



Germany's Green Playbook: How to Maximize Industrial Sustainability Incentives

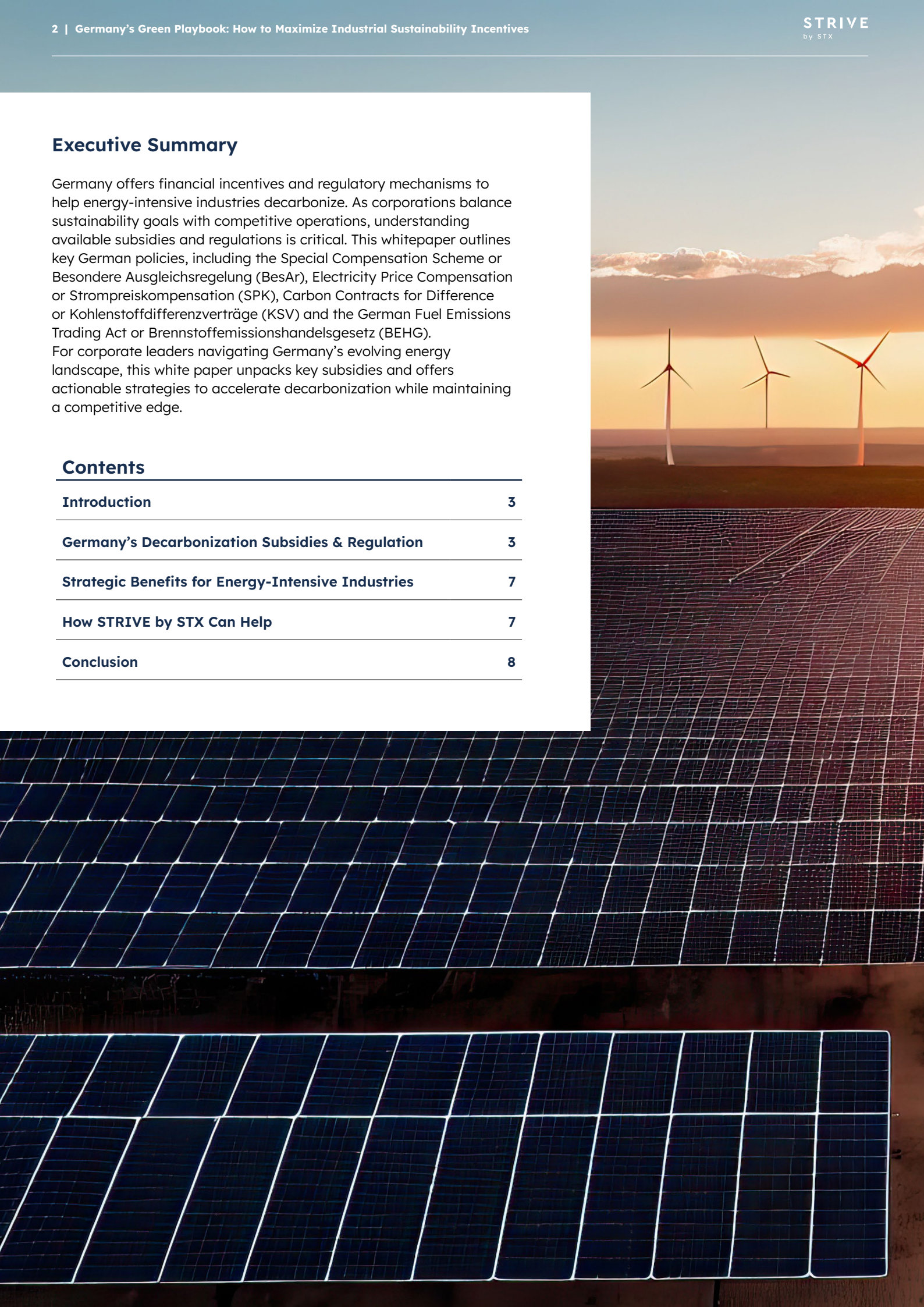
STRIVE
by STX

Executive Summary

Germany offers financial incentives and regulatory mechanisms to help energy-intensive industries decarbonize. As corporations balance sustainability goals with competitive operations, understanding available subsidies and regulations is critical. This whitepaper outlines key German policies, including the Special Compensation Scheme or Besondere Ausgleichsregelung (BesAr), Electricity Price Compensation or Strompreiskompensation (SPK), Carbon Contracts for Difference or Kohlenstoffdifferenzverträge (KSV) and the German Fuel Emissions Trading Act or Brennstoffemissionshandelsgesetz (BEHG). For corporate leaders navigating Germany’s evolving energy landscape, this white paper unpacks key subsidies and offers actionable strategies to accelerate decarbonization while maintaining a competitive edge.

