

White Paper

on

Decarbonizing Core Industries

in

Germany

prepared

by

Linde GmbH

August 2025

Executive Summary

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6. Policy Recommendations

To accelerate decarbonization, investments, and job growth in Germany, Linde recommends to:

- provide certainty regarding grandfathering on carbon intensity for LCH supply
- introduce complementary quotas for LCH alongside REH
- improve the 15-year financial support available under KSV by bridging the cost gap that is specific to the industry and site for cement and steel sites in Germany
- mandate carbon labeling (e.g. LESS standard) to support customer acceptance for premium pricing
- pursue CO₂ storage agreements with neighboring countries such as Norway or Denmark to support first-mover Carbon Capture projects in Germany

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Policy Recommendations

To unlock Final Investment Decisions (FIDs) for clean energy projects, the following adjustments to the policy framework are recommended:

A. Clarify Definitions

- Provide certainty regarding grandfathering on carbon intensity for Low Carbon Hydrogen (LCH).

B. Introduce Complementary Quotas

- Establish **mandates for LCH use** in steel and chemicals, alongside existing Renewable Hydrogen (REH) quotas.

C. Bridge the Cost Gap

- Expand and increase funding for CcFD schemes such as Germany's Klimaschutzverträge (KSV), which provide suitable **15-year financial support** to decarbonization projects to cover the difference between **Cost of Domestic Production (CoP)** and **Willingness to Pay (WtP)** considering industry-specific and site-specific costs.

D. Mandate Product Labeling

- Require **carbon intensity labels** for steel and chemicals (e.g. LESS standard), enabling premium pricing for products and reducing reliance on subsidies over time.

E. Support for CO₂ storage outside Germany

- Pursue agreements on **CO₂ storage** with neighboring countries such as Norway or Denmark in order to support first-mover carbon capture projects in Germany, e.g. for key cement production sites, to enable rapid access to sufficient **CO₂ storage** capacity while adequate and economically viable options are still being developed in Germany.