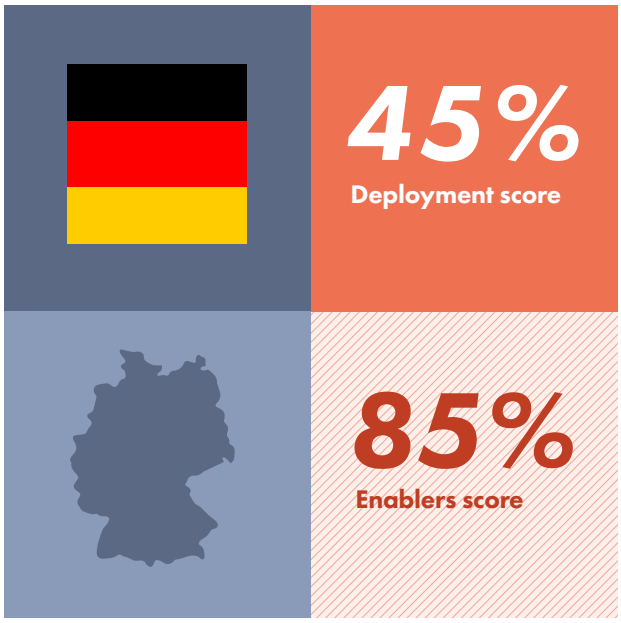
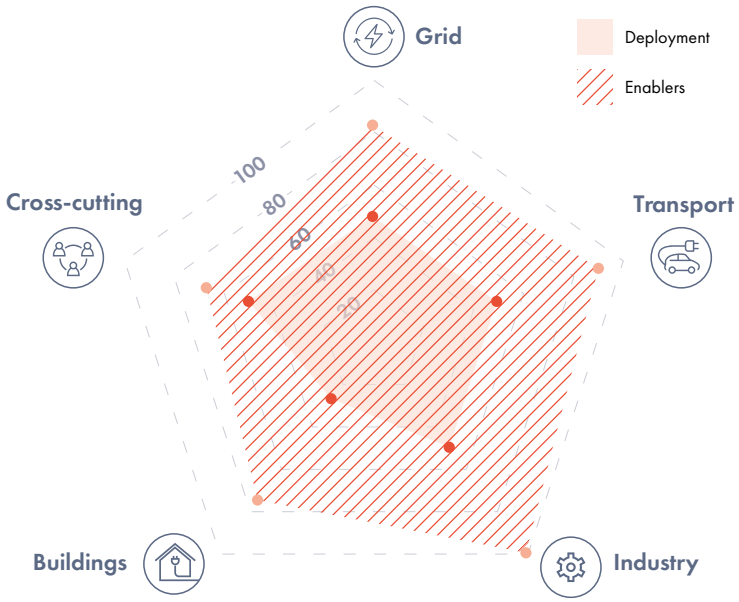
ANNEX: COUNTRY PROFILES

GERMANY





Germany has the second-highest enablers score among European countries in the Index (85%), built on strong finance instruments, a flexible-market design framework, and an industrial-electrification strategy anchored by the EUR 5 billion Klimaschutzverträge Carbon Contracts for Difference (CCfD)-scheme subsidizing heavy industry to move away from fossil fuels. However, its deployment score trails far behind at just 45%. Further increase in speed of deployment is required across grid decongestion, renewable investments, smart meter roll-out, and on closing the cost gap between electricity and natural gas.