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Introduction

Germany has set ambitious net-zero greenhouse gas (GHG) emission targets, aiming to achieve climate neutrality by 2045. In order to achieve this, Germany has in place various decarbonization subsidy schemes and regulations for energy-intensive corporates. Several financial mechanisms help companies mitigate carbon costs and transition toward low-carbon operations. Navigating this evolving landscape is essential for maintaining both compliance and competitiveness. However, these local instruments are often overlooked or excluded in multinational corporations' centralized sustainability or procurement strategies. This whitepaper provides insights into key regulatory instruments and their role in corporate decarbonization.

Germany's Decarbonization Subsidies & Regulation

Electricity Price Compensation (SPK)

The **Strompreiskompensation (SPK)** offsets indirect costs energy-intensive industries face under the **European Union Emissions Trading System (EU ETS)**. As carbon pricing within the EU ETS rises, electro-intensive companies, in locations where the electricity production produces a high level of carbon emissions - like in Germany - are exposed to higher electricity costs and risk losing competitiveness. SPK provides financial relief by reimbursing a portion of this contribution, ensuring businesses remain viable while advancing sustainability targets.

Key benefits:

- Reduces financial pressure from high electricity costs
- Encourages investment in energy efficiency and carbon reduction initiatives
- Supports industrial competitiveness in and outside the EU market
- Aligns with corporate preferences for OPEX-based solutions, as many companies favor green electricity procurement over long-term CAPEX-heavy energy efficiency investments

Who is eligible?

1. Electro-intensive industries falling under the EU ETS, particularly in manufacturing and heavy industry
2. The list to the right shows the industries that are eligible for this aid scheme

	NACE CODE	Description
1	14.11	Manufacture of leather clothes
2	24.42	Aluminium production
3	20.13	Manufacture of other inorganic basic chemicals
4	20.13	Lead, zinc and tin production
5	20.13	Manufacture of pulp
6	20.13	Manufacture of paper and paperboard
7	20.13	Manufacture of basic iron and steel and ferro-alloys
8	20.13	Manufacture of refined petroleum products
9	20.13	Copper production
10	20.13	Other non-ferrous metal production
11	The following subsectors within the plastics sector (20.16):	
	20.16.40.15	Polyethylene in primary forms
12	All product categories in the casting of iron sector (24.51)	
13	The following subsectors within the glass fibre sector (23.14):	
	23.14.12.10 23.14.12.30	Glass fibre mats Glass fibre voiles
14	The following subsectors within the industrial gases sector (20.11):	
	20.11.11.50 20.11.12.90	Hydrogen Inorganic oxygen compounds of non-metals

The full scope of SPK expansion to additional beneficiaries will likely be seen during the budget negotiations this summer, parallel to approval of the scheme's additional funding and scope by the European Commission. Official application criteria for all eligible parties for consumption 2025 is expected in Q2 2026.

What are the qualification criteria?

To qualify for SPK, companies must operate in an eligible energy-intensive sector and demonstrate efforts to improve their energy performance or reduce emissions. Participation also requires companies to undergo an energy audit and take steps aligned with the audit findings or broader decarbonization goals.

The calculation of the subsidy amount is based on EU benchmarks and depends on the type of production and electricity use. Companies cannot choose how the calculation is applied; instead, the correct method is determined by their specific activities. A tailored assessment helps businesses understand which rules apply and ensures their application is properly prepared.

When is the deadline to apply?

The deadline for applying for aid under the SPK scheme for the accounting year 2024 is the 30th of June 2025. The application must be submitted via an electronic form².

Applying for this aid scheme is done annually. Please don't hesitate to contact [STRIVE by STX](#) if you need any guidance in gathering the material.

² Please see the DEHSt website for the most up-to-date information regarding the application procedure: [DEHSt - Applying for electricity price compensation](#)

Besondere Ausgleichsregelung-BesAr

The German **Besondere Ausgleichsregelung** (the 'special compensation scheme', also called the 'green conditionality scheme') is an aid scheme that reduces electricity levies for energy-intensive companies or corporates in the electrochemical production of hydrogen.

