

Energy as a Public Good:
**Public Pioneer of a
Just Energy Transition**

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Concept Paper

Energy as a Public Good

Public Pioneer of a Just Energy Transition





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Executive Summary

The transformation of energy production in Germany is stalling, even though its success is crucial for climate protection and energy security. The prevailing model relies on using public subsidies to stimulate private investment. However, this system fails to achieve either the necessary expansion targets or an affordable and socially equitable energy supply. Instead, tens of billions of euros in public funds are spent each year primarily to secure private returns, without resulting in the creation of any public property.

To overcome these obstacles, the following paper proposes the establishment of a nationwide public-law institution (AöR) called “Energy as a Public Good.” As a public interest, publicly financed energy producer, this public-law institution would fill the investment gaps left by the privatized market, thereby establishing widespread public ownership in the electricity sector.

The public-law institution is pursuing an ambitious transformation path with the goal of constructing all the facilities necessary to achieve climate neutrality by 2040. It leverages favorable state-backed capital costs, fully reinvests all surpluses, and sets electricity prices in a socially responsible and strategic manner. Furthermore, by creating stable demand, it drives industrial policy initiatives, ensures good working conditions, and facilitates just transitions for employees and regions undergoing structural change.

The concept rests on two pillars: first, the public-law institution can gradually build up its own productive capacities and fill current gaps in the expansion of renewables (Pillar 1). Since the bulk of the expansion still lies ahead, a largely publicly controlled energy sector will emerge in the long term. Second, large energy companies can be socialized under Article 15 of the German Basic Law and transferred to the public-law institution in order to directly utilize existing infrastructures, workforces, and value chains for the expansion of renewables and the phasing out of fossil fuels (Pillar 2).

Public oversight and a consistent focus on the common good are to be facilitated by a governance model that combines democratic planning through regional transformation councils with public service administrative structures and state financing.

Introduction

The ecological transformation of the energy sector is currently stalling—even though, given what is required, it has barely begun. As of 2024, only about 20 percent of primary energy consumption in Germany comes from renewable sources.¹ The vast majority of the expansion of renewable energies (hereafter referred to as “RE”) therefore still lies ahead of us.

At the same time, the costs of the energy transition are already being used as a pretext to call climate targets into question and slow down the expansion of renewable energy.² At least since the 2022 gas price crisis, energy prices have been a central point of political contention, one that right-wing forces also exploit to stir up opposition to climate policy. For energy is not just any commodity, but a fundamental prerequisite for all economic activity and an essential basic good for social participation. Heating, hot water, and electricity currently account for an average of 6.1 percent of the consumer spending of private households—and significantly more for lower-income

households.³⁴ In any case, the costs of everyday necessities are rising, and these costs also reflect rising energy prices, which companies are passing on to households. The issue of socially responsible and ecologically sustainable energy production is therefore of far-reaching importance.

The promise that private owners would drive the energy transition through competition and reduce costs through efficient management has not been fulfilled. Even today, massive amounts of public funds are flowing into the energy system to make investments in RE attractive to the capital market. The central criticism of the market-based approach to energy transformation is simple: instead of relying on endless regulatory tweaks, subsidies, and incentives—which ultimately

1 Umweltbundesamt, 2025: Primärenergieverbrauch, <https://www.umweltbundesamt.de/daten/energie/primaerenergieverbrauch#primrenergieverbrauch-nach-energietrger>, last accessed on 12.05.2026.

2 tagesschau.de, 2025: Die Energiewende-Wende, <https://www.tagesschau.de/inland/innenpolitik/energiewende-reiche-energieministerin-100.html>, last accessed on 12.05.2026.

3 For households with a net income of less than 1,300 euros, this figure was as high as 9.5% of consumer spending as of 2020. Statistisches Bundesamt, 2022 https://www.destatis.de/DE/Presse/Pressemitteilungen/Zahl-der-Woche/2022/PD22_02_p002.html, last accessed on 12.05.2026.

4 In Germany, approximately 10% of households are affected by energy poverty, and in 2024, about 4.2 million people lived in households that were unable to pay their electricity and gas bills. Between 2020 and 2024, household energy prices rose by an average of 50.3% amid the energy crisis. For an overview: Institut für Menschenrechte, 2025 <https://www.institut-fuer-menschenrechte.de/aktuelles/detail/millionen-menschen-in-deutschland-vor-energiearmut-schuetzen>, last accessed on 12.05.2026.

finance private profits—the energy transition could be implemented more effectively and cost-efficiently through public, democratically controlled institutions.⁵

The following concept paper proposes a concrete step toward a rapid and social energy transition: the establishment of a public enterprise at the federal level in the form of a public-law institution (AöR)—the “Energy as a Public Good.” As a common good oriented, publicly funded energy producer, the “Energy as a Public Good” public-law institution systematically accelerates the expansion of RE and undertakes all investments necessary to achieve ambitious climate targets in the interest of system-stability.⁶ By leveraging less expensive state supported capital costs, eliminating private equity returns, and creating synergies, the expansion becomes more cost-effective overall and enables political control of electricity prices in the medium term. At the same time, an actor is created that is relatively independent of shifting government coalitions and market cycles, ensuring the expansion of RE and a stable and socially responsible energy supply in the long term. In doing so, the “Energy as a Public Good” public-law institution would not displace existing cooperatives, municipal utilities, and private individuals, but rather strengthen them as cooperative partners.

In addition to gradually closing the gap in necessary investments, the public-law institution could serve another, ambitious purpose: it could take over the capital investments of large energy corporations that have been transferred to public ownership through socialization under Article 15 of the Basic Law. The socialization of large energy corporations under Article 15 is, in principle, legally feasible and could play a decisive role in enabling the energy transition.⁷

In order to present a detailed, concrete, and realistic proposal, the concept establishes three distinctions:

First: focus on electricity generation. Decarbonization presupposes that, in the long term, nearly all energy consumption—from building heating and transportation to industrial processes—be electri-

Climate Justice and Climate Neutrality Targets

Climate neutrality targets and the policies derived from them must be evaluated within the context of global CO₂ emissions. If one considers, as the German Advisory Council on the Environment has done,¹⁰ global emissions since the conclusion of the Paris Climate Agreement (that is, excluding historical emissions) and divide this by the total world population in the interest of global justice, then Germany’s fair share would already be exceeded by 2029. Taking historical emissions into account, Germany would have exhausted its “right” to emissions long ago.

Following the 2021 ruling by the Federal Constitutional Court, the Federal Climate Action Act revised the climate neutrality target from 2050 to 2045. While this stricter target is a step in the right direction, it remains insufficient: although it surpasses the EU-level target (climate neutrality by 2050), it still does not constitute a globally equitable transition target. Due to the 2045 target, Germany could simultaneously achieve its own domestic climate goals while massively failing to meet the 1.5 degree objective.

Furthermore, even this target suffers from structural implementation gaps. The ruling by the Federal Constitutional Court required the government to set binding milestones for the path leading up to 2045. The Federal Climate Action Act therefore stipulates a 65% reduction in emissions, relative to 1990 levels, by 2030 and an 88% reduction by 2040. While current projections suggest the 2030 target will likely be missed by only a narrow margin—attributable more to economic weakness than effective climate policy—the largest gap begins after 2030, and current projections indicate the 2040 target will be missed by a wide margin.¹¹

5 Transnational Institute, 2025: Reclaiming Energy <https://www.tni.org/en/publication/reclaiming-energy>, last accessed on 12.05.2026.

6 System serviceability refers to the ability of energy facilities to stabilize the overall system.

7 communia, 2025: Rechtsgutachten Vergesellschaftung für die Energiewende, <https://communia.de/wp-content/uploads/Energiestudie-02-V8-web.pdf>, last accessed on 12.05.2026.

10 German Advisory Council on the Environment, 2020: Pariser Klimaziele erreichen mit dem CO₂-Budget https://www.umwelttrat.de/SharedDocs/Downloads/DE/01_Umweltgutachten/2016_2020/2020_Umweltgutachten_Kap_02_Pariser_Klimaziele.pdf?__blob=publicationFile&v=7, last accessed on 12.05.2026.

11 Umweltbundesamt, 2025: Projektionsbericht 2025 https://www.umweltbundesamt.de/system/files/medien/11850/publikationen/projektionsbericht_2025.pdf, last accessed on 12.05.2026.

fied, either directly or indirectly via energy carriers such as green hydrogen. We largely exclude the consumption side and assume rapid electrification—in which public ownership can also play an important role—as a given. In doing so, we base our analysis on current projections regarding the development of electricity demand.⁸

Second: the 2040 Horizon Target. As a framework of activity for the public-law institution, we are setting the goal of a fully decarbonized and needs-based electricity sector by 2040—an acceleration of five years compared to the politically set target of 2045. While this target remains insufficient from the perspective of global climate justice (see box “Climate Justice and Climate Neutrality Targets”), it nevertheless aligns with existing research and quantifiable expansion pathways.

Third: electricity generation—not grids and distribution. Expanding RE requires massive grid investments (see box “Grid Expansion”), and democratic control over distribution would be beneficial for a

comprehensive, socially just electricity pricing structure. Integrated planning of the grid, generation, and distribution is desirable in the long term—for example, to technically synchronize grid expansion with generation expansion or to gain greater control over energy prices. However, this is not part of the present concept. Focus on the production side has two practical bases: first, the model is compatible with the unbundling of grid, operations, and distribution established at the EU level (see box “The Production of the Energy Market”). Second, public ownership of the grids is already a subject of political discussions and, in light of the upcoming investments, is virtually indispensable.⁹ However, rather than merely publicly financing the extremely expensive grid infrastructure investments, the benefits—in the form of affordable, renewable energy production—should also accrue to the community.

