

Six parties are currently represented in the present German parliament:

- The Christian Democratic Union (CDU/CSU), Germany's major centrist-conservative party which has led German governments for 52 years since 1949, and took the decision to abandon nuclear energy sources after the Fukushima incident in 2011;
- the Social Democratic Party (SPD), Germany's centrist-left party which has led German governments 23 years since 1949, including the recently-ended coalition;
- the Greens (B90/Die Grünen), a left-leaning conservationist party that emerged in the course of the anti-nuclear movement of the 70s and 80s;
- the Free Democratic Party (FDP), a libertarian pro-business party which has helped form (and break) government coalitions since 1949;
- the far-right Alternative for Germany (AfD) which emerged in 2013 as a response to the EU's bailout of struggling members during the Eurozone crisis, and gained momentum as a countermovement to the liberal immigration policies that have characterized Germany since 2015;
- the far-left The Left (Die Linke), the successor to the ruling socialist party of former German Democratic Republic, and
- Bündnis Sahra Wagenknecht (BSW), a group that emerged from die Linke and combines far-left economic and culturally conservative positions, including further restricting immigration.

In January 2025, the CDU/CSU parliamentary group led by Friedrich Merz introduced a motion for a resolution to tighten up migration policy in the Bundestag. This so-called "five-point plan" was adopted by a narrow majority on 29 January 2025, with the AfD voting in favor together with the CDU/CSU and the FDP. This led to widespread outrage, as it was the first time that a majority had been achieved in the Bundestag with the support of the AfD. On 31 January 2025, the Bundestag voted on the "Influx Limitation Act" introduced by the CDU/CSU parliamentary group, which provided for a tightening of migration policy. Although the CDU/CSU, FDP, AfD and BSW had signaled their approval in advance, the bill was rejected with 349 votes compared to 338 votes in favor. This was partly due to the fact that some CDU and FDP Members of Parliament did not vote in favor of the bill or stayed away from the vote. The votes led to intense political debate. Friedrich Merz later admitted that his stance on cooperation with the AfD had undergone a U-turn, particularly after the attacks in Magdeburg and Aschaffenburg. This incident may influence voter sentiment ahead of the federal election on 23 February 2025, potentially affecting the visibility and influence of both the CDU and the AfD.

Based on current polls, this week's election is likely to produce a fragmented political landscape, complicating coalition formation. Recent developments—such as CDU leader Friedrich Merz' failed attempt to pass legislation for a framework to limit immigration in the Bundestag with the votes of the AfD in January 2025, and allegations of racism against SPD Chancellor Olaf Scholz against a CDU parliamentarian of color, have intensified tensions. These events risk deepening polarization and narrowing coalition options.

According to the latest election polls, which were published between 31 January and 19 February 2025, the average poll results for the parties are as follows. CDU/CSU has 30%, followed by AfD with 20.2%. The SPD is at 15.5%, while B90/Die Grünen reach 13.1%. Die Linke improved to 6.7%, BSW stands at 4.5%. The FDP currently stands at 4.3%,

A comparison of these figures with the 2021 federal election shows that the CDU/CSU (+5.8 percentage points) and the AfD (+9.8 percentage points) in particular have gained support, while the SPD (-10.2 percentage points) and the FDP (-7.2 percentage points) have recorded significant losses.

These figures must be seen in the context of a special feature of German electoral law, namely the 5% threshold. The 5% threshold in federal elections is a blocking clause designed to prevent too many small parties from entering parliament and thus making it more difficult to form a government. Parties must win at least 5% of the second votes or three direct mandates (first vote) to enter the Bundestag. This regulation is intended to limit the fragmentation of parliament and enable stable majorities.

The bottom line of the polls is therefore: the fewer parties enter the Bundestag, the better the coalition prospects of CDU/CSU and thus for Merz, who is highly likely to emerge as the election winner.

FDP, the CDU/CSU's "natural" partner of choice, will not bring the necessary voting weight to a coalition if it manages to enter the Bundestag. The SPD is therefore the CDU/CSU's first choice as a stable partner. Merz' promise to push through a 'genuine change of policy' will be anything but easy with the SPD as a partner. But there is a chance that he could find a reliable basis, especially with the duo Boris Pistorius (currently Federal Minister of Defense) and Lars Klingbeil (Federal Chairman of the SPD).