While Strompreiskompensation (SPK) and BesAr, detailed below, both have the objective of lowering electricity prices, they compensate for different underlying costs. SPK compensates costs incurred due to the EU ETS while BesAr compensates different types of grid fees. The criteria for the schemes are similar but BesAr applies to a wider scope of sectors and industries.

Electricity levies can place a significant financial burden on electro-intensive companies, especially ones that rely heavily on electricity consumption. The scheme aims to alleviate that burden while safeguarding against 'carbon leakage', when businesses relocate to regions with weaker environmental regulations.

The eligibility criteria and other conditions of the special compensation scheme are regulated under the *Energiefinanzierungsgesetz* (EnFG-Energy Finance Act).

Key benefits:

- Reduces financial pressure from high electricity costs for a larger group of corporates than SPK
- Encourages investment in energy efficiency and renewable electricity consumption
- Supports industrial competitiveness in and outside the EU market

Who is eligible?

The scheme has a wider scope than SPK and overall, applies to more than 100 sectors deemed at risk or at significant risk of carbon leakage, including for example, manufacture of paper and cardboard, production of industrial gases, electronics manufacturing and the manufacture of pharmaceutical raw materials¹.

Contact [STRIVE by STX](#) if your corporate is in a sector that falls under either the SPK or BesAr schemes.

If your corporate is active in sectors that fall under both, you are entitled to get aid under both of the schemes. STRIVE by STX can assist your business with tailored solutions to navigate the complexities of the programmes and expected financial returns.

If your company operates in a sector covered by either the SPK or BesAr schemes, you may be eligible for support under those programmes. Companies active in sectors that fall under both schemes can benefit from aid through both. STRIVE by STX offers tailored support to help your business navigate the complexity of these programmes and maximise potential financial returns. [Contact us](#) to find out how we can support your company directly.

What is the qualification criteria?

Corporates eligible for BesAR must operate an energy management system. In addition to this, they need to do one of the following to comply with the so-called 'green conditionality' criteria:

1. **Increase** its energy efficiency by implementing all economically feasible measures identified in the energy management system;
2. **Cover** at least 30% of its electricity consumption with unsubsidized electricity from renewable sources (proof via cancellation of GOs from renewable energy sources); or
3. **Invest** at least 50% of the amount of the benefit received in projects that result in substantial reductions in GHG emissions

When is the deadline to apply?

The application must be submitted by 30 June of each year for the following calendar year. The application must be submitted electronically via the portal set up by the Federal Office of Economics and Export Control.

The online portal is now open for applications for the claim year 2026. Please see the official website of [The Federal Office for Economic Affairs and Export Control](#) for guidance on how to submit the application via the online portal.

¹ The full list of energy-intensive industries can be found here: [EnFG - Act on the financing of the energy transition in the electricity sector through payments by the federal government and levying levies](#)

Carbon Contracts for Difference (KSV)

The **Klimaschutzverträge (KSVs)**, or **Carbon Contracts for Difference** are intended to initiate climate-friendly production processes in energy-intensive industries, for example in the steel, cement, paper or glass industries. To this end, KSVs compensate for the additional costs compared to conventional processes, where climate-friendly production processes cannot yet be operated competitively. The goal is to accelerate Germany's transition to a sustainable, low-carbon economy.

Key benefits:

- Provides financial certainty for companies investing in cleaner technologies and a secure investment framework
- Accelerates industrial transformation to climate-friendly production by offsetting additional costs
- Encourages large-scale deployment of green energy solutions

Who is eligible?

The funding mechanism is open to many electro-intensive industries subject to the EU ETS, such as the chemical, glass and pulp sectors. The interested companies must be plant operators of the plant(s) to be subsidized.

What is the qualification criteria?

The projects must have a minimum size of absolute average annual GHG emissions in the reference system, which must be at least 5 kt CO₂ equivalent per calendar year.

The projects will need to achieve a 60% emission reduction in three years and a 90% emission reduction by the end of the supported project, compared to a reference system aligned with ETS benchmarks. While the program includes criteria for electricity and green hydrogen production (aligned with EU taxonomy standards), **KSV does not prescribe a specific technology or energy source**. Instead, the focus is on the **GHG reduction impact and innovative, efficient decarbonization strategies** within industrial production. The goal is to support projects that go beyond incremental improvements and offer **transformational emission reductions** through novel or scaled-up technologies.