The concept is divided into three parts: part I analyzes the current situation and, drawing on existing research, demonstrates why the privatized energy

8 Current projections assume that industrial output and consumption patterns (such as private automobile use) will remain largely constant, leading to high future electricity consumption.

9 Patrick Kaczmarczyk and Tom Krebs, 2025: Finanzierungsoptionen für den Stromnetzausbau und ihre Auswirkungen auf die Netzentgelte <https://www.imk-boeckler.de/de/faust-detail.htm?produkt=HBS-009039>, last accessed on 12.05.2026.

Grid Expansion

The lack of grid expansion constitutes one of the greatest obstacles to the comprehensive expansion of RE. For years, the grid infrastructure was designed to serve a few large, centralized power plants and must now accommodate decentralized RE sources that vary by time of day and season. While the need for expansion can be reduced, through measures such as storage, investments of up to €732 billion will still be necessary by 2045.¹²

Recent studies demonstrate that a government-funded grid expansion would be more cost-effective than sticking to the current model of simulated competition, due to lower capital costs.¹³ At the same time, the lack of expansion highlights the problems associated with the separation of grid infrastructure and operations: grid expansion is currently failing to keep pace with the expansion of RE. Transferring grid infrastructure and generation to public ownership would make it possible to sensibly synchronize grid expansion with the expansion of RE. Even without publicly owned grids, a public producer could direct investments to benefit the grid, regardless of expected returns.

12 ef.ruhr GmbH, 2025: Estimation of grid expansion costs and the resulting grid fees for Baden-Württemberg and Germany by 2045 https://www.ewi.uni-koeln.de/cms/wp-content/uploads/2024/04/2024_04_Abschlussbericht_Netzentgelte_BW_DE.pdf, last accessed on 12.05.2026

13 Patrick Kaczmarczyk and Tom Krebs, 2024: Ausbau der Stromnetze: Investitionsbedarfe <https://www.imk-boeckler.de/de/faust-detail.htm?produkt=HBS-009011>, last accessed on 12.05.2026.

system, despite massive government subsidies, is reaching its limits in the energy transition, and why public ownership is the better starting point from a macroeconomic perspective. Part II, building upon the additional benefits brought forth by a public energy transition, develops the concept of the “Energy as a Public Good” public-law institution in detail: its financing and its potential for climate protection, social justice, industrial policy, and international cooperation. Part III presents a governance model designed to combine operational capacity with democratic control, illustrating how the public-law institution is to be socially embedded through regional transformation councils and a binding transformation plan.

The Production of the Energy Market – Unbundling at the EU-Level

Until the end of the twentieth century, the energy system was dominated by large, vertically integrated, and often state-owned companies. It was not until the 1990s that the EU pushed through the liberalization of the electricity system. The aim was to transform the energy system into a competitive market in which private, profit-oriented actors could compete.

A key principle designed to ensure competition is unbundling. Since 2003, the sectors of generation, transmission (transmission grid operation), distribution (distribution network operation), and supply (electricity providers) have been kept separate for accounting purposes. Since 2009, the EU has also required ownership unbundling. This is intended to prevent individual companies from controlling all stages of the energy sector and thereby dictating prices as monopolists. While unbundling has to some extent limited the monopoly power of large corporations, in practice large energy companies remain extremely influential. Through reciprocal sales, they have been able to divide the various segments of the energy sector among themselves and continue to be key market-shaping actors.

Unbundling also gives rise to planning inefficiencies, as the interconnected segments of the energy sector cannot be systematically coordinated. In particular, the separation of grids and power generation consistently causes problems such as curtailment of generation facilities and insufficient grid expansion. In a public and democratic energy sector, however, the grid and operations could be planned in a sensibly integrated manner. The problem of monopolistic pricing could be better contained through democratic control and the elimination of the profit motive than through the production of competition.

1

Point of Departure – Why a Public Enterprise is Needed

To achieve climate neutrality, electricity generation must shift almost entirely to RE sources within a few decades. At the same time, gross electricity consumption will rise significantly as heating, transportation, and industrial processes become electrified. Leading studies on climate neutrality project that current electricity consumption will roughly double or triple by 2045, and that installed wind and solar energy capacity will need to grow by a factor of three to four.

The climate-neutral transformation of the energy sector therefore requires annual investments in the tens of billions. Currently, investments in RE are incentivized by a complex subsidy scheme that guarantees private returns through public funds. In contrast to other public service sectors, such as housing, only a small portion of these investments is undertaken by public entities (such as municipal utilities), cooperatives, or private individuals.

Part I of this paper analyzes the current political economy of RE expansion in three steps: first, we il-

lustrate the scale of the challenge using current climate scenarios and investment needs. Next, we examine the role of state subsidies relative to these investments and explain why, under conditions of private ownership, RE is structurally dependent on public funds. Finally, using the example of the Renewable Energy Sources Act (EEG), we explain the fundamental limitations of market-based support mechanisms and the advantages of public and democratic ownership.

The central conclusion: instead of taking the costly detour via private profit expectations, public funds could be channeled directly and targeted into the expansion of RE—thereby creating public assets that reinvest long-term profits and pass them on to consumers in the form of lower prices, rather than distributing them as dividends.

Expansion Pathways: Expansion Requirements for Full Climate Neutrality

All leading studies on climate neutrality for Germany share a key finding: electricity consumption will double or triple by 2045, and electricity production must come entirely from RE. This increase stems from needed electrification, particularly in the industry, heat-

ing, and transportation sectors. To achieve this, the installed capacity of RE sources must increase by a factor of approximately three to four. The following table illustrates the range between three relevant scenarios and the status quo as of 2026:

Studie / Szenario	Bruttostromverbrauch [TWh]	Onshore Wind [GW]	Offshore Wind [GW]	Solarenergie [GW]	Gesamtkapazitäten Wind- und Solarenergie
STATUS QUO 2026 (Federal Network Agency) ¹⁴	528 ¹⁵	68,1	9,5	117	194,6
Agora Energiewende: KN 2045 (2021/Update 2024) ¹⁶	1 267	180	73	470	723
Ariadne (2025) ¹⁷	1 037–1 423	160–214	57–70	445–468	662–752
BMWK Long-Term Scenario O45 Electricity (2024) ¹⁸	1 302	160	70	403	630

Table: Expansion Requirements Based on Current Studies

14 Bundesnetzagentur, 2026: Ausbau Erneuerbarer Energien 2025 https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/DE/2026/20260108_EEG.html, last accessed on 12.05.2026.

15 Agora Energiewende, 2026: Die Energiewende in Deutschland: Stand der Dinge 2025 <https://www.agora-energiewende.de/publikationen/die-energiewende-in-deutschland-stand-der-dinge-2025>, last accessed on 12.05.2026.

16 Agora Think Tanks, 2024: Klimaneutrales Deutschland <https://www.agora-energiewende.de/publikationen/klimaneutrales-deutschland-studie>, last accessed on 12.05.2026.

17 Kopernikus-Projekt Ariadne, 2025: Die Energiewende kosteneffizient gestalten: Szenarien zur Klimaneutralität 2045 https://ariadneprojekt.de/media/2025/03/Ariadne-Report_Szenarien2025_Maerz2025_highres.pdf, last accessed on 12.05.2026.

18 Fraunhofer ISI, 2026: Stromsystem Deutschland Erzeugung O45 https://langfristszenarien.de/enertile-explorer-wAssets/docs/LFS3_O45-Energieangebot_final.pdf, last accessed on 12.05.2026.

Relevant differences between the studies arise primarily from varying assumptions regarding the growth of electricity demand and the balance between direct electrification and the replacement of fossil fuels with green hydrogen and e-fuels.¹⁹ Regardless of these differences, there is consensus that electricity demand in Germany will rise significantly.

19 Since green hydrogen is produced from renewable electricity and involves high conversion losses, a low degree of electrification inevitably leads to a higher demand for domestic electricity production or to increased energy and hydrogen imports. The key climate neutrality scenarios for Germany consistently assume that a significant portion of green hydrogen will be imported.

To meet this demand, the current installed capacity of wind and solar energy—currently around 194.6 GW—must increase to between 630 GW (BMWK O45-Strom) and 752 GW (Ariadne) by 2045. This means a three to fourfold increase in capacity. Recent reports of success—that up to 60 percent of electricity production in Germany comes from RE—should be viewed in this context: relative to the expansion required by 2045, only about 20 percent has been achieved thus far.



Growth, Conversion, and Projection Data

Most studies and projections essentially take today's social and economic framework for granted. They presuppose continued economic growth and a continuation of existing patterns of industrial production and consumption—and thus rely on the import of large quantities of green hydrogen. Questions about the origin of this imported hydrogen and the (in some cases) neocolonial conditions of the imports remain largely unaddressed. Often, a specific import volume is simply assumed. Ambitious sufficiency strategies and industrial conversion feature merely as secondary considerations.

Nevertheless, we draw on the existing range of scenarios in this concept, as it provides a frame of reference for quantifying orders of magnitude, expansion pathways, and timeline horizons. On this basis, concrete investment and planning perspectives can be developed. At the same time, it is clear that more far-reaching measures would enable significantly more ambitious goals: with a combination of reduced energy demand, a transformed production structure, and public services, more ambitious climate neutrality pathways could be outlined than those depicted in the scenarios that dominate today and in our own model. A significantly more ambitious policy pathway—one that reduces energy demand through structural changes in production and consumption—is necessary for reasons of global justice.

However, the central question of this analysis remains unaffected: even in such scenarios, electricity demand will rise dramatically due to the necessary electrification of building heating, transportation and industry. Building a public, integrated electricity sector is therefore a central task, regardless of the specific demand trajectory. For practical reasons, we base our approach on projections from established scientific sources to create a reliable framework for concrete expansion targets.