The single biggest bottleneck is the grid itself. A connection-permitting backlog now runs into the hundreds of gigawatts of stalled capacity, and unlike France, Germany offers no public guarantee backing long-term power purchase contracts, leaving investors more exposed to price risks. A grid-connection reform is now working its way through the Bundestag; publishing a firm delivery date for it and treating the backlog as the country's top infrastructure priority would likely do more for deployment than another round of subsidies or financial incentives. Pairing that with a phaseout date for the EUR 8.5 billion/year Dieselprivileg diesel tax benefit and cutting electricity tax and VAT to the EU minimum would help tackle electricity affordability vis-à-vis fossil fuel prices. Another priority action is resolving a contradiction Germany has built into its own incentives. The government subsidizes up to 70% of the cost of a heat pump, but a separate law then rolled back the requirement that new heating systems run on at least 65% renewable energy, so the incentive to go electric now exists without the obligation to. Industry shows the same pattern: the 2026 Energy Efficiency Act (EnEfG) and Energy Services Act (EDL-G) reform loosens mandatory energy-management rules for mid-sized industrial firms even as Germany becomes the only EU country in this research moving backward on fossil fuel subsidies, adding EUR 11 billion in 2026. Pairing German-style incentives with binding standards, comparable to France's rental ban on the least efficient homes, and tightening Klimaschutzverträge CCfD eligibility so it rewards direct electrification specifically, could help close this gap.

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In the table below, 'Deployment' indicators include sales of EVs and heat pumps, grid congestion and flexibility metrics, and share of clean power, as well as key indicators influencing the business case, such as cost differences versus fossil technologies. 'Enablers' covers government plans, incentives, and regulations. See Methodology Annex for details.

NORMALIZED SCORE	AREAS OF STRENGTH	AREAS FOR IMPROVEMENT
GRID & POWER MARKET **14/30** DEPLOYMENT **25/30** ENABLERS	Among the leaders in grid investment, storage deployment (new StromVKG auction for dispatchable capacity and long duration energy storage), and solar cost of capital, with one of the world's lowest grid outage rates. Strong on power market reforms (full TSO unbundling) and distributed generation (balcony solar, Mieterstrom, KfW financing). Leads on demand flexibility (§41a EnWG's universal dynamic-tariff mandate).	Nearly the highest household electricity costs in the European Union, with large grid queues delaying lower-cost renewable supply. No power purchase agreement (PPA) offtake guarantees comparable to France's progressive model. A renewables-law (EEG) reform approved by Cabinet in July 2026 would end guaranteed long-term support for many new small solar installations. A fragmented landscape of distribution grid operators and a substantial challenge financing the buildout of distribution grids for municipally owned transmission grid operators. Big opportunity for demand-side flexibility for aggregator markets with the right support.
TRANSPORT **10/20** DEPLOYMENT **18/20** ENABLERS	Highest electric vehicle (EV) sales among European countries besides the U.K. (30% cars, 26% buses); a European leader in charging investment. Leads on EV incentives (e.g. new scheme, up to EUR 6,000, plus Dienst-wagenprivileg) and vehicle-to-grid (V2G)-enabling regulation. Has implemented the EU Eurovignette directive. Targeting 1 million charging points by 2030.	Still early (<10%) in EV two-wheeler and truck sales share. Incentive continuity is a challenge — the national EV subsidy had a two-year gap from 2024-2025 before the 2026 relaunch. The current government has dropped its predecessor's political target of 15 million EVs by 2030.
INDUSTRY **10/20** DEPLOYMENT **20/20** ENABLERS	Germany supports industrial electrification through several instruments: its *Klimaschutzverträge* CCfD scheme offered up to EUR 5 billion in 15-year contracts for low-carbon production, with electrification among the eligible pathways; BIK has supported industrial decarbonisation, while EEW includes efficiency funding and a dedicated electrification grant for small firms.	High electricity-to-gas price ratio challenges industrial electrification competitiveness. The EnEfG/EDL-G amendment 2026 reform raises the mandatory energy-management threshold, loosening obligations on mid-sized firms. Heavy industry, steel, chemicals, remain fossil fuel dependent.
BUILDINGS **5/20** DEPLOYMENT **15/20** ENABLERS	Highest electric cooking rate surveyed (>90%), avoiding major health harms. Strong on efficiency programs (e.g. *Bundesförderung für effiziente Gebäude*, or BEG).	Low smart-meter adoption (but with a positive trend to 5% in 2026) and still insufficient heat pump uptake despite increasing dynamic yield a low buildings electrification rate. Generous BEG grants (up to 70% of costs) now sit alongside the Building Modernisation Act (GModG, passed July 2026). The Act removes the 65% renewable heating requirement, drops the planned 2045 phaseout of fossil heating, and allows new gas and oil systems if they meet a rising biofuel quota ("Bio-Treppe", 10% in 2029 to 60% by 2040). This is a policy contradiction that favors biofuel blending over direct electrification.

