

Memo | EDP Energy Policy Roundtable

Berlin | 06 July 2026

Background and Context

- EDP organized a roundtable discussion under the Chatham House Rule with 10 experts from politics, industry associations, and academia to discuss the market situation of RES in Germany.
- Participants include representatives from the German government, renewable energy industry associations, energy companies, research organizations, and policy experts. Among the attendees were the Head of Department “National and European Climate Protection”, Federal Ministry for the Environment, Climate Action, Nature Conservation, and Nuclear Safety (BMUKN), Thomas Kralinski, and the Managing Director of the German Renewable Energy Federation – Bundesverband Erneuerbare Energie e.V. (BEE), Christine Falken Großer’s.
- The conversation was focused on reforms to the Renewable Energy Act (EEG), the Grid Package, electricity market design and investment conditions.
- Despite differing opinions on implementation, participants agree on the overall goals: climate neutrality, renewable energy expansion, lower electricity costs and greater energy independence.

Key Topics

1. Germany's Energy Transition

- Participants emphasize that accelerating the energy transition is essential for economic competitiveness, climate protection, and energy security.
- Electrification of transport, industry, and heating is viewed as a top priority.
- Renewable energy is presented as both an environmental necessity and an economic opportunity.

2. Reform of the Renewable Energy Act (EEG)

- The current EEG is recognized as a major success, helping reduce the costs of solar, wind, and battery technologies over the past two decades.
- The new scheme has been under discussion for several months. Industry stakeholders stress that delays create uncertainty for investors.
- There are multiple design choices, but participants agree that there should be a balanced allocation of risk (while a two-side CfD scheme is mandated by the EU, combination with PPAs should be allowed, treatment of negative prices needs to be clarified) – EDP advocating for a “fusion-CfD” mechanism¹.
- The participation of different technologies and sizes is questioned:
 - Innovation tenders are to be phased out but there is a consensus on the need for batteries. An alternative should be found.
 - Solar assets above 50 MW are excluded. While competition needs to be ensured, assets should not be excluded because of their size. The cap should be removed or at least allow big assets to be split into several 50 MW units for the purpose of the auction.

3. Grid package

- Broad consensus on the need for investments on grid. Redispatch measures should not substitute the necessary investments.
- Locational signals should be in form of predictable tariffs or CfD rules (different pots, or locational factors). Nodal and zonal prices bring significant uncertainty. Some participants argue that their disadvantages outweigh the benefits and mention the UK example.
- The discussion highlights:
 - Faster permitting processes.
 - Digitalization of grid management.

¹ Fusion-cfd as introduced by the guidance of the EC on CfDs, allow to compensate assets due to negative-price losses provided they do not produce during those hours.

- Standardized grid connection procedures and Flexible Connection Agreements.
- Better coordination between TSO's and DSO's.

4. Flexibility and Energy Storage

- Batteries and other storage technologies are viewed as critical to balancing intermittent renewable generation.
- Participants advocate integrating storage into market design rather.
- Flexibility is considered one of the key pillars of the future electricity system.
- Capacity Markets and other schemes may be considered to breach the volatility gap that limits investment. Schemes like the Italian MACSE, fostering stand-alone storage or Solar+BESS CfD auctions could be considered.

5. Market Design

- Several speakers support moving from traditional feed-in tariffs toward:
 - Contracts for Difference (CfDs).
 - Power Purchase Agreements (PPAs).
 - Market-driven pricing.
- PPAs can be fostered through pooling mechanisms, state-backed guarantees or a redesign of the opt-in-opt-out clause of the EEG (monthly windows might be challenging but 2/3 windows during the CfD tenure to accommodate offtakers appetite for shorter-term products).

6. Investment Certainty

- A recurring message throughout the discussion is: "Money follows clarity."
- Stable and predictable regulation is considered essential for attracting private investment.
- Participants warn against retroactive policy changes, which undermine investor confidence.