When is the deadline to apply?

To be eligible for financing under KSV, **companies must participate in a competitive bidding process**. This process is initiated by a funding call from the granting authority, in which interested companies can submit an application for funding and concluding a KSV.

The European Commission approved amendments to the funding mechanism in March 2025 and the new federal government will now decide on the launch of a second call for funding. As of now, the exact date for the second funding call has not been announced.

Companies interested in participating should monitor the official [Klimaschutzverträge](#) website for updates on the application timeline.

STRIVE by STX can assist your company in developing a plan that allows you to be part of the bidding process. We offer comprehensive guidance in defining investment plans based on the current market conditions. Additionally, we support you in optimizing energy-related aspects of asset acquisitions, such as subsidy eligibility and integration into existing energy portfolios. We also assist with implementing renewable electricity hedging strategies and mitigating energy market risks, including price volatility and regulatory uncertainty.

German Fuel Emissions Trading Act (BEHG)

In addition to the subsidy mechanisms, Germany also has a national carbon pricing system, the Brennstoffemissionshandelsgesetz (BEHG), in effect since 2021. It forms the basis for national certificate trading for emissions from fuels and initially applied only to the transport and heating sectors. It has been amended and now covers additional sectors, such as waste incineration and thermal waste recycling. The purpose of BEHG is to price fossil GHG emissions emitted in sectors that are not covered by the EU ETS and it contributes to achieving Germany's national climate targets, including achieving GHG neutrality by 2045.

Key benefits:

- Incentivizes businesses to reduce fossil fuel reliance
- Sends a clear price signal for transitioning toward lower-carbon alternatives
- Supports Germany's long-term climate neutrality goals

Who is affected?

The BEHG affects businesses operating outside the EU ETS framework, specifically corporations with significant fuel consumption in the heating and transport sector, and smaller industrial processes.

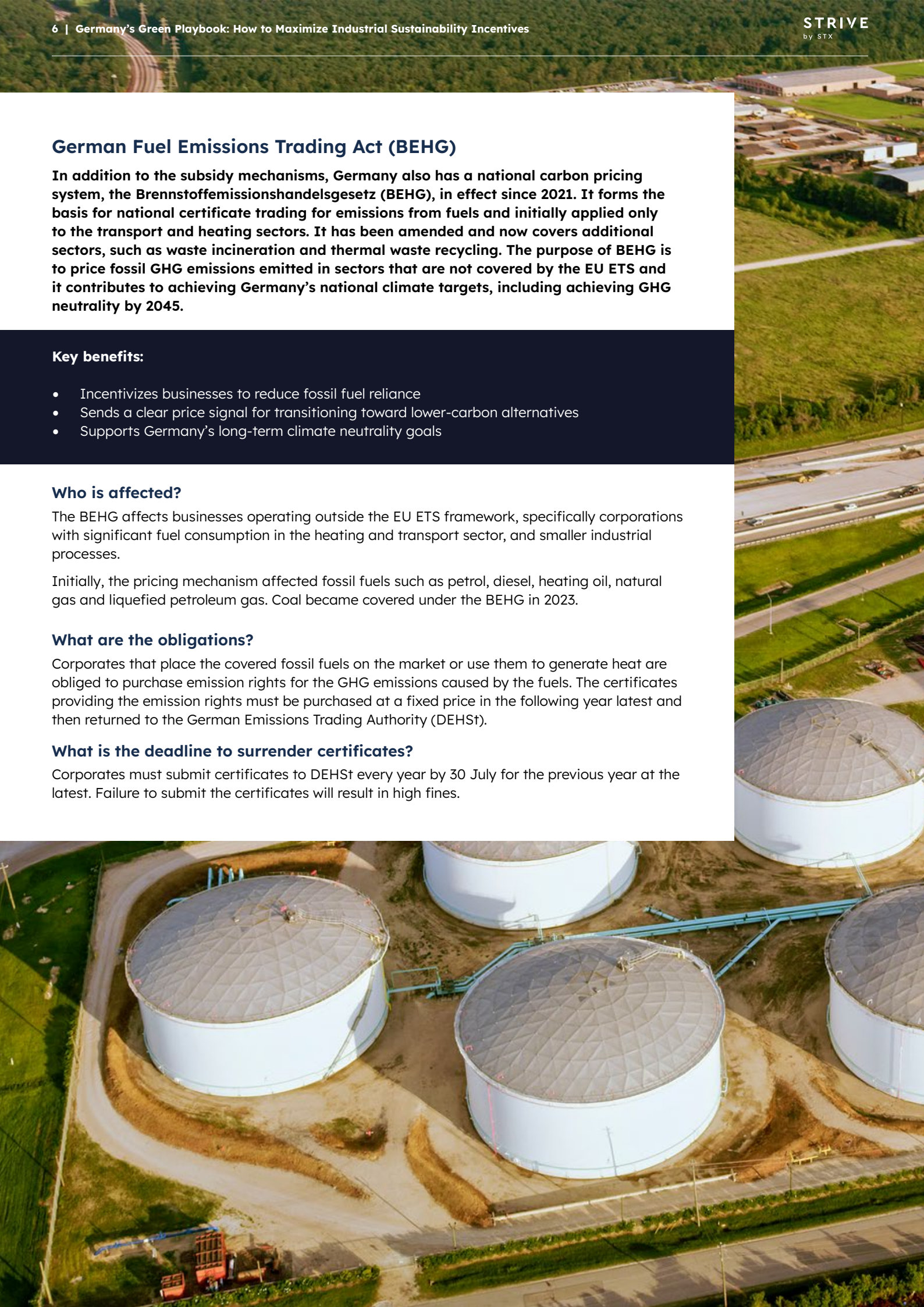
Initially, the pricing mechanism affected fossil fuels such as petrol, diesel, heating oil, natural gas and liquefied petroleum gas. Coal became covered under the BEHG in 2023.