Investment Needs: Annual Investment Scales for Expansion

Category / Source	Period / Reference Year	Annual Investments in Power Generation (without Transmission Grids)	Comment
Status quo: Investments in RE	Year 2024	€32 billion in RE total	Largely funded by government subsidies (EEG)
Requirements according to Agora Energiewende	ø per year until 2045	€34 billion in wind and solar energy	Aggregate investments in solar and wind energy
Requirements according to Ariadne scenarios	ø per year until 2045	€26-38.5 billion in the energy sector	Includes total RE generation, in part beyond wind and solar

The transition to a climate-neutral energy sector requires massive investments, the estimated costs of which vary depending on the scenario. Agora Energiewende calculates that by 2045, a total investment sum of €884 billion in power generation and €683 billion in energy infrastructure (particularly transmission grids). Of the €884 billion, 712 billion is attributable solely to the expansion of wind and solar energy.²⁰ This corresponds to an average of approximately €34 billion per year.

The Ariadne Report estimates that the total annual investment required to achieve climate neutrality by 2045 will range from €116 to €131 billion. Of this amount, €52 to €60 billion will be allocated to the energy sector, including grid infrastructure. For the grids, €260 billion is estimated for distribution grids and €191-283 billion for transmission grids, totaling €451-543 billion, or approximately €21.5-26 billion per year through 2045. This leaves a range of approximately €26-38.5 billion per year for the energy sector excluding grid infrastructure.

The timing of investments is here crucial. The longer necessary investments are delayed, the longer fossil fuel capacity must be maintained or even expanded to ensure security of supply. At the same time, the window of opportunity leading up to 2045 is shrinking, meaning that an increasing number of facilities must be built within increasingly shorter period of time—carrying the risk of bottlenecks in the construction and manufacturing sectors. The more emissions that are avoided now, the greater the room for maneuver remains to address those emissions that are particularly difficult to avoid. Therefore, most scenarios assume that a large portion of the investments will have to be made by 2035. A significant portion of the required investments are replacement investments: these arise from the necessary renewal of existing power plant infrastructure—regardless of whether that infrastructure continues to be powered by fossil fuels or renewables. The central question is thus not whether investments will be made, but rather in which technologies and under what form of ownership.

²⁰ Agora Energiewende, 2024: Investitionen für ein Klimaneutrales Deutschland https://www.agora-energiewende.de/fileadmin/Projekte/2023/2023-30_DE_KNDE_Update/AEW_347_KNDE_Investitionsbedarfe_WEB.pdf, last accessed on 12.05.2026.

Financing the Energy Transition: Structural Dependence on State Subsidies

Given the estimated annual funding requirement of €26-42 billion, the question arises as to how these funds will be provided and managed. To date, the German energy system has addressed this question through a complex support mechanism—the Renewable Energy Sources Act (EEG). It offers investors planning security by guaranteeing long-term revenues through fixed feed-in rates and market premiums, and has enabled cooperatives, municipalities, and private individuals, particularly during the initial phases, to launch pioneering projects.

In 2024, €32 billion was invested in RE with support from the EEG.²¹ At first glance, the current investment gap in production thus appears moderate, unlike in the grid sector and other economic sectors. However, this view overlooks a crucial point: current investment volumes do not simply arise on their own, but are rather the result of massive public funding. In 2024, for example, approximately €19.4 billion came from the Special Fund for Infrastructure and Climate Neutrality to RE operators. The government is currently paying nearly 60 percent of the total amount of new annual investments to secure returns on existing assets through the EEG.

Even in the long term, the expansion of RE will not be possible without government funding. Nearly all wind energy projects and the vast majority of photovoltaic projects continue to receive support under the EEG. While some individual solar plants are now being constructed without subsidies, this applies only to particularly high-yield locations.²² Grid operators anticipate the total amount of subsidies to decline only slightly by 2030, from €19.4 to €16.6 billion.²³

Without public revenue guarantees under the EEG, current investment volumes in RE are unlikely to be achieved in the foreseeable future. Even under optimistic estimates, the system remains structurally dependent on sustained public funding in the tens of billions.

21 Umweltbundesamt, 2025: Erneuerbare Energien in Deutschland https://www.umweltbundesamt.de/sites/default/files/medien/479/publikationen/hgp_erneuerbareenergien_2024.pdf, last accessed on 12.05.2026.

22 pv-magazine, 2025: Photovoltaik-Anlagen ohne EEG-Förderungen machen im Februar 40 Prozent des Zubaus aus <https://www.pv-magazine.de/2024/03/21/photovoltaik-anlagen-ohne-eeg-foerderungen-machen-im-februar-40-prozent-des-zubaus-aus/>, last accessed on 12.05.2026.

23 Leipziger Institut für Energie GmbH, 2025: Mittelfristprognose zur deutschlandweiten Stromerzeugung aus EEG-Anlagen und der zu leistenden Zahlungen für die Kalenderjahre 2026 bis 2030 https://www.netztransparenz.de/xspproxy/api/static-files/ntp-relaunch/dokumente/erneuerbare%20energien%20und%20umlagen/eeg/eeg%20finanzierung/eeg-finanzierungsbedarf/20251015_endbericht%20ie%20leipzig.pdf, last accessed on 12.05.2026.

The Political Economy of Renewables

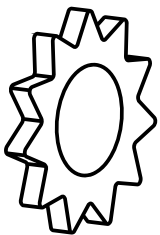
Although the state heavily subsidizes the energy transition and solar and wind energy are, in the long run, cheaper than fossil fuels, expansion targets are not being met. This can be explained by the logic of a privatized energy system: investments in a privatized energy market are driven by expected returns, not by social needs. Furthermore, they are generally reliant on the private capital market for refinancing, which demands a market-rate return on equity. For private investment decisions, what is decisive is not the concrete social benefits or generation costs, but only the expected profitability compared to alternative investment opportunities.²⁴ However, several factors lead to structurally lower and more uncertain profitability in RE:



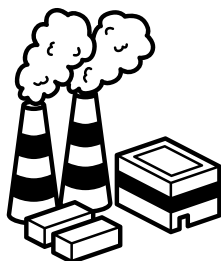
High Initial Investment, Low Operating Costs: RE requires significant upfront investment but then generates energy over an extended period at negligible operating costs (since no fuel is required). This structure is capital-intensive and risky: all costs are incurred at the outset, while revenue remains uncertain over long periods. Due to lengthy payback periods, any uncertainty regarding future electricity prices becomes a massive investment risk.



Market Volatility and Political Uncertainty: The electricity market is extremely volatile and dependent on contested political frameworks. Both an acceleration of expansion—and the resulting price declines, including negative electricity prices—as well as a potential fossil fuel backlash pose investment risks that are reflected in the cost of capital. The potential further postponement of the coal phase-out in North Rhine-Westphalia demonstrates that legislation measures, such as emissions trading and phase-out agreements, are not set in stone but can be undermined as long as alternatives are neglected.²⁵



Intense Competition and Low Margins: In principle, the construction of a solar or wind power plant is not technically complicated. This facilitates market entry, heightens competition, and squeezes margins. Since RE incurs virtually no operating costs, they drive down market prices, especially during periods of abundant sunshine or wind. The more capacity is built, the sharper the drop in electricity prices during generation periods, resulting in lower overall returns for investors.



The lack of expansion in RE is, of course, due not only to its political economy, but also to the political influence and structural power of fossil fuel companies. These companies possess technical, regulatory, and financial resources at their disposal, and own facilities that remain necessary for securing energy supply in the short term. Through socialization, the power of individual fossil fuel interests could not only be curbed but eliminated altogether.

²⁴ Our argument is based on Brett Christopher (2024) *The Price is Wrong*, Verso Books.

²⁵ WDR, 2025: Doch nicht 2030? Kohleausstieg in NRW offenbar kaum zu halten <https://www1.wdr.de/nachrichten/landespolitik/kohle-ausstieg-energiewende-verschoben-100.html>, last accessed on 12.05.2026.

The German Renewable Energy Sources Act (EEG)

– Successes and Structural Limits of Government Investment Funding

The current system of marketization obscures the fact that massive amounts of public funds are today already flowing into the electricity system. To address the structural market failure in the expansion of RE, the state has established a complex subsidy framework. The central instrument is the EEG, which protects producers with guaranteed compensation and market premiums. The system bridges the gap between private investment decisions and expansion targets not through public planning, but by financing private capital requirements.

The EEG operates through guaranteed fixed feed-in rates and market premiums, which ensure reliable revenue for producers over a 20-year period. Small-scale installations (< 100 kW) receive fixed rates. Larger projects receive market premiums (that is, surcharges added on the wholesale electricity price), the level of which is determined through competitive auctions. The scope of support is based on politically set expansion targets. Through the auction system, the state thus exercises direct control over the volume capacity, albeit indirectly through the profit calculations of private companies. Until 2022, these costs were passed on to consumers via electricity bills—with significant exemptions for industrial sectors. Since 2022, financing has been provided by the Special Fund for Infrastructure and Climate Neutrality, which in turn is funded by revenue from national and EU-wide emissions trading, as well as federal loans and, currently, support from the Defense and Infrastructure Fund.

In its early years (2000-2012), the EEG indeed possessed transformative potential. Flat-rate subsidies enabled small-scale actors—cooperatives, private individuals, and local businesses—to drive the energy transition forward on a decentralized basis (see box “Civic Energy and EEG Support”).²⁶ In 2010, nearly half of the world’s installed photovoltaic capacity was located in Germany, and Germany accounted for 45 percent of all new installations worldwide—the global peak of German solar energy.²⁷

At the same time, structural problems arose concerning the integration of the EEG into the privatized energy market: the flat-rate subsidy caused the EEG surcharge to rise, placing a burden primarily on households, while energy-intensive industries remained largely exempt. The EEG addressed power generation in isolation but failed to integrate the systemic requirements of a renewable energy system—grid expansion, storage capacities, and the necessary parallel and synchronized decommissioning of fossil fuel plants lay outside its regulatory framework, as these areas were left to other market actors. The EEG was thus successful as an isolated intervention, but it revealed the limits of market-based control in a sector that requires systemic coordination.