If, in addition to Die Linke, BSW and FDP also make it into the Bundestag, a coalition of CDU/CSU, SPD and FDP is most likely. If only BSW or FDP enters, a coalition of CDU/CSU and SPD would have a narrow majority. Cooperation between CDU/CSU and B90/Die Grünen can be considered unlikely at the moment but is not impossible. Firstly, the overlaps for good cooperation are small. Secondly, it must be assumed that the CDU/CSU's motion and voting behavior in January may make negotiations with B90/Die Grünen more difficult. However there has been some background noise that B90/Grünen signalled readiness to talk about their position on CCS.

The CDU/CSU has fundamentally ruled out a coalition with Die Linke and the BSW at federal level, meaning that participation in a CDU/CSU-led coalition is extremely unlikely.

All parties have ruled out cooperation with the AfD, making it extremely unlikely that a coalition involving the AfD will be formed. It is true that the votes in January 2025, in which the CDU/CSU, FDP and AfD voted together on CDU/CSU motions (in one of two votes there was no majority), are seen by the public and the other parties as a first sign of integrating the AfD into mainstream political relations. However, Merz has made it clear on several occasions that he is not seeking a government that is tolerated by the AfD but a coalition with a stable majority.

Scholz' declining popularity and last week's allegations may damage the SPD's credibility, particularly among progressive voters. This could push the party to seek alliances with the Greens and Die Linke or BSW to retain influence.

The new BSW could siphon votes from both Die Linke and SPD, particularly in Eastern Germany, but also from the AfD. If BSW enters parliament, it might act as a protest voice but is unlikely to join mainstream coalitions due to its anti-NATO and anti-sanctions basis.

The four possible scenarios have the potential options to form the following coalitions (the most likely coalition in **bold**):

1. If BSW and FDP do not enter parliament: CDU/CSU and AfD (~59%), **CDU/CSU and SPD (~53%)**, CDU/CSU and B90/Die Grünen (~51%) and AfD, SPD and B90/Die Grünen (~59%)
2. If BSW enters parliament, FDP does not: CDU/CSU and AfD (~56%), **CDU/CSU and SPD (~50%)**, CDU/CSU, B90/Die Grünen and Die Linke (~55%); CDU/CSU, B90/Die Grünen and BSW (~53%), AfD, SPD and B90/Die Grünen (~54%). A coalition of CDU/CSU and B90/Die Grünen would not have a majority (~48%)
3. If FDP enters parliament, BSW does not: CDU/CSU and AfD (~56%), **CDU/CSU and SPD (~50%)**, CDU/CSU, B90/Die Grünen and Die Linke (~59%), CDU/CSU, B90/Die Grünen and FDP (~53%) and AfD, SPD and B90/Die Grünen (~54%). A coalition of CDU/CSU and B90/Die Grünen would not have a majority (~47%).
4. If BSW and FDP enter parliament: CDU/CSU and AfD (~53%), CDU/CSU, SPD and B90/Die Grünen (~61%), CDU/CSU, SPD and Die Linke (~54%), CDU/CSU, SPD and BSW (~53%); **CDU/CSU, SPD and FDP (~53%)**, CDU/CSU, B90/Die Grünen and Die Linke (~52%), CDU/CSU, B90/Die Grünen and BSW (~50%), CDU/CSU, B90/Die Grünen and FDP (~50%) and AfD, SPD and B90/Die Grünen (~51%). There are no majorities for the CDU/CSU and SPD (~48%) and the CDU/CSU and B90/Die Grünen (~45%).