What are the obligations?

Corporates that place the covered fossil fuels on the market or use them to generate heat are obliged to purchase emission rights for the GHG emissions caused by the fuels. The certificates providing the emission rights must be purchased at a fixed price in the following year latest and then returned to the German Emissions Trading Authority (DEHSt).

What is the deadline to surrender certificates?

Corporates must submit certificates to DEHSt every year by 30 July for the previous year at the latest. Failure to submit the certificates will result in high fines.



Strategic Benefits for Energy-Intensive Industries

Cost Savings: These subsidies help businesses cut carbon-related expenses, easing the financial burden of compliance and freeing up capital for growth. It also helps these companies to stay competitive, even on the international level where they compete with others who may not have to face the same carbon costs.

Regulatory Compliance: Navigating carbon policies can be complex, but tapping into available support ensures businesses meet German and EU requirements without unnecessary costs or setbacks.

Competitive Advantage: Companies that move early on decarbonization not only future-proof their operations but also strengthen their reputation and relationships with stakeholders.

How STRIVE by STX Can Help

STRIVE by STX simplifies the process for corporates operating in energy-intensive industries to benefit from the various aid schemes that Germany has to offer. By combining regulatory expertise with tailored solutions, STRIVE helps businesses lower costs, enhance sustainability, and ensure compliance.



Renewable Energy Solutions

Access to Renewable Energy Certificates and/or Power Purchase Agreements (PPAs), to meet sustainability targets.



Tailored Strategies

Industry-specific solutions for sectors at risk of carbon leakage, such as steel, chemicals, and pharmaceuticals. This ensures compliance and maximizes financial benefits from energy efficiency initiatives.



Global Expertise

Proven success in navigating EU and national frameworks to secure maximum financial and environmental benefits.

Partnering with STRIVE by STX ensures your business aligns with the European Green Deal, reduces operational costs, and advances sustainability goals seamlessly.

Conclusion

Germany's comprehensive framework of industrial decarbonization incentives presents a significant opportunity for energy-intensive businesses to align climate goals with financial performance. From electricity cost relief under SPK and BesAr to long-term investment certainty through Carbon Contracts for Difference, and price signals from the BEHG, these tools offer a clear pathway to reducing emissions without sacrificing competitiveness.

However, the complexity and evolving nature of these mechanisms require proactive engagement and strategic planning. Companies operating in or expanding to Germany must ensure they are not only compliant but also positioned to fully leverage these instruments for cost savings, risk mitigation, and long-term sustainability.

With the right guidance, businesses can turn regulatory obligations into strategic advantages.



STRIVE by STX provides tailored strategies and market expertise to help businesses navigate Germany's evolving regulatory landscape. [Contact us today](#) to explore how your organization can optimize its decarbonization strategy through these incentives.