

Client Alert

Energy and Infrastructure Projects

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Germany has voted: Likely Impacts on Energy and Climate Policy

An exciting election night has come to an end.ⁱ

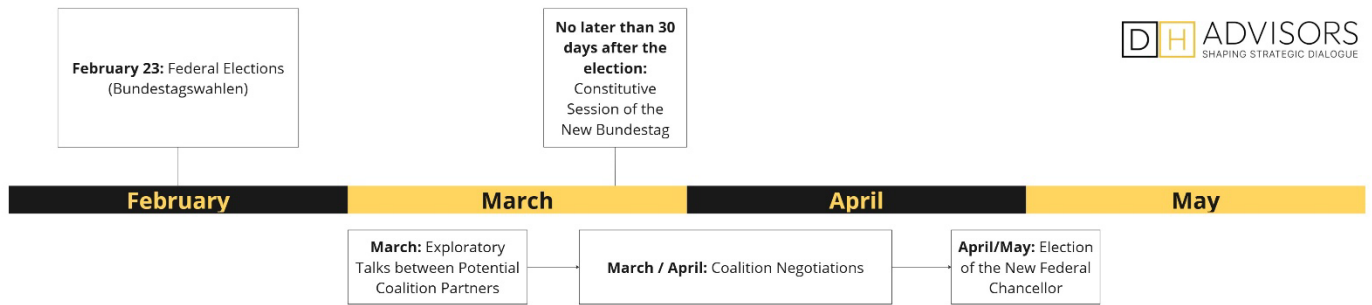
In the German federal elections on 23 February 2025, the CDU/CSU under the leadership of Friedrich Merz came in first with 28.5% of the votes. The AfD achieved a historic high of 20.8%, making it the second strongest party in the new Bundestag (German parliament). The SPD achieved its worst election result to date with 16.4% of the votes. The B90/Die Grünen received 11.6% of the votes, while Die Linke achieved 8.8%. Both the FDP and BSW failed to reach the 5% threshold and are therefore not represented in the Bundestag. Voter turnout was 82.5%, the highest figure since reunification.

Friedrich Merz announced on election night that he would seek a coalition with the SPD in order to form a stable government. However, he once again ruled out cooperation with the AfD due to its political orientation. Markus Söder, Bavarian Minister President and party leader of the CSU, also refrained from working with the B90/Die Grünen. A coalition between the CDU/CSU and SPD would achieve an absolute majority with 328 out of 630 seats.

SPD Chancellor Olaf Scholz declared that he would not partake in the new government and would resign from his party posts. Within the SPD, Lars Klingbeil was proposed as the new parliamentary group leader in order to promote younger leaders.

The AfD, which achieved particularly strong results in the eastern German states, is open to coalition talks, but was already rejected by all other parties including the CDU/CSU.

The exploratory talks (*Koalitionsverhandlungen*) between the CDU/CSU and SPD will now begin. Merz had already announced on election night that he wanted to present a stable government by Easter, e.g. around 22 April 2025. The more detailed timeframe is as follows:



It is not yet possible to say which personnel decisions will be made and how the negotiations regarding the coalition agreement will develop. The CDU/CSU and SPD also disagree on a number of energy issues in particular, such as nuclear energy. Both sides will have to make concessions here.

REVISITING POSITIONS ON VARIOUS ENERGY SOURCES:

Nuclear

The most controversial issue regarding future energy policy is the future of nuclear energy supply:

- **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;



LNG/Power Grid

While CDU/CSU and SPD have disagreements on the use of LNG and the Power Grid, it can be assumed that an agreement is within the confines of possibility:

- **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;



With regard to the following sources of energy and/or electricity, both CDU/CSU are either aligned or have no substantial dissent:

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;



Wind/Water

- CDU/CSU: Part of holistic renewables mix (onshore/offshore wind, hydropower). Prioritizes grid expansion;
- SPD: Backs electrification and grid expansion (capped fees);



Hydrogen

- 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);

Carbon Capture & Storage (CCS)

- CDU/CSU: Supports frameworks for CCUS and CO₂ utilization;
- SPD: Prioritizes CO₂ avoidance; limited support for CCS in hard-to-abate sectors;



SUMMARY

With regard to future energy policy, the different political positions between the CDU/CSU and SPD can be bridged; the coalition negotiations will show exactly how. However, the upcoming coalition negotiations will be dominated by other issues that are perceived as more urgent in German society, in particular migration and economic policy. For the latter, a stable and affordable energy supply is an important component, so it seems likely that a certain pragmatism will find its way into energy policy.

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¹ For a detailed overview of the political landscape see our pre-election client alert [here](#).