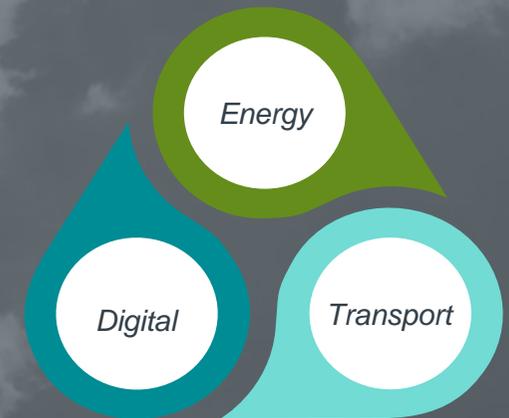


New Coalition in Germany: Key Points to Consider for Infrastructure Investors

Following the German federal elections on 26 September, the Social Democrats (SPD), the Green Party (Grüne) and the Liberal Party (FDP) entered into negotiations to form a new governing coalition. On 24 November, the three parties presented the draft coalition agreement which still needs to be approved at conventions of the three parties. Once approval has been granted, Olaf Scholz (SPD) shall be elected new chancellor in the week of 6 December.

We have analysed the coalition agreement and set out below those aims of the new governing coalition which we expect will play an important role for infrastructure investors in the sectors

- **energy,**
- **digital infrastructure and**
- **transport.**



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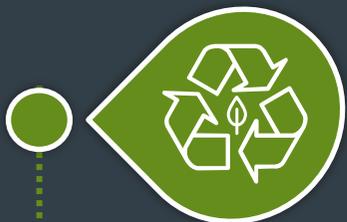
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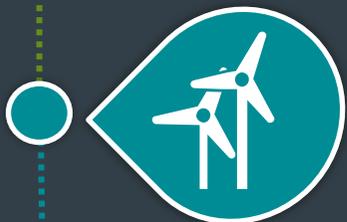
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Focus: Energy



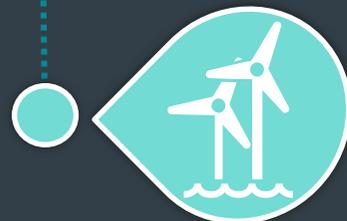
Climate Protection

All sectors shall be geared to meet the 1.5 degree target and carbon-neutrality shall be reached by 2045 at the latest.



Onshore Wind

2 per cent. of the area of Germany shall be designated for onshore wind use. Repowering of existing wind farms shall be facilitated.



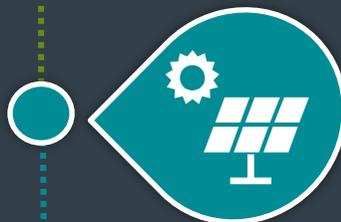
Offshore Wind

Production capacities shall be increased to installed capacity of 30 GW by 2030, 40 GW by 2035 and 70 GW by 2045.



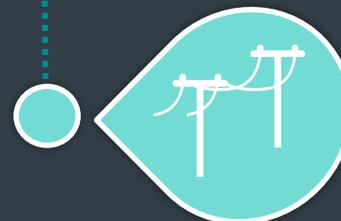
Renewables

Expansion of renewables in general is considered to be a central project of the new coalition and expansion targets will be designed to produce 80% of the gross electricity demand (c. 680-750 TWh) in 2030. This shall be supported by a mix of different instruments, including by dramatically accelerating the build-out of renewables or by supporting long-term PPAs.



Solar

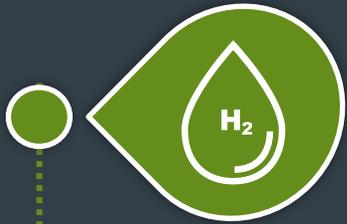
Solar PV shall be increased to 200 GW by 2030. Roof-top solar shall become mandatory for new commercial buildings. Innovative concepts like agri- or floating-PV shall be supported.



Electricity Grids

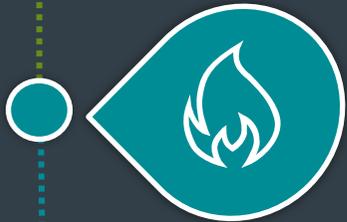
Grid expansion shall be accelerated to enable transportation of renewable electricity from the north and east of Germany to the main consumption centres in the west and south.

Focus: Energy



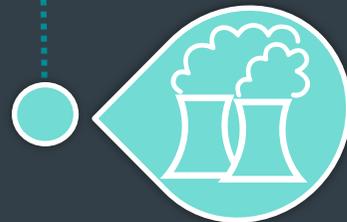
Hydrogen

Germany shall become a key hydrogen market by 2030 and investments in hydrogen infrastructure will be supported by public funding. In particular the production of green hydrogen and electrolyser facilities with a capacity of up to 10 GW by 2030 will be supported.