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NORMALIZED SCORE	AREAS OF STRENGTH	AREAS FOR IMPROVEMENT
CROSS-CUTTING **5/10** DEPLOYMENT **7/10** ENABLERS	Near-highest electrification workforce metrics. Leads on carbon pricing (most developed pre-ETS2 national price) and workforce reskilling (most multi-layered system).	High construction costs slow deployment of electrified solutions. Germany is also moving backward on fossil fuel subsidies — EUR 11 billion added in 2026, with the EUR 8.5 billion/year Dieselprivileg still in place, complemented with two "Trankrabatte" lowering tax on diesel and gasoline in 2026.

TOTAL SCORES	
	45/100 DEPLOYMENT **85/100** ENABLERS

Scores may not sum perfectly due to rounding. Data quality concerns: ***low.*** *Germany had full coverage across the metrics.*

The goal of this index is to inspire action, maximize strengths, and work toward improvement opportunities. All stakeholders have a role to play, but policy often sets the tone for sustained, market-based change.

The table below reviews the above findings against WMBC's 10 Policy Principles to Seize the Electric Advantage. On the gaps identified related to grid connection and permitting, Principles 5 and 6 point to the clearest next steps: treat the connection backlog as the single highest-priority infrastructure action and support the Grid Package's passage ahead of its 2027 Transmission System Operator (TSO) deadlines. Doing so would help convert Germany's well-funded infrastructure programs into delivered capacity — with direct benefits for energy security and competitiveness.

On financial incentives and industrial standards, Principles 3 and 8 set a firm phaseout date for Dieselprivileg and rebalance electricity taxation, with direct-electrification eligibility criteria for industrial funding and a rental ban on inefficient homes.

STATUS ■ **STRONG SIGNS OF IMPLEMENTATION** ■ **MIXED IMPLEMENTATION** ■ **NOTABLE GAPS**

POLICY PRINCIPLE	RECOMMENDATIONS
1. Reinforce clean electrification as a shared strategic priority across international forums	*This has not been assessed for country comparison, as electrification remains at an early stage of discussion in international forums. Emerging examples of best practice are highlighted under "Best practice policies" in the "Findings for policymakers and advocacy" section.*
2. Set clear targets and timelines for electrification	Publish an explicit electrification share-of-final-energy target following France's 10-year master plan model (PPE3) and reconcile the goal for six million heat pumps with the Building Modernisation Act, which has now removed both the 65% renewable heating mandate and the 2045 fossil heating phaseout date.
3. Realign financial incentives and taxation to support electrification	Set phaseout dates for the *Dieselprivileg* and *Dienstwagenprivileg*. Revisit the agricultural diesel subsidy phaseout with a longer transition period and targeted compensation. For households, reduce the electricity tax and VAT, bringing VAT down to the EU minimum rate of 5%. For industry, review the remaining cost barriers to electrification, taking existing tax reliefs and exemptions into account. Make any future electricity-cost support targeted and conditional on progress in energy efficiency and electrification.

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STATUS ■ **STRONG SIGNS OF IMPLEMENTATION** ■ **MIXED IMPLEMENTATION** ■ **NOTABLE GAPS**

