COP31: What matters for German energy and industry



Executive briefing ahead of COP31, Antalya, November 2026

COP31 continues the shift from climate targets towards implementation. For energy, Türkiye's COP31 Presidency has put electrification, grids, energy security and green industrialization high on the agenda. For Germany, these priorities intersect directly with three challenges already shaping investment decisions: scaling the power system, maintaining industrial competitiveness and securing reliable energy supply.



01 Electrification puts grids, flexibility and power procurement in focus

COP31 focus and what to watch

The Presidency's flagship 35-by-35 Global Electrification Pledge targets an increase in electricity's share of global final energy consumption from around 23% today to 35% by 2035. This is a global objective; participating countries can follow different national electrification pathways. Participating governments commit to reflect faster electrification in national energy and climate planning and to strengthen grids, storage and system flexibility. At COP31, the pledge's significance will depend on how broadly it is backed and whether governments follow with concrete measures to accelerate electrification across industry, buildings and transport.

What it means for Germany

Germany already supports international electrification efforts through the European Commission-coordinated Electrify Now initiative. A formal endorsement of the COP31 35-by-35 pledge would reinforce this political direction. That matters because grid congestion is already costly: German network congestion-management costs totaled approximately EUR 3.1 billion in 2025, including reserve-power costs. Further electrification increases the need for timely grid expansion, storage and flexible demand, particularly where new loads add to existing network constraints. For German industry, the relevant question is whether stronger electrification commitments translate into measures that improve the business case for switching production processes from fossil fuels to electricity. Electricity-to-gas price ratios, upfront investment costs and grid access will remain decisive, alongside long-term power procurement, price-risk management and demand flexibility.

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02 Green industrialization targets the business case for decarbonization

COP31 focus and what to watch

COP31's Green Industrialization initiative targets hard-to-abate sectors including steel, chemicals, cement, aluminum and fertilizers. Its focus goes beyond technology: the Presidency wants to strengthen demand for low-carbon products through public procurement, green-product standards and other demand-side mechanisms, while helping technologies move from pilots to commercial scale. The impact will depend on whether major economies and companies translate these approaches into larger and more predictable markets.

What it means for Germany

This is particularly relevant because comparatively high energy costs remain a structural disadvantage for German energy-intensive industry. If major markets strengthen demand and standards for low-carbon steel, chemicals and other products, German producers could gain greater revenue visibility for decarbonization investments. This could benefit both German producers investing in lower-carbon production and German technology and engineering companies supplying the transition.

For hydrogen, this is also a key COP31 link: stronger demand for low-carbon steel, chemicals and fertilizers can support hydrogen offtake in industrial applications where direct electrification is difficult.

03 Security of supply becomes an explicit part of the transition

COP31 focus and what to watch

COP31 explicitly combines the clean-energy transition with energy security, reliability, grids, storage and flexibility. In parallel, the COP30 Presidency is developing a 2026 roadmap on transitioning away from fossil fuels, examining how different countries can sequence the transition according to their national circumstances.

What it means for Germany

As renewables expand and coal generation declines, Germany must ensure sufficient electricity supply during periods of low wind and solar output. This strengthens the role of dispatchable capacity, storage, demand flexibility and grid infrastructure in the German power system. For energy companies, the challenge is to identify commercially viable investments in dispatchable capacity and flexibility that can secure supply while remaining compatible with the longer-term transition.

Key takeaway

For German energy and industry, COP31 matters where international commitments translate into concrete action: making electrification viable for power systems and industrial users, strengthening markets for low-carbon products, and maintaining security of supply throughout the transition.

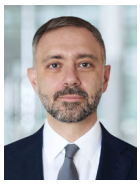
What emerges from COP31 will matter most where it leads to tangible changes in national policies, markets and investment conditions.



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