The growth of RE placed a particular strain on the profits of fossil fuel companies, whose facilities were still necessary for system stability. These companies successfully lobbied against the EEG.²⁸ Starting in 2012, solar subsidies were drastically cut, and from 2017, the expansion of wind power also slowed. Moreover, revisions to the Act introduced since 2012 have resulted in a situation where today, it now primarily supports investments by private and capital-heavy actors. The central change was the transition from flat-rate feed-in costs to tender systems. These competitive auctions were intended to drive down the costs of expansion. However, the process of bidding for tenders and the Federal Network Agency’s administration of them greatly increases the system’s complexity. Providers must prepare extensive bid documentation and meet numerous criteria. This creates significant project development risks and planning costs, which make market participation particularly difficult for small actors.

26 See also: Trade Unions for Energy Democracy, 2020: Transition in Trouble? The Rise and Fall of „Community Energy“ in Europe <https://www.tuedglobal.org/working-papers/wp13>, last accessed on 12.05.2026.

27 Renewable Energy Focus, 2011: Solar (PV) hit the heights in 2010 despite market concerns <https://www.sciencedirect.com/science/article/abs/pii/S1755008411700989>, last accessed on 12.05.2026.

28 Lobbycontrol e. V., 2023: Pipelines in die Politik <https://www.lobbycontrol.de/wp-content/uploads/gaslobby-studie-lobby-control.pdf>, last accessed on 12.05.2026.

Civic Energy and EEG Support

The expansion of RE was for a long time driven primarily by civic energy stakeholders—that is, local, participatory cooperatives, private individuals, and small businesses. Although such civic energy projects remain significant in Germany, their share of the RE market has been declining since the restructuring of EEG subsidies. Civic energy projects are exemplary in many respects and deserve support and protection: they foster local acceptance, democratic participation, and regional value creation. In debates surrounding energy democracy, the potential of RE is often emphasized as a decentralized technology that facilitates grassroots democratic organization.²⁹

At the same time, decentralized models alone cannot do justice to the sheer scale and systemic nature of the energy system. While they have provided important impetus against the fossil-based, centralized energy industry and have done pioneering work, they face three limitations: first, energy supply is a complex and interconnected system that requires management and coordination at the societal level. This requires concepts for the democratization of decision-making and transforming ownership structures at the systemic level. Second, decentralized projects often remain confined to social niches. They require both commitment and equity capital, meaning that socially disadvantaged households are less likely to participate. Third, small-scale, grassroots-democratic models are ill-equipped to tackle large-scale technical challenges requiring significant investment, such as the construction of offshore wind farms.

Supporting decentralized forms of energy generation remains a sensible approach, but it requires specific instruments rather than participation in the EEG subsidy scheme, which places them in direct competition with private capital. Such specific support measures should take into account the unique structures and needs of private households, civic energy projects, and energy projects undertaken by farmers and cooperatives.

However, the specifics of such funding mechanisms are not the focus of this concept. The “Energy as a Public Good” public-law institution (AöR) can support local and grassroots democratic initiatives as a technical partner, but it does not serve as a funding mechanism; rather, it is an independent institution dedicated to establishing public ownership within the renewable electricity sector, which will, in the long term, manage a significant portion of the energy supply while coexisting and cooperating with local and decentralized initiatives.

29 Rosa-Luxemburg-Stiftung: Energiedemokratie – Grundlage und Perspektive einer kritischen Energieforschung <https://www.rosalux.de/publikation/id/4135/energiedemokratie>, last accessed on 12.05.2026.

Beginning in 2026, the EEG is set to be amended once again and aligned with the EU legal framework. The feed-in rate is then to be replaced by so-called “Contracts for Difference” (CfD Differenzverträge).^{30,31} Ho-

wever, CfDs do not alter the basic structure, in which private investment takes center stage and public funds ensure profitability.

30 Electricity secured by a CfD is traded on the electricity exchange as usual. If the price falls below a set rate (“floor”), the government pays the difference. If, on the other hand, the price rises above a certain level (“cap”), the operators pay the difference to the government.

31 neue Energie, 2025: EEG-Reform 2026: Was bedeutet das für EE-Anlagen? <https://www.neueenergie.net/artikel/politik/deutschland/eeg-reform-2026>, last accessed on 12.05.2026.

Why Public Ownership is the Solution

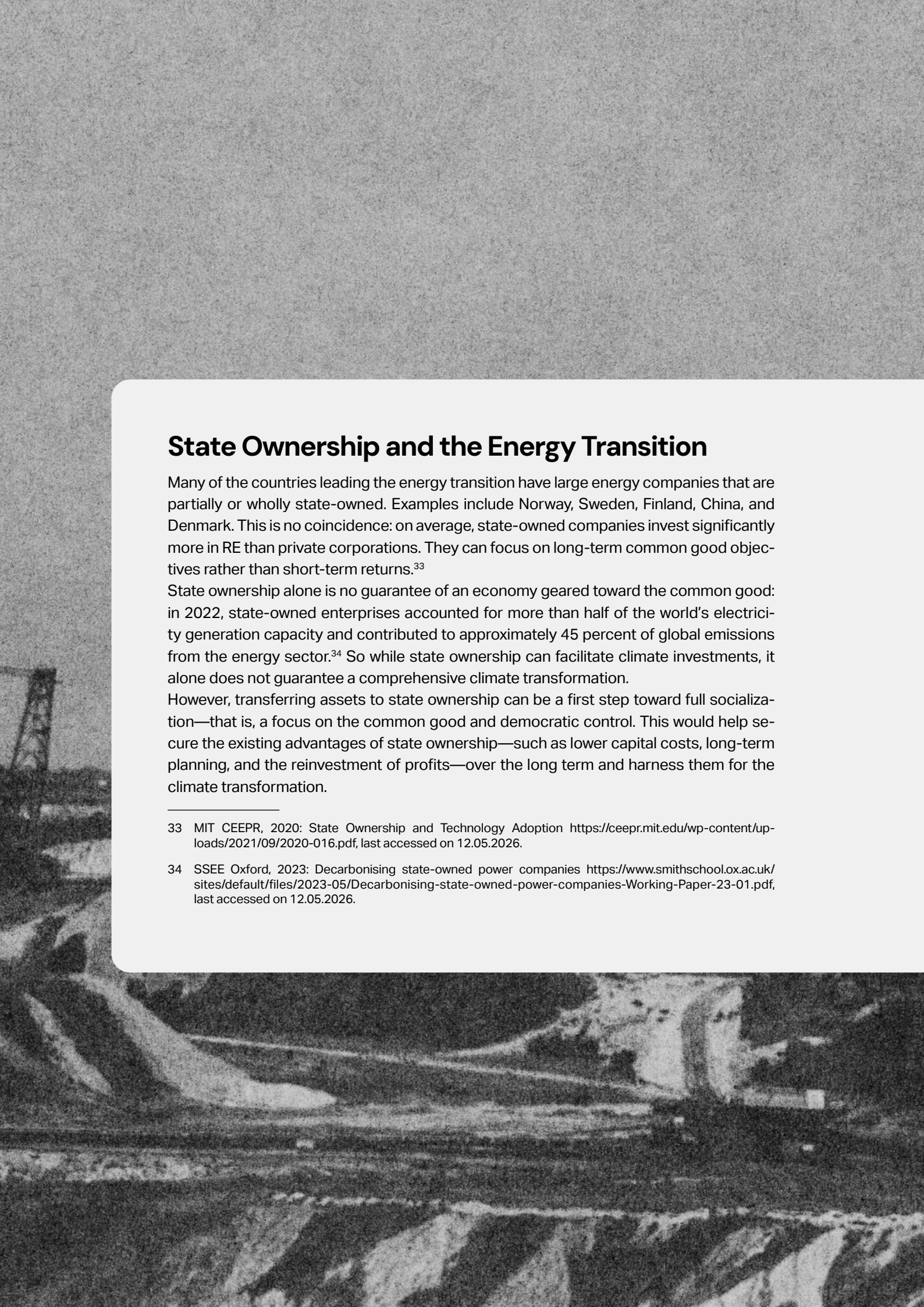
The answer to the problems posed by market-based incentives lies neither in slowing down the expansion of RE nor in constantly devising new versions of market-oriented support mechanisms. Rather than using regulation and subsidies to finance private profits, it makes more sense to plan the energy system publicly, free from short-term market pressures, and to distribute both the costs and profits of the overall system equitably. When the state—or democratically controlled public enterprises—invests directly, key barriers to private investment are eliminated: capital costs are lower, profits can be fully reinvested, and expansion can be aligned with climate policy and social objectives rather than with return-on-investment calculations (see box “State Ownership and the Energy Transition”).³²

Direct government funding and implementation under public ownership would have several key advantages:

1. Long-Term Planning instead of Short-Term Profit Cycles: Public institutions cannot base their investments primarily on short-term returns; rather, they must align them with the long-term goal of a climate-neutral and affordable electricity system. This enables a reliable expansion pathway to which all other actors—from grid operators to municipalities—can adapt.
2. Lower Capital Costs: Public institutions can secure financing through the state at structurally lower capital costs than private companies, which must generate a market-rate of return on equity in addition to covering their costs. This significantly reduces the cost of investment.
3. Reinvestment instead of Distribution: Public institutions are not required to generate profits or dividends beyond their investment costs. Any surpluses can be reinvested directly into further expansion or passed on to consumers in the form of price reductions.
4. Systemic Integration: A public energy producer could consistently take generation, grids, storage, and reserve capacity into account and systematically coordinate the expansion of RE with the decommissioning of fossil fuel power plants. The private tendering system, on the other hand, creates coordination problems and high transaction costs.
5. Democratic Control and Legitimacy: Public institutions can be further democratized. Democratic participation in governance structures can help strengthen support for investments in the energy transition. Furthermore, democratic participation ensures a consistent focus on the common good.
6. Strategic Pricing: Public institutions can use strategic pricing to promote decarbonization investments in other sectors and implement long-term social pricing policies that protect low-income households.