As to energy policy, here is a snapshot of the parties' current positions:

## B. Nuclear

- **CDU/CSU**: Supports research into 4th/5th-gen reactors, SMRs, and fusion. Open to reactivating recently closed plants pending an expert review;
- **SPD**: Opposes nuclear; prioritizes safe disposal and repository search;
- **B90/Die Grünen**: Rejects revival and research into SMRs; phase-out is definitive;
- **FDP**: Pro-nuclear; seeks legal reforms to allow new SMRs, nuclear fusion, and recommissioning;
- **AfD**: Pro-expansion; wants to revive existing plants and coal;
- **Die Linke**: Advocates constitutional nuclear phase-out; opposes EU taxonomy inclusion;
- **BSW**: Opposes conventional/SMRs; supports fusion research;

Key Divide: Pro-nuclear (CDU, FDP, AfD) vs. anti-nuclear (SPD, B90/Die Grünen, Die Linke, BSW).



## C. Coal

- **CDU/CSU**: Committed to a coal exit strategy (with a target phase-out date of 2038), but opposed to coal-fired plant shutdowns before reliable gas/CHP replacements are in place;
- **SPD**: Implicitly supports phase-out (linked to renewables expansion), no explicit mention in manifesto;

- **B90/Die Grünen**: Phase-out of coal-fire powered power production by 2030;
- **FDP**: Committed to coal exit strategy until 2038;
- **AfD**: Opposes phase-out; seeks short-term coal expansion;
- **Die Linke**: Coal phase-out by 2030;
- **BSW**: Critical of rapid phase-out; favors gas as backup.

Consensus: Most parties back phase-out (except **AfD**), but timelines and strategies vary.



#### D. Wind/Water

- **CDU/CSU**: Part of holistic renewables mix (onshore/offshore wind, hydropower). Prioritizes grid expansion;
- **SPD**: Backs electrification and grid expansion (capped fees);
- **B90/Die Grünen**: Rapid expansion (80% renewables by 2030); decentralized energy sharing;
- **FDP**: Market-driven approach; opposes subsidies/mandates;
- **AfD**: Criticizes "ideological" renewables; opposes landscape destruction;
- **Die Linke**: Decentralized, public-owned models; social tariffs;
- **BSW**: Repowering old turbines; promotes PV on public buildings.

Key Debate: State-driven expansion (**B90/Grünen/Die Linke**) vs. market solutions (**FDP/CDU**).



#### E. Hydrogen

Germany and Luxembourg currently function as a unified electricity bidding zone under the EU's internal energy market framework, but there are proposals to split this into 2–5 distinct zones, being debated under revisions to Germany's Energy Industry Act (EnWG) and EU Regulation 2019/943. This restructuring could reshape green hydrogen project planning by forcing developers to reconsider locations to ensure that renewable electricity sourcing (linked to bidding zone-specific prices) and grid congestion factors permit compliance with EU Renewable Energy Directive III (RED III) criteria for Renewable Fuels of Non-Biological Origin (RFNBO).

- **CDU/CSU**: Supportive of green hydrogen, but combined with an emphasis on technology openness. Focus on a fast ramp-up of hydrogen infrastructure (core network) and international partnerships;
- **SPD**: Believe green hydrogen is critical for industry; advocates lead markets (e.g., green steel);

- **B90/Die Grünen:** Only supports green hydrogen for essential industries and opposes application for e.g. district heating. Exporting countries of green hydrogen must abide by ecological and humanitarian standards;
- **FDP:** Tech-neutral; promotes CCS/CCU and e-fuels;
- **AfD:** Dismisses as uncompetitive; in case European CO<sub>2</sub> reduction legislation cannot be stopped, synthetic fuels (defined as fuels that are produced by using wind, photovoltaics, biomass or nuclear energy and can replace fuels made from crude oil and natural gas<sup>ii</sup>) should be prioritized also for individual traffic;
- **Die Linke:** "Champagne of energy transition" – limited to essential uses;
- **BSW:** Skeptical of imports; prioritizes local production.

Shared Goal: Industrial use, but disagreements over scalability and imports.



## F. Carbon Capture & Storage (CCS)

Carbon capture and storage (CCS) in Germany has faced significant public and political resistance over the past decade, largely due to concerns about geological risks and public opposition to onshore CO<sub>2</sub> storage, leading to restrictive laws like the 2012 CCS Act that have effectively stalled projects. However, recent EU climate targets and industrial demands for decarbonizing hard-to-abate sectors (e.g., cement, steel) have prompted a reevaluation, with Germany's coalition government proposing a new Carbon Management Strategy in 2023 to revive CCS, focusing on offshore storage and enabling CO<sub>2</sub> transport infrastructure. Legislative updates in 2024<sup>iii</sup> aim to amend the CCS Act to facilitate these plans while maintaining strict safeguards, signaling a cautious but pragmatic shift to align with climate goals despite lingering skepticism.