7. Electrification

- Electrification is repeatedly described as the foundation of Germany's future economy.
- Speakers argue that industry, buildings, and transport should all do a transition rapidly to electricity wherever technically feasible.

8. Digitalization

- Smart meters and digital grid infrastructure are seen as prerequisites for a flexible electricity.
- Germany has so far, a slower rollout of smart meters compared to other European countries.

Main Challenges Identified

- Regulatory uncertainty.
- Slow legislative process.
- Grid bottlenecks.
- Insufficient digital infrastructure.
- Need for better market signals.

Conclusions

- Participants believe Germany has the technology, expertise, and political commitment needed to achieve its energy transition goals. However, they stress that success depends on implementing clear, timely, and stable policies that encourage long-term investment while modernizing the electricity system.
- Overall, it was a strong consensus that Germany's next phase of energy policy should focus on accelerating renewable deployment, improving grid infrastructure, expanding electrification, increasing flexibility through storage, and creating predictable market conditions for investors.

EDP Position

- The next phase of the energy transition will require a different approach: an energy system that is flexible, reliable, and capable of delivering secure, affordable and competitive electricity. We need a reliable, predictable and practical framework.

1. Route to Market: EEG and PPA

- To mobilize the private investment needed, we must strengthen market mechanisms and develop a functioning renewable energy market, including a stronger corporate PPA market. We need to:
 - Have clarity on the post-2027 market environment. The timely implementation of the new EEG will be critical to reduce uncertainty and provide the confidence needed for long-term investment decisions. A well-designed two-sided CfD system plays an important role and must be calibrated carefully. Since such mechanisms limit the benefits of high market prices, strike prices need to reflect the realities of project economics and ensure that investments remain viable.
 - At the same time, we must strengthen market-based renewable energy deployment. CfD's should support and complement corporate PPAs. To unlock more private investment, Germany should also consider government-backed guarantees of last resort for corporate PPAs. Reducing counterparty risks would help more companies enter into long-term renewable energy agreements and accelerate the deployment of new projects.
 - We also need to remove barriers to efficient development. The current 50 MW cap for utility- scale solar PV projects limits economies of scale. Allowing larger or more flexible project structures would improve efficiency, grid integration, and renewable deployment.
 - Adapt auction frameworks. Maximum auction prices, volumes, and tender conditions must reflect current investment conditions. The planned 12 GW of additional onshore wind capacity should be implemented without delay to sustain deployment momentum.
 - Accelerate enabling infrastructure. Faster grid expansion, digitalization and the deployment of storage and other flexibility solutions are essential to integrate growing shares of renewable energy efficiently, reduce network congestion constraints and support a secure and cost- effective energy transition.
 - Support the acceleration of Agri-PV. Dedicated auction segments for agri-PV would foster the deployment of this technology, without directly competing with conventional ground-mounted PV.

2. Grid package

- Grid expansion and increasing flexibility must remain the primary solution to network congestion. Temporary flexibility measures, including Flexible Connection Agreements (FCAs) should complement, not replace, timely grid reinforcement and expansion.
- As recognized in European legislation, such measures are intended to be transitional. A 10-year curtailment waiver compensation is disproportionate, shifts excessive risk to project developers and negatively affects project bankability and financing conditions. Furthermore, BESS should be used strategically to build flexibility in the grid.
- Grid congestion should be addressed through a broader set of flexibility measures. Alongside grid expansion, Germany should accelerate the deployment of BESS, increase demand-side flexibility, optimise grid operation and provide clear regulatory frameworks and investment signals for flexibility resources. Locational incentives should also encourage renewable deployment in areas where it delivers the greatest system value.
- Furthermore, FCAs should be standardized. These should remain on the market and be subject to negotiation, but there should be a framework in place to ease the burden on the more than 800 DSOs. The FCAs should also include obligations on the part of the grid operator. It must also be possible to suspend FCAs flexibly once grid expansion is well underway.
- Efficient use of existing capacity (hybridization/cable pooling).
- Consistency with other regulatory frameworks, particularly the EEG.