Climate technologies as a driver of growth

10 proposed solutions for more investment, growth and energy security for the 2025 federal election

Our Position

Germany is facing key economic and climate policy challenges: an unclear industrial strategy, high energy prices, geopolitical uncertainties and growing global pressure to innovate. With this in mind, we proposed 10 concrete approaches in the positioning paper "Climate technologies as a driver of growth", which was published in February 2025.

The proposed measures are intended to:

- Promote investment and growth
- Accelerate the decarbonization of industry
- Combine climate protection with economic resilience
- Position Germany as a lead market and innovation location for climate tech

Coalition agreement 2025

The new coalition agreement sends an important signal for stability and climate protection - with clear commitments to **climate neutrality, green hydrogen** and an **energy infrastructure fund** to mobilize private capital. Particularly positive: hydrogen production is to be promoted both on a large-scale and decentralized basis, supplemented by **lead markets for climate-friendly products** such as green steel or green gas. At the same time, the planned role of fossil backup power plants with CCS raises questions - they could weaken the H_2 core grid and burden a double infrastructure. The planned **pooling of innovation funding** in a new ministry and **simplified spin-offs** can also be seen as progress. However, the agreement does not live up to expectations in terms of industrial policy: it lacks a compelling strategy, targeted funding for hardware startups and instruments such as PPA guarantees. This makes it even more important to focus on outstanding issues such as **energy security.**

On the following page you will find a detailed comparison of our central demands from our manifesto with the measures in the coalition agreement - including an evaluation of where progress has been made and where there is still a need for action.

Update: Coalition Agreement

	Our Demands	Coalition Agreement 2025
1	With the **startup strategy 2.0** and a targeted focus on hardware startups, pilot projects are to be accelerated and the transfer of research strengthened.	Hardware startups are **not explicitly** mentioned. There is a lack of targeted programs. Though, the planned **introduction of one-stop stores** for startups within 24 hours is positive *(lines 104-106)*.
2	The **financing gap for climate-tech growth** is to be closed through more borrowed capital and public backing.	The **Solvency II amendment** facilitates venture capital and strengthens climate tech financing by increasing the participation of institutional investors *(lines 125-127)*.
3	The consistent implementation of the **WIN initiative** should help to eliminate the annual investment deficit of € 6-8 billion.	The **WIN initiative** will be strengthened and expanded in the long term, with an **investment target of over €25 billion** *(lines 121-124)*.
4	**Public guarantees for first-of-a-kind projects** (FOAK) are intended to secure and incentivize private investment in new production facilities.	The **new German fund** with **at least €100 billion** combines public guarantees with private capital and is aimed directly at **innovation financing** and risk projects for scaleups and SMEs *(lines 110-120)*.
5	**Green electricity supply contracts (PPAs)** are to be strengthened by state guarantees in order to reduce energy costs in the long term.	The demand for PPA guarantees remains unfulfilled, but **electricity tax cuts** and **industry relief** indirectly strengthen the planning security for long-term electricity contracts *(lines 957-960)*.
6	As a lead market instrument, **climate-neutral public procurement** is intended to accelerate the market ramp-up of climate-friendly technologies.	**Public procurement law is being modernized** through sectoral exemption options to create climate-friendly **lead markets** (green steel and gas) - with the pioneering field of Deutsche Bahn as an example *(lines 2062-2067)*.
7	**Special depreciation allowances for large fossil fuel plants** are intended to facilitate the switch to climate-friendly industrial investments.	The demand for special depreciation for large-scale fossil fuel plants is **not mentioned directly**. Instead, support programs for decarbonization are to be continued and bureaucratic hurdles reduced *(lines 164-166)*.
8	**A founder-friendly IP transfer** by means of virtual participation models should facilitate scientific spin-offs.	The new IP strategy contains concrete measures such as **standardized spin-off contracts** and **virtual shareholdings** that enable spin-offs within 24 hours *(lines 2573-2580)*.
9	**The promotion of hardware innovations** is intended to accelerate the scaling of climate-friendly technologies through matching grants and pilot projects.	The promotion of hardware innovations is partly addressed by the **high-tech agenda** and the **development of the hydrogen economy** *(lines 2503-2530)*.
10	The **"Startup Factories"** lighthouse competition aims to systematically promote cleantech innovations and make them internationally visible.	Startup factories remain unmentioned. However, the coalition agreement strengthens startups through better **financing and framework conditions** *(example SPRIND, line 2578)*.

Other relevant measures from the coalition agreement

CBAM & lead markets

- *Compensation for exports* of products affected by CBAM is planned (line 153).
- If carbon leakage protection does not take effect, the free allocation of *emission allowances* will remain in place (lines 155-156).
- *Quotas for low-emission products* (e.g. steel, green gas) as an instrument for lead market formation (lines 156-158).

Funding practice & industrial settlements

- The *funding rules and practice* for industrial projects and large-scale projects will be *modernized* (Z. 164-165).
- *Climate protection* agreements *and decarbonization funding* will continue, with a focus on securing locations (lines 165-167).

Hydrogen strategy

- development of a *hydrogen core network* including storage infrastructure (lines 139-141).
- Use of *funding programs* such as H2Global, IPCEI and SME funding (lines 1104-1107).
- Focus on *unbureaucratic certification* systems for climate-friendly energy sources (lines 1107-1108).

Startup-foundation

- strengthening *employee capital participation* through simpler tax/social legislation (lines 106-107).

Renewables & grid integration

- *Systemic approach* to RE expansion with grid integration and flexibility (lines 945-948).
- *Monitoring up to 2025* for energy supply, digitalization, grid expansion and electricity demand (lines 939-943).
- Goal: *permanently low and competitive energy* prices (lines 136-139).

Research and chemicals policy

- Building *innovative ecosystems and research fields* that are open to technology in missions *with clear goals and milestones:* quantum technologies, biotechnology, climate-neutral energy generation and mobility (lines 2503-2530).
- Support for *innovative climate technologies* and fusion research, with Germany's goal being *the world's first fusion reactor* (lines 2523-2526).
- No blanket PFAS bans but focus on *alternative substances* (lines 1211-1212).
- *REACH revision* taking competitiveness into account (lines 1207-1210).

TECH FOR NET ZERO

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Tech for Net Zero is a network of over 50 leading climate tech startups, scaleups and investors in Germany and the DACH region. The alliance focuses on expanding climate tech finance, stimulating market demand, and adopting an enabling regulatory environment to accelerate the scaleup of breakthrough climate technologies.

Given the abundance of technical solutions, talent, and financial resources, we believe achieving the climate targets is a matter of speed, focus, and execution. We need all hands on deck to move faster and turn Europe into a climate tech powerhouse. As a climate tech competence center, Tech for Net Zero is a reliable partner for policymakers, investors, and founders.

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