- **CDU/CSU:** Supports frameworks for CCUS and CO<sub>2</sub> utilization;
- **SPD:** Prioritizes CO<sub>2</sub> avoidance; limited support for CCS in hard-to-abate sectors;
- **B90/Die Grünen:** Permits only for unavoidable industrial emissions; rejects seabed storage;
- **FDP:** Strongly supports as a non-discriminatory climate tool;
- **AfD:** Not explicitly mentioned; but in general opposed to government-led climate initiatives, opposes CO<sub>2</sub> taxes;
- **Die Linke:** Rejects except in proven unavoidable cases; opposes fossil "lock-in" incentives it believes are supported by CCS;
- **BSW:** Supports with tax incentives for unavoidable emissions.

Split: Pro-CCS (CDU, FDP, BSW) vs. restrictive (Greens/Left) and presumably restrictive (AfD).



### G. LNG/Power Grid

- CDU/CSU: Reliable gas/CHP replacements are a prerequisite for the phase-out of coal. No phase-out of gas;
- SPD: Implicitly supports phase-out of gas (linked to renewables expansion), no explicit mention in manifesto;
- B90/Greens: Gas phase-out by 2045, 100% renewable supply to grid by 2035; Opposition to new fossil fuels extraction and to fracking;
- FDP: Open for incentives for gas-fired plants as transitional backup for renewables, expand domestic gas production;
- AfD: Opposes phase-out, gas will serve as transitional technology until nuclear energy is reintroduced. In favor of resuming LNG imports from Russia via Nord Stream 2;
- Die Linke: Gas electricity phase-out by 2035; No LNG infrastructure, no fracking – neither domestic nor imported. Abolish merit-order-principle as pricing mechanism;
- BSW: Against dismantling of gas grid; favors gas as backup. In favor of resuming LNG imports from Russia by reinstating Nord Stream 1 and 2. Abolish emission trading.

Split: Reinstating trade in Russian gas, no phase-out of gas and phase-out until 2045, at the latest.



### H. Summary

- Nuclear: Sharp ideological divide.
- Coal: Broad phase-out consensus (except AfD).
- Wind/Water: Unified support for expansion but differing approaches.
- Hydrogen: Industrial focus with skepticism on scalability.
- CCS: Seen as a bridge tool by some, rejected by others as a fossil enabler.

---

## ABOUT KING & SPALDING

Celebrating more than 140 years of service, King & Spalding is an international law firm that represents a broad array of clients, including half of the Fortune Global 100, with 1,300 lawyers in 24 offices in the United States, Europe, the Middle East and Asia. The firm has handled matters in over 160 countries on six continents and is consistently recognized for the results it obtains, uncompromising commitment to quality, and dedication to understanding the business and culture of its clients.

This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice. In some jurisdictions, this may be considered "Attorney Advertising."

View our [Privacy Notice](#).

---

## ABOUT DH ADVISORS

DH Advisors supports companies, associations and institutions in successfully representing their interests in political decision-making processes. With offices in Frankfurt am Main, Berlin and Brussels, the focus is on public affairs, governmental relations and strategic communication. The range of services includes the development of customized strategies, the identification of relevant stakeholders and the targeted placement of political issues. In addition, the company offers monitoring of legislative processes and political contact work.

With in-depth expertise and an extensive network, DH Advisors offers professional support for political and regulatory challenges.

---

<sup>i</sup> An overview over the German political landscape and description of major political parties as of 2025.

<sup>ii</sup> BT-Drs. 19/29777 (<https://dserver.bundestag.de/btd/19/297/1929777.pdf>).

<sup>iii</sup> Cf. our Client Alert "German Government Takes First Steps to Allow CCS" dated 20 June 2024 which can be found [here](#).