Against this backdrop, the “Energy as a Public Good” public-law institution is presented below as a public energy production enterprise. Its direct investment activities are intended to gradually replace unspecified funding instruments aimed at mobilizing private capital. This eliminates the need to encourage private investors to participate through complex incentive systems; the funds thus saved can be utilized more efficiently since they no longer have to take the costly detour through private return expectations.

³² A comprehensive case for shaping the energy transition through public enterprises is provided by the British think tank Common Wealth in: *The Greatest Generation – How Public Power Can Deliver Net Zero Faster, Fairer and Cheaper* <https://www.common-wealth.org/publications/the-greatest-generation-how-public-power-can-deliver-net-zero-faster-fairer-and-cheaper>, last accessed on 12.05.2026.



State Ownership and the Energy Transition

Many of the countries leading the energy transition have large energy companies that are partially or wholly state-owned. Examples include Norway, Sweden, Finland, China, and Denmark. This is no coincidence: on average, state-owned companies invest significantly more in RE than private corporations. They can focus on long-term common good objectives rather than short-term returns.³³

State ownership alone is no guarantee of an economy geared toward the common good: in 2022, state-owned enterprises accounted for more than half of the world's electricity generation capacity and contributed to approximately 45 percent of global emissions from the energy sector.³⁴ So while state ownership can facilitate climate investments, it alone does not guarantee a comprehensive climate transformation.

However, transferring assets to state ownership can be a first step toward full socialization—that is, a focus on the common good and democratic control. This would help secure the existing advantages of state ownership—such as lower capital costs, long-term planning, and the reinvestment of profits—over the long term and harness them for the climate transformation.

33 MIT CEEPR, 2020: State Ownership and Technology Adoption <https://ceepr.mit.edu/wp-content/uploads/2021/09/2020-016.pdf>, last accessed on 12.05.2026.

34 SSEE Oxford, 2023: Decarbonising state-owned power companies <https://www.smithschool.ox.ac.uk/sites/default/files/2023-05/Decarbonising-state-owned-power-companies-Working-Paper-23-01.pdf>, last accessed on 12.05.2026.

2

“Energy as a Public Good” Public-Law Institution (AöR): the Potential of Public Ownership

To reap the benefits of public ownership outlined above, this concept proposes the establishment of an “Energy as a Public Good” public-law institution (AöR). Its goal is to bridge the investment gap left by private sector actors due to their expectations on returns. In doing so, it creates widespread public and democratic ownership within the energy sector, thus enabling democratic control of energy policy and, in the medium term, replacing subsidy instruments designed to stimulate private investment.

Building Blocks for Expanding Renewable Energies Under Public Responsibility

Building Block 1: Expansion and Gap Closure by 2040

The public-law institution first invests in the development of RE facilities and becomes the owner of the resulting infrastructure. Second, it channels investment funds to local actors (particularly municipal utilities) to avoid creating duplicate structures within the public sector. Both the investment funds passed on and the public-law institution’s own investments are aligned with a vision of a fully decarbonized, cost-effective, and needs-based electricity sector. The public-law institution can also serve as a technical and planning partner for municipal utilities, cooperatives, and small private operators.

The public-law institution will initially serve as a complimentary institution that takes a forward-looking approach to closing the decarbonization gap. In the medium term, it will replace unspecified subsidies such as the EEG and channel public funds directly into expansion projects.

The assets of the public-law institution are subject to a prohibition on re-privatization. It is financed through a state-level framework investment plan, which is based on a transformation plan developed democratically within the structures of the public-law institution. Democratic oversight and the incorporation of relevant technical expertise ensure that the organization remains focused in the long term on the common good (see Part III).

Milestones:

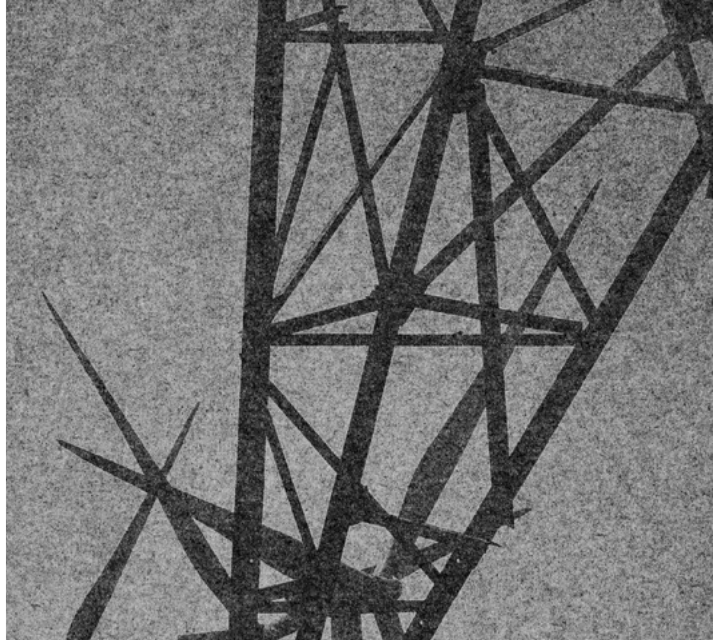
- Short-term (2026-2030): Establishment of the “Energy as a Public Good” public-law institution, recruitment of staff, and development of investment plans with the involvement of experts and local transformation councils (see Part III).
- Medium-term (2030-2040): An investment push aimed at fully decarbonizing existing electricity consumption by 2035 and expanding capacity in line with demand by 2040. The public sector will build a large portion of the generation facilities within the decarbonized electricity system.

Building Block 1 establishes a robust public institution dedicated to transforming the energy system. Through profit reinvestment, government backing, and democratic oversight, two essential common good objectives can be combined: first, accelerated decarbonization, and second, socially just pricing. According to current legal expertise, these are feasible goals of public utility provision, and thus also of socialization in the energy sector.³⁵

Building Block 2 therefore describes how the pu-

³⁵ communia, 2025: Rechtsgutachten Vergesellschaftung für die Energiewende <https://communia.de/wp-content/uploads/Energiestudie-02-V8-web.pdf>, last accessed on 12.05.2026.

blic-law institution can not only gradually close existing investment gaps, but also take over the assets of energy companies socialized under Article 15 of the German Basic Law (see box "Socialization and Article 15 of the Basic Law"). This would allow for better coordination between the expansion of RE and the phasing out of fossil fuel infrastructure, thereby further accelerating the energy transition as a whole.



Socialization and Article 15 of the Basic Law

The German Basic Law permits the transfer of land, natural resources, and means of production to the public sector "for the purpose of socialization." But what exactly does this mean? Clearly, the (formal) transfer to public ownership alone does not constitute socialization. When we speak of socialization in this paper, we refer to a fundamental transformation of ownership structures and management practices in the sense of a conscious, democratic, and solidarity-based organization of shared resources, infrastructures, and means of (re) production.

Socialization comprises at least three key elements:³⁶

- A shift in property relations from private ownership to forms of public ownership.
- A shift in decision-making structures from market mechanisms or state authority toward democratic structures.
- A shift in economic objectives from a focus on profit and capital markets towards a needs-based economy (orientation towards the common good).

How energy companies can be transferred into public ownership under Article 15 of the Basic Law requires further legal examination. According to a legal report commissioned by *in communia*, there are however, at the very least, no fundamental legal obstacles standing in the way (see footnote 30). Socially equitable pricing and climate-friendly supply are therefore legitimate goals of public utility services and thus of socialization. In particular, European law, which sets the regulatory framework for the energy market, leaves open the possibility of forms of public ownership.

Under Article 15 of the Basic Law, compensation for former owners is determined by balancing their interests against the public interest. In the event of the expropriation of large energy companies, climate-related damages and the long-term costs of fossil fuels would need to be taken into account, which could result in compensation significantly below market value.

The socialization of large energy companies can be achieved at any time through parliamentary majorities. The legal feasibility of transferring ownership stakes via referendums at the state level must be examined.

36 See Jenny Stupka (2023) "Die politisch-strategischen und theoretischen Potenziale von Vergesellschaftung," in *in communia*: Neue Energie für Vergesellschaftung – Vergesellschaftung für neue Energie. https://communia.de/wp-content/uploads/vergesellschaftung_Broschuere_Web.pdf, last accessed on 12.05.2026.

Building Block 2: Socialization of Large Energy Companies and the Rapid Phase-Out of Fossil Fuels

The socialized assets of Germany's large energy companies (for example, RWE, LEAG, EnBW, E.ON, Uniper and Vattenfall) will be transferred to the "Energy as a Public Good" public-law institution (AöR). In 2023, these major corporations produced 61.3 percent of the normal electricity generated domestically.³⁷ While their share of RE is significantly smaller, they are increasingly investing in this sector as well, particularly in capital-intensive projects such as offshore wind farms. Socialization could decisively accelerate the transition to climate neutrality: existing infrastructure across the entire energy production value chain, along with personnel and networks, could be immediately utilized to expand RE and rapidly phase out fossil fuels.

Following socialization pursuant to Article 15 of the Basic Law, the companies will initially be integrated under the public-law institution as a holding company. Existing returns would be invested in RE effectively immediately. Starting in 2030, the companies will be fully integrated into the public-law institution, creating synergies and cost savings in areas such as procurement, sales, and research and development.

