



Recommendations to unlock Clean Energy investments in Germany

1) Review of clean hydrogen policy & market design

Short term

Reduce overly complex RFNBO requirements in favor of pragmatic and cost-efficient criteria

Relax and extend transitional provisions for monthly correlation beyond 2030 to avoid unnecessary cost burdens and lengthen the transitional periods for additionality requirements and grandfathering clauses.

Ensure a level playing field for low carbon hydrogen, particularly where alternatives are not yet available nor economically viable, and over a period long enough to support investment:

In sectors like steel, limited availability and high costs of renewable hydrogen put DRI investments at risk; low-carbon hydrogen could serve as a practical transition option but is currently restricted by inflexible funding rules.

Promote a flexible and technology-neutral transposition of European REDIII industry quotas at national level:

Ensure that hydrogen consumers in Germany are not subject to company or sector-specific quota obligations and retain the option to use low carbon hydrogen where appropriate.

Mid-term

Introduce complementary quotas or mandates for low carbon hydrogen alongside European RFNBO quotas, to fully leverage additional decarbonization potential and cost efficiencies:

While binding targets for renewable hydrogen exist at EU level, the absence of adequate incentives for low carbon hydrogen neglects its complementary role within the EU hydrogen framework, thereby creating uncertainty for off-takers and slowing market and infrastructure ramp-up.

Long term

Establish GHG-intensity standards as the sole eligibility criterion, regardless of the underlying production technologies:

Hydrogen, that achieves at least a 70% reduction in greenhouse gas emissions, and is rewarded for further emissions reductions, should be eligible for support regardless of the production method. In this context, certainty on grandfathering of carbon intensity values for low carbon hydrogen also needs to be ensured.

2) CCS regulation

Short term

Complete and ensure an enabling, reliable legal framework for the capture, transport and storage of CO₂:

Provide targeted support for early-stage CCS projects and introduce grandfathering provisions to strengthen regulatory and investment certainty, helping unlock first-mover initiatives. Ensure clear legal pathways for CO₂ exports under the London Protocol, and facilitate access to storage capacity in neighboring countries while continuing to develop domestic onshore and offshore CO₂ storage options.



Encourage offshore storage as cost-efficient storage option, alongside exploration of domestic offshore potential:

While Linde welcomes the opt-in clause that allows the federal states to enable onshore storage on their own territory, the Federal Government should create stronger incentives and funding opportunities to unlock onshore storage options, e.g. as part of its Carbon Management Strategy.

Enable and support multimodal transportation options:

Promote and support options for flexible interim logistics (rail, inland waterway, selected pipelines) where no dedicated transport and export infrastructure exists.

3) Funding & Support

Short term

Maintain technology-neutral funding programs and expand Carbon Contracts for Difference (CCfD) scheme to bridge sector- and site-specific cost gaps:

Align pricing with actual industrial cost gaps and maintain 15-year support periods, ensuring compatibility with EU funding schemes (IPCEI, Innovation Fund).

Mid-Long term

Stimulate demand for clean and low carbon products by introducing demand-side obligations:

Introduce carbon-intensity labeling requirements for steel, chemicals, and cement, aligned with accepted standards (e.g., LESS), to enable premium pricing for low-carbon products and help close the gap between production costs and market willingness to pay. Such labeling would also strengthen compliance efforts, including within public procurement.

4) EU ETS review

Short-/Mid term

Ensure a stable, transparent and predictable EU ETS framework without political interventions:

Maintain a stable, transparent EU ETS framework and avoid political interventions that weaken market integrity or long-term decarbonization signals. A strong and reliable carbon price is crucial for many of Linde's projects, which become subsidy-free at around €180/t CO₂. At the same time, certain sectors still need transitional support where CBAM does not yet fully mitigate carbon-leakage risks.

Long term

Use the upcoming revision of the EU Emissions Trading Scheme and the State Aid Framework to ensure a level playing field for outsourced industrial gases production:

Include the full industrial gases sector (NACE 20.11) in the EU ETS State Aid framework to ensure a level playing field, particularly for the highly electro-intensive production of air gases—whether produced on-site by consumers or by specialized suppliers like Linde. A review of the framework and eligibility criteria should ensure fair treatment across integrated value chains and address carbon-leakage risks, for example by recognizing indirect electricity costs from outsourced production as eligible, as already allowed under Germany's CISAF industrial electricity price mechanism.