Gas

Gas is considered as an indispensable technology before renewables can provide full security of energy supply. New gas-fired power plants shall be constructed and need to be "H2-ready".



Conventional Energy

The exit from nuclear will not be reversed and the exit from coal is accelerated towards an exit by 2030 instead of 2038.



Planning and Permitting

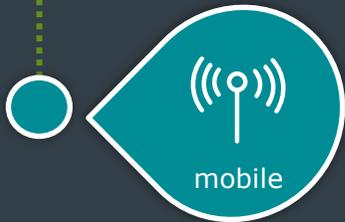
New infrastructure projects (including e. g. onshore wind farms and grids) have in recent years been slowed-down by lengthy planning and permitting procedures and opposition of environmental NGOs and citizen initiatives. The coalition aims at accelerating such procedures by a number of different measures, including by increasing personnel capacities in the authorities, by earlier participation of the public and by giving climate protection measures a certain overriding effect over species protection, with the aim to reduce the average length of procedures by half. It should be noted that the room for changes of permitting procedures is however also limited in certain respects, as a number of the elements which in the past have led to a slow-down, including extensive participation and claim rights of the public and of NGOs, are in fact based on international treaties and EU law (e.g. the Aarhus Convention or the EU Directive on public participation); thus, the room for changes by the German legislator is somewhat limited in this regard and it remains to be seen which of the proposed measures can actually be legally implemented.

Focus: Digital Infrastructure



Fibre Networks

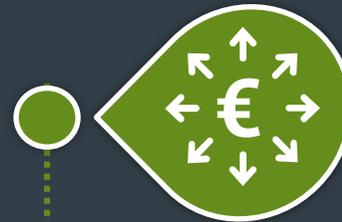
The coalition, like the current government, continues to focus on a nation-wide fibre to the home supply. The coalition emphasizes the priority of subsidised projects and open access to digital infrastructure at fair conditions.



Mobile Network

The coalition emphasizes the implementation of latest mobile communication standards.

Focus: Transport



Mobility in General

The coalition aims at expanding and modernising transport infrastructure with a focus on significantly increasing investments in the rail sector (for the implementation of the so-called "*Deutschlandtakt*"), while at the same time focussing in the German motorway sector on the rehabilitation and maintenance of existing motorways rather than new-build projects.



E-Mobility

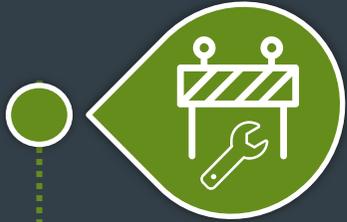
The coalition aims at having at least 15 million fully electric cars by 2030. This will be accompanied and facilitated by a focus on respective infrastructure investments, including new battery production and recycling facilities.



Charging Infrastructure

According to the plans of the coalition, one million fast charging stations for electric vehicles shall be operational in Germany by 2030, which shall be facilitated by supporting funding programs and easier planning procedures.

Focus: Transport



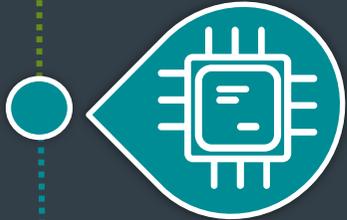
Railway Infrastructure

Electrification of the railway network shall be increased to 75% by 2030 and the railway network and rail network connections shall be expanded with processes to be accelerated.



Regional Public Passenger Transport

The coalition aims at significantly increasing, expanding and modernizing regional public passenger transport services. Regionalization funds paid by the federal government to the federal states shall be further increased from 2022 onwards.



Rail Technology

Innovative traction technologies shall be supported and digitalization of rolling stock and rail networks shall be prioritized.



Reorganization of Deutsche Bahn AG

According to the plans of the coalition, Deutsche Bahn (DB) rail transport units shall continue operation in a profit-oriented manner whereas DB infrastructure units (DB Netz, DB Station und Service) shall be merged within DB group to form a new infrastructure division for the common good. Profits from the operation of the infrastructure division shall remain in the new infrastructure division in future and investment resources of the infrastructure division shall be increased.



Rail Transport Market Shares

The rail freight traffic market share shall be increased to 25% and the public passenger rail transport shall be doubled by 2030. The coalition wants to work towards strengthening cross-border rail traffic, including developing night train services.

This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions. For more information please contact us at OpernTurm, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main T: +49 69 97 11 26 00 F: +49 69 97 11 27 77; Ludwigpalais, Ludwigstraße 8, 80539 Munich T: +49 89 24 44 21 100 F: +49 89 24 44 21 101 www.ashurst.com.

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