Remaining fossil fuel reserves will be phased out rapidly and in tandem with the expansion of RE. Through its democratic framework and public oversight, the public-law institution is strictly bound by the objectives of the energy transition. In the short term, parts of it will serve as a publicly managed capacity reserve and will be used specifically for stabilization during periods of low wind and sunshine³⁸ (see box "Public Capacity Reserve through Gas and Green Hydrogen"). Addressing the long-term costs of open-cast mining may require supplementary public and democratic structures—such as trust foundations—as well as financial resources.

Milestones:

- Short-term (2026-2030): Socialization of the large energy companies and consolidation under the public-law institution holding company, simultaneous phase-out of fossil fuels and expansion of RE.
- Medium-term (2030-2040): Establishment of a unified corporate structure; an investment push aimed at developing a fully decarbonized electricity sector expanded to meet demand; orientation to public and common good capacity reserves utilizing the assets of socialized energy infrastructure; and a transition to green hydrogen.
- Long-term (from 2040 onward): Energy production almost entirely under public ownership, allowing for more flexible pricing.

Public Capacity Reserve through Gas and Green Hydrogen

The possibility of replacing fossil fuel usage with green hydrogen and e-fuels is often used today to justify the perpetuation of fossil fuel business models. In the future, green hydrogen will be scarce and, according to all current projections, will largely have to be imported—with neocolonial continuities already foreseeable. For a few limited applications, however, green hydrogen is indispensable—particularly for bridging periods of low renewable energy output through flexible power plants and certain industrial applications, such as steel production. Nevertheless, under no circumstances should future production capacities be utilized to maintain fossil fuel dependencies.³⁹

Socialization enables the targeted management of a capacity reserve that remains essential even in the long term. Under public ownership, existing fossil fuel capacities could be precisely managed as a public capacity reserve during the rapid transition toward storage solutions, as well as the flexible hydrogen power plants that will remain necessary on a smaller scale in the future. This would stabilize energy price spikes during periods of low solar and wind output without generating the excess profits currently typical in such situations (see Part I).

37 Bundesnetzagentur, 2025: Monitoringbericht 2024 <https://data.bundesnetzagentur.de/Bundesnetzagentur/Shared-Docs/Mediathek/Monitoringberichte/MonitoringberichtEnergie2024.pdf>, last accessed on 12.05.2026.

38 The concept of "dark doldrums" describes the few days to weeks each year when low wind and sunshine lead to insufficient electricity production. During prolonged periods of dark doldrums, flexible, hydrogen-based power plants will occasionally be needed to bridge the gap in the future as well.

39 Rosa-Luxemburg-Stiftung, 2025: Wasserstoff – knapp, teuer, unverzichtbar für den Industrieumbau https://www.rosalux.de/fileadmin/images/Dossiers/Industrieumbau/Onl-Studie_9_Industriepolitik-Wasserstoff_web.pdf, last accessed on 12.05.2026.

By establishing a public enterprise equipped with the necessary investment funds to rapidly expand RE (Building Block 1) and by the socialization of the major energy corporations (Building Block 2), the energy

transition can be accelerated, thereby enabling the cost-effective construction of the facilities required to achieve climate neutrality by 2040. In the following section, we examine in detail the various potentials a large public enterprise holds for the energy transition.

Key Elements of a Public Enterprise

The “Energy as a Public Good” public-law institution (AöR) brings together several policy objectives under one roof. It drives the expansion of RE, lowers electricity prices in the long term, supports industrial transformation, and strengthens democratic control over critical infrastructure.

Key Element	Specification	Advantages
Ambitious climate transformation pathway	A planned and democratically legitimized expansion path through a binding transformation plan through 2040	Achieving climate goals, long-term focus, measurable success criteria
Reliable, public funding	Governmental framework investment plan, reinvestment of all returns on equity	Stability and predictability, favorable capital costs, and cost reduction
Industrial policy stimulus	Stable investment boost, innovation promotion, and collaborative cooperation	Planning certainty for all stakeholders, capacity expansion in related industries
Price regulation	Stabilization of electricity prices during transformation, direct supply contracts linked to transition targets	Socially equitable transformation, incentives for electrification and decarbonization
Cooperative market design	Technical, planning, and financial cooperation with municipal utilities and civic energy stakeholders	No duplication of structures in the public sector; local decisions made at the local level
Equitable, global cooperation	Resource justice through the phasing out of fossil fuel industries, international cooperation, technology transfer, and public oversight and transparency in supply chains	Progress toward global justice
Fair labor and just transitions	Collective bargaining coverage, skills development, job security, democratic representation	Acceptance among the workforces, securing skilled labor, socially equitable reconstruction

Table: Potentials of the “Energy as a Public Good” Public-Law Institution

Ambitious climate transformation pathway

The “Energy as a Public Good” public-law institution (AöR) is an integrated energy producer and project developer active in all aspects of RE production—namely, solar and wind power,⁴⁰ onshore and offshore wind, and storage technology.

When establishing the public-law institution, a binding transformation plan with clear milestones will be developed to serve as the foundation for the enterprise’s operations. The expansion path will be guided by the electricity needs resulting from the complete decarbonization of primary energy consumption. The specifics of the expansion path—particularly the timing and location of expansion projects—will be developed during the construction phase through a democratic and iterative process that incorporates relevant technical expertise (see Part III).

The transformation plan provides clear guidelines for operational decisions. System utility and compatibility—as well as alignment with a future, decarbonized electricity system—serve as the planning foundation and the key criterion for investment decisions.

Through socialization, the phasing out of fossil fuel production can be even more closely integrated with the expansion of RE. Unlike today’s highly fragmented planning landscape, the public-law institution focuses on the overall system: it coordinates sites, technologies, and timelines in a way that ensures security of supply, climate goals, and just transitions are considered together. In the short term, fossil fuel power plants will remain as a capacity reserve and will be partially converted into hydrogen-capable facilities.

Reliable, Public Funding

The public-law institution receives its funding through a long-term framework investment plan aligned with the transformation plan. This will place it in a financial position, in the medium to long term, to undertake the vast majority of investments necessary for a climate-neutral electricity sector in a stable manner.

40 In this concept, we focus on wind and solar energy, as these are the energy sources that, according to all current projections (see Part I), will constitute the lion’s share of a future decarbonized electricity sector and possess massive growth potential. A coherent, democratic, and comprehensive plan for the entire energy system that goes beyond electricity supply could also integrate adjacent sectors, such as heat supply and relevant technologies, for example large-scale heat pumps, into the planning process.

Long-term financing is secured politically through the founding statute and fiscally through the Federal Budget, or supplementary instruments such as a one-time initial endowment for the public-law institution.⁴¹ Government refinancing costs are significantly lower than the equity returns of private project developers; this advantage can be fully leveraged to facilitate faster expansion, lower prices, or additional social and environmental standards.

State funding creates long-term public ownership in a key economic sector. Public investment in RE should not be equated with redistributive government spending, as it generates assets that provide long-term economic benefits and generate revenue. In this respect, frequently cited arguments against government borrowing do not apply here.

The framework investment plan would involve funding of approximately €660 billion.⁴² The majority of these funds would be spent between 2030 and 2038. Based on existing scenarios, the following figures represent realistic estimates:

- 2026-2029 (4 years): €40 billion per year
- 2030-2038 (9 years): €46 billion per year
- 2039-2040 (2 years): €43 billion per year

41 A long-term framework investment plan cannot replace the budgetary sovereignty of the Bundestag, but serves as a multi-year political framework for orientation. To establish greater so-called independence from the state (see explanation in Part III), options such as substantial initial capitalization of the public-law institution modeled after public-law foundations, as well as the provision of additional funds—for example, through a special climate fund (which would, however, require a two-thirds majority in the Bundestag)—should be examined.

42 According to current scenarios, achieving climate neutrality by 2045 will require investments of €34 billion (Agora) or €26-38.5 billion (Ariadne scenarios) in wind and solar energy alone (see Part I). We assume that the public-law institution must therefore be allocated funds of this magnitude (€33 billion over 21 years) and would spend these as early as the period up to 2040 in order to achieve the climate neutrality goal five years earlier.

Elimination of Unspecified Subsidy Programs; Targeted Support for Local Democratic Ownership

The public-law institution makes it possible to gradually phase out unspecified subsidies, such as market premiums, and instead channel public funds directly into investments. Rather than providing indirect guidance through complex market mechanisms, the public-law institution can make direct decisions regarding investment priorities. For civic energy stakeholders and private individuals, specialized and targeted funding instruments (to be developed) would be created to replace the EEG's undifferentiated tendering system and specifically promote local and democratic forms of energy production.

As long as the public-law institution focuses solely on closing the gap in RE (Building Block 1) without integrating large socialized companies (Building Block 2), the EEG will remain in effect and the facilities of the public-law institution will continue to receive regular EEG subsidies. Starting in 2030, EEG funding can be gradually reduced, thereby rendering investments unprofitable from the perspective of private investors. Once its structures are in place, the public-law institution can then progressively fill the emerging gaps and, in line with climate goals, also invest in capacities that while not economically profitable, nevertheless necessary. In addition, it can gradually take over capacities currently held by the private sector. This will result in a progressive transition to energy production held almost entirely in publicly ownership.

Implementing Building Block 2—which combines the establishment of the public-law institution with the socialization of existing facilities—will allow for the EEG to be phased out more quickly. Existing funding commitments for facilities that have not been socialized must initially be maintained. Once the funding period expires and these facilities become unprofitable for private investors, they can be acquired by the public-law institution.

Reinvestment of All Equity Returns and a Ban on Privatization

A legally anchored ban on re-privatization, as well as the full reinvestment of all profits generated into further expansion projects, constitute additional features of the public-law institution's structure. These regulations ensure that public energy production remains committed to the common good in the long term.