POLICY PRINCIPLE	RECOMMENDATIONS
4. Ensure electricity markets reward clean, flexible supply and demand	Develop a public PPA offtake guarantee along the lines of France's Bpifrance model. Seek to bring down electricity prices via extended industrial price relief and grid-fee redesign; greater weight to the energy price than to the capacity charge; make access to PPAs easier for smaller companies; support companies with infrastructure costs. Move beyond variable grid tariffs toward localized wholesale pricing to enable efficient flexibility dispatch. Accelerate commercial vehicle-to-grid (V2G) rollout. Lock in the Stromspeicher-Strategie's 20-year grid-fee exemption on a fixed, public timeline. Pair the end of rooftop solar feed-in tariffs with a self-consumption or virtual power plant-aggregation replacement. Ease PPA access for small and medium-sized enterprises via pooled PPAs, closing the gap left by no public offtake guarantee. Monitor the phased rollout of dynamic grid charges under the AgNes determination: storage facilities from 1 January 2033 at the earliest, generation facilities from 1 January 2035 at the earliest, with no dynamic charges yet planned for end consumers — a multi-year gap during which flexibility incentives remain confined to existing tariff mechanisms (§14a/§41a EnWG) rather than grid-charge design itself.
5. Deliver modern electricity systems including grids and enabling infrastructure	Address the distribution-grid financing gap facing municipally owned grid operators, alongside the transmission-level backlog covered under Principle 6. Scale the StromVKG auction model for dispatchable capacity and storage, and pair it with a dedicated framework to unlock demand-side flexibility aggregator markets. Match grid investment to the pace of EV roll-out and the one million charging point target so buildout doesn't outrun local distribution capacity, as is already happening with heat pumps and storage. Reinstate a quantified and more committed EV deployment target. Design future StromVKG rounds to be technology-neutral, so storage and demand-side flexibility can compete on equal terms with new gas capacity and avoid locking in fossil assets.
6. Streamline permitting and grid connection processes	Resolve the grid-connection queue backlog (hundreds of GW) before it undermines the well-designed dynamic tariff and V2G framework. Fix the grid connection backlog as a storage siting issue, not just a generation one. Monitor and support the Bundestag passage timeline, given enactment is targeted before end-2026 with TSO deadlines from 1 January 2027 and adapt Poland's cable-pooling or France's storage-specific connection-queue reforms. Reconsider the draft grid package's provision allowing new projects in "capacity-constrained" areas to connect only if they give up curtailment compensation for up to 10 years. That shifts grid-delivery risk onto investors and could chill renewables and storage investment in exactly the regions where it is most needed.
7. Mobilize finance and de-risk investment	As *Klimaschutzverträge* auctions begin, make direct electrification an explicit eligibility criterion, consider reserving a defined share of contract capacity specifically for direct electrification pathways (heat pumps, electrode boilers, electric arc furnaces) rather than leaving the scheme fully open to hydrogen and carbon capture and storage alternatives, mirroring the electrification-specific targeting recommended for Poland's equivalent instrument. Publish auction results transparently and quickly, and extend an equivalent long-term contract instrument to the building sector. Support Germany's nearly 900 energy utilities invest EUR 647 billion in electricity and heating grids by developing hybrid capital : subordinated and state-backed loans to strengthen utilities' creditworthiness. Flag the AgNes grandfathering deadline for storage and generation investors; to retain the 20-year grid-fee exemption, a final investment decision must be made before the determination is formally announced (expected 1 January 2027) and the facility commissioned by 4 August 2029 — a hard near-term window that should be communicated clearly to project developers planning German storage or renewable investment.

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POLICY PRINCIPLE	RECOMMENDATIONS
8. Use regulatory standards and mandates to accelerate deployment of electric solutions	Within the GModG reforms, improve access to the funding scheme, for example by enabling third-party pre-financing, ensure sufficient funding over the medium term, and develop longer-term instruments to address liquidity constraints. Consider a France-style rental ban on low efficiency homes. Consider introducing a public-procurement zero-emissions-vehicle quota for government fleet purchasing, following Poland's existing mechanism.
9. Integrate electrification into industrial strategies and trade policy	Resolve the tension flagged under Principle 8: Germany's strong industrial-electrification funding sits alongside its advocacy for diluting the EU's 2035 vehicle CO_2 target. Consolidate *Klimaschutzverträge*, BIK, and KEI into a single, explicitly named industrial-electrification strategy with one coordinating point of contact. The current landscape risks the same lack of a coherent, electrification-specific strategy already flagged for Poland and Italy, despite Germany having more funding instruments than either.
10. Build the skilled workforce needed to electrify the economy	Given the number of overlapping programs (*Zukunftsfonds*, STARK, *Fachkräftestrategie*, National Continuing Education Strategy, dena's Netzwerke, MIE), establish a single coordinating body so companies and workers can navigate the landscape.