The ban on re-privatization is anchored in the

statute establishing the public-law institution. It protects the public-law institution from political trends and short-term fiscal considerations. This prevents the accumulated public assets from being sold off in times of budgetary constraints or shifts in the political majority. It consequently enables a long-term strategy that extends beyond individual election cycles.

Reinvesting all returns on equity creates a self-reinforcing investment cycle: the more RE capacity the public-law institution builds, the more profits can be channeled into further projects. Unlike private companies, which distribute profits to shareholders or allocate them to other business purposes, the entire value generated within the energy sector remains with the public-law institution, enabling it to finance future investments as well as, over the long term, contribute to lowering energy costs through efficiency gains.

Industrial Policy Stimulus Through Planned Investment Boost

Through reliable and sustained investment activity, the public-law institution generates industrial policy stimulus beyond the electricity sector. While the current energy market is characterized by high volatility and political uncertainty, the public-law institution creates reliable and stable demand for solar, wind, and storage technologies. This planning certainty is crucial for stakeholders who require significant lead times for capacity expansion, the training and recruitment of skilled workers, and investments in new technologies. The public-law institution provides industries involved in the energy transition and related sectors with the foundation for long-term planning, thereby reducing economic costs. In the long term, this would also render greater public engagement in the manufacturing and construction sectors both possible and sensible.

A major public buyer could also revitalize the domestic production of energy transition technologies and reduce strategic dependencies.⁴³ While Germany continues to be home to cutting-edge research—for example, in the field of solar technology—this potential is not yet being industrially harnessed locally. A major public buyer with public research facilities can render this potential a reality.

43 Strategic dependencies refer to the dependence of individual countries on the import of raw materials, technologies, or goods. The EU and Germany are attempting to counter these dependencies by diversifying their trading partners.

01. A reliable investment boost would not only provide incentives for the production of RE technologies but also drive forward research and development. As a major buyer, the public-law institution can also invest in technologies that are not yet fully market-ready—such as advanced storage systems or green hydrogen—and accelerate their market readiness. By focusing on the future rather than short-term profitability, it can promote innovations that are necessary for the overall system but still appear too risky to private investors.

Price Control – Social Rates and Transformation Incentives

As a major public electricity producer, the public-law institution can leverage flexibility in its cost structure to set prices in a way that reflects public policy. It is under no obligation to maximize profits but can instead develop rate models that combine social and environmental objectives. These include, for example, low-cost basic allowances for households, increasing rates for excess consumption, and specific terms for energy-intensive but transformative industries.

Public ownership makes it possible to implement social pricing models even in the medium term. The public-law institution can cooperate with municipal basic service providers to introduce affordable basic rates and ensure security of supply. In the long term—and sooner if accompanied by supporting measures—the public-law institution could strengthen public acceptance of the public energy supply among a broad audience through social and progressive pricing. A free or heavily subsidized basic allowance for all households would combat energy poverty, while large consumers would pay correspondingly higher prices.^{44,45}

The possibility of strategic pricing, long-term price stability, and the mitigation of speculative price fluctuations, is also one of the most significant macroeconomic advantages of public energy production. While volatile market prices create planning un-

certainty, a public enterprise can serve as an “anchor” for the entire energy market. This creates an incentive for the necessary electrification in industry, building heating, and transportation.

Furthermore, the public-law institution could directly accelerate decarbonization and electrification in other sectors: long-term, low-cost supply contracts linked to binding transformation targets can create incentives for consumers. Industrial companies that transition to climate-neutral production and align their manufacturing with objectives of the common good can calculate their investment decisions with greater certainty, thanks to stable and affordable energy prices. This is particularly relevant for energy-intensive industries such as steel or chemicals, where energy costs account for a significant share of total cost.⁴⁶

Cooperative Market Design

The public-law institution serves as an entry project for a publicly led energy transition. Step by step, it is building a network with other progressive, public, or even smaller private actors within the energy sector. Through cooperative market design and technical, planning, and financial collaboration—for example, with municipal utilities—the public-law institution supports local transformation processes.

The transformation plan may allocate funds, in an amount to be determined, to support municipal utilities and similar enterprises in their decarbonization efforts. Municipal utilities possess indispensable local knowledge and established customer relationships, but often lack the financial resources or technical expertise required for large-scale energy transition projects. Through a partnership with the public-law institution, they can combine their local roots with the resources and know-how of a larger enterprise. However, the allocation of funds is contingent upon binding, local transformation plans and the phasing out of fossil fuel infrastructure.⁴⁷ Investment funds received by municipal utilities from the public-law institution are granted only on condition that they commit to ambitious decarbonization targets. This creates a reliable framework for local transfor-

44 Konzeptwerk Neue Ökonomie, 2022: Energiepreise – Transformative Wege aus der Krise https://konzeptwerk-neue-oekonomie.org/wp-content/uploads/2025/10/Dossier_Energiepreise_KNOE_2022.pdf, last accessed on 12.05.2026.

45 EU law does not fundamentally stand in the way here, as the electricity sector can be understood as a service of general economic interest (SGEI). The separation of production and distribution can therefore be legally challenged. Socially equitable rates and progressive pricing are, in principle, possible as common good objectives within the European legal framework.

46 Direct price regulation through the public-law institution can thus replace expensive and unspecified instruments such as industrial electricity prices.

47 This does not involve the assignment of tasks to municipalities which would impinge upon local self-government, but rather a cooperative partnership on a voluntary basis.

mation processes and ensures that municipal utilities act in the broader interest of a rapid energy transition and transform fossil fuel structures. This partnership strategy also avoids the unnecessary duplication of structures within the public sector and makes use of existing expertise.

Fair, Global Cooperation

The comprehensive development of a renewable energy system cannot proceed without raw materials, the majority of which are extracted from other parts of the world. The public-law institution bears the responsibility to set new standards in this area by ensuring that supply chains are transparent and adhere to higher standards. In practical terms, this means, first and foremost, enforcing rigorous social and environmental standards throughout the supply chains. As a major buyer of products containing raw materials such as rare earth metals, lithium, iron, and copper, the public-law institution can exert pressure on producers through appropriate procurement guidelines and enforce conditions of fair trade. Within the public-law institution, the cyclical use of wind and solar energy can be promoted, further tested, and then firmly embedded in operations. This will result not only in greater resource efficiency and fairness, but also in financial savings.⁴⁸

As a repository of technological knowledge and expertise, the public-law institution can contribute to the democratization of energy transition technologies by making patents and know-how publicly available and by providing international advisory support for the development of decarbonized energy production. International cooperation may also entail forms of technology and knowledge transfer, joint research and development projects, and the training of skilled workforces. Through partnerships with public energy companies in other countries, the public-law institution can contribute to an international network of democratic and common good-oriented energy stakeholders and develop alternative models to profit-driven energy sector.

This concept address decarbonization in Germany, but does not resolve all questions of global climate justice. Whilst the “Energy as a Public Good” public-law institution can reduce resource extractivism to

a certain extent, it cannot readily make amends for the historical debt that Germany—and in particular its large energy corporations—have accumulated toward the Global South.⁴⁹ Not all problems of the global extractivist model—and in particular the raw material basis of the energy transition—can be solved by a single institution.⁵⁰ Addressing these issues requires more far-reaching measures at the national and international level, such as climate reparations.

Fair Labor and Just Transitions

Its commitment to high standards of fair labor makes the public-law institution an exemplary employer in the energy sector and plays a key role in fostering social acceptance of the energy transition. Through collective bargaining agreements, systematic training programs, and long-term site security, the public-law institution is able to set standards that also exert pressure on other enterprises in the energy market to improve their own working conditions.

The governance framework of the public-law institution (see Part III) also provides a strong role for employees within its structures. This ensures that their expertise and needs are incorporated into strategic decision-making. This also makes economic sense, as the existing skills and experience of the employees can be harnessed to support the energy transition.

The role of the public-law institution is particularly important in shaping structural change in regions heavily reliant on fossil fuels. The socialization of large energy corporations could significantly accelerate these processes, as existing fossil fuel infrastructure is almost entirely in the hands of these large energy companies. Socialization would make it possible to organize fair transitions for employees through retraining and further education under one roof.

48 PowerShift, 2023: Rohstoffwende und Energiewende zusammen denken https://power-shift.de/wp-content/uploads/2023/01/PowerShift_Rohstoffpolitik_Kreislaufwirtschaft.pdf, last accessed on 12.05.2026.

49 Konzeptwerk neue Ökonomie, 2024: Klimaschulden & Reparationen https://konzeptwerk-neue-oekonomie.org/wp-content/uploads/2025/08/Dossier_Klimaschulden_digital.pdf, last accessed on 12.05.2026.

50 communia, 2025: Vergesellschaftung entlang der Lieferkette <https://communia.de/vergesellschaftung-entlang-der-lieferkette/>, last accessed on 12.05.2026.

3

Democratic Governance and Iterative Planning

What exactly does the democratic management of a public energy production institution look like? The governance model outlined here⁵¹ aims to address this question and pursue three objectives:

First, the aim is to prevent the public-law institution (AöR) (see box “What is a Public-Law Institution?”) from becoming a technocratic institution at the mercy of partisan and other special interests. The establishment of a nationwide energy producer—tasked with financing significant portions of the investments required to transform the energy system using public funds—creates an enterprise with economic and political power. The central aim of this governance model is to endow an public-law institution, while formally remaining under state ownership, with a certain degree of “independence from the state,”⁵² without

thereby forfeiting the operational capacity and financial advantages of public ownership.

Second, the risks of deviating from the objectives of the common good are to be mitigated. The public company (that is, the public-law institution) is therefore legally bound to fulfill specific objectives of the common good. The focus is on investing as quickly as possible in the climate-friendly and socially just transformation of energy production. The central common good objective is the construction of all energy producing facilities necessary to achieve climate neutrality by 2040.

Third, regional planning should be organized on a grassroots-democratic basis. The central instrument for democratizing the planning process is the transformation plan. This is developed through an iterative process between the planning units of the public-law institution at the federal level, and regional, civil society transformation councils. The time-bound development process for the transformation plan is further democratized and incorporates grassroots, democratic elements and participatory procedures designed specifically to ensure the co-determination of local stakeholders.

51 The proposed structures and mechanisms are intended as a starting point for discussion. In particular, the proposal specifies the central governance elements and decision-making structures at the federal level. The specific operational and institutional design of the public-law institution as a whole requires further elaboration. Specifically, it would be necessary to examine whether greater regionalization of implementation processes, for example through sectors at the state level, would be appropriate.

52 Based on the principle of public service broadcasting, which was established following the lessons of National Socialism to guarantee a press independent of the state.

What is a Public-Law Institution?

A public-law institution (AöR) is a legally independent organization governed by public-law, established by a state body to carry out public tasks on a permanent basis. Examples include broadcasters such as ARD and ZDF, municipal utilities, university hospitals, or universities.

It acts in its own name, possesses its own governing bodies, and is subject to state regulatory oversight, yet is not a traditional government agency. One advantage of this organizational form is the high degree of legal certainty and stability afforded by public sponsorship, which is particularly important for facilities of public service. Furthermore, public-law institutions offer greater organizational and economic autonomy than government agencies, whilst remaining committed to the common good. Unlike limited liability companies (GmbHs), they are easier to manage democratically and prevent their re-privatization.

This gives rise to the following principles and areas of tension:

Balancing Democratic Control and the Ability to Act

The public-law institution must be able to act swiftly and efficiently in order to ensure that climate objectives are met, whilst taking into account the common good. This renders processes of iterative democratization—such as direct democratic participation or the extensive involvement of local stakeholders in day-to-day business operations—impractical. Whilst, for example, a democratization principle inspired by direct democracy may be necessary at the municipal level (municipal utilities) or in regional (energy) co-operatives, it is ill-suited to the activities of a nationwide investment enterprise as conceived here. According to this concept, grassroots, democratic principles therefore come into play primarily within concrete (spatial) planning processes. The management of the public-law institution, in turn, relies largely on the involvement of relevant expertise and not, as is the case in the context of publicly-owned housing, on the self-management of those affected.⁵³ Despite this context of legitimacy, the management is structured as democratically as possible and mechanisms ensuring extensive transparency for the public sphere are integrated.

Inclusion of Expert Knowledge and Employee Representation

Companies, and above all employees in the renewable energy sector, possess extensive knowledge and expertise that is urgently needed to accelerate and scale up decarbonization. At the same time, the energy and heating transition is profoundly transforming local infrastructures, meaning that local authorities and local stakeholders involved in the energy transition possess indispensable contextual knowledge. This local knowledge within the municipalities, as well as the knowledge of employees, is systematically incorporated into the business operations of the public-law institution and into the oversight of its commercial policy.

The historical achievements of the labor and trade union movement in the area of workplace democracy, and in particular of workers' co-determination, form an important foundation and should be preserved and strengthened. At the same time, however, in companies with co-determination, a strong orientation toward microeconomic rationales can sometimes be observed, even on the part of employees (so-called "corporate selfishness"). In a structure where the conflict between profit interests and workers is institutionally mitigated, and employees are treated as

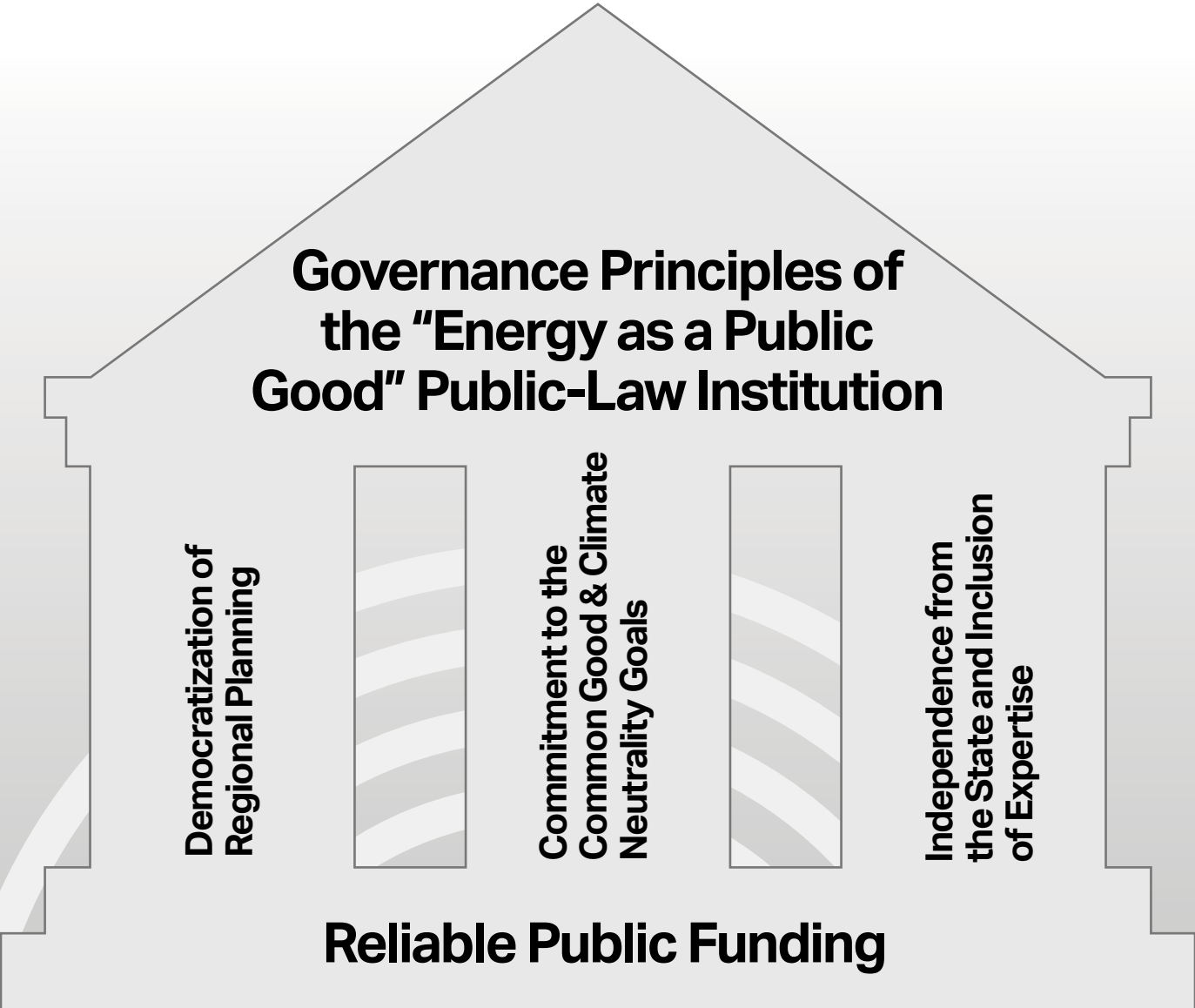
⁵³ For institutions under public-law, the principle of functional self-management may apply, which legally legitimizes the integration of users (members) into the administration and enables greater autonomy vis-à-vis the state as the owner. This principle is less suitable for the energy sector—a domain economically significant and highly relevant to climate policy—since it assumes that action is taken primarily in the interests of the members and not necessarily in the general public interest. The "Energy as a Public Good" public-law institution therefore refers primarily to the objectives of the common good, which form the legal framework for action and the basis upon which democratic planning and effective implementation are possible. In the past, the Federal Constitutional Court issued a ruling regarding precisely this form of the proper performance of tasks in the area of film financing: in the interests of the appropriate and effective performance of tasks, limited deviations from the standard requirement of unrestricted personnel legitimacy may be permissible under German law. This means that it is permissible to entrust the public-law institution with clear objectives and to establish an administration dedicated to these objectives.

integral contributors to the common good, the need for precise representation of group-specific interests is simultaneously reduced. The remaining risk of one-sided priority of interest is countered by the complementary inclusion of civil society perspectives, through democratized planning procedures, and through a high level of transparency within the public-law institution.

Balanced Representation of Interests

Institutions under public-law are always democratically legitimized in some way. In the past, constitutional justifications were found for the self-management of these organizational forms, which guarantee

a certain degree of independence from the state. Even where the composition of the administrative structure of institutions under public-law is primarily legitimized on meritocratic grounds (that is, through relevant expertise), it must be ensured that the privileging of individual interests is prevented. Large industrial energy consumers and other energy companies primarily represent individual economic interests and are therefore not integrated into the management of the public-law institution. The public-law institution is intended to serve as a democratic counterweight to the energy market in its current form, which requires that expertise currently underrepresented must be structurally incorporated.



Governance Principles of the "Energy as a Public Good" Public-Law Institution

**Democratization of
Regional Planning**



**Commitment to the
Common Good & Climate
Neutrality Goals**



**Independence from
the State and Inclusion
of Expertise**

Reliable Public Funding

The safeguarding of common good objectives, including the ban on re-privatization, is enshrined in the founding statute of the public-law institution. No body or committee of the public-law institution may take decisions that run counter to the objectives laid out in the founding statute. As the public-law institution's charter forms the basis for its operational activities, democratization and a focus on the common good are further embedded directly in its organizational structure.

To ensure effective decision-making and minimize the potential for conflict, the processes and bodies of the public-law institution are structured with defined relations: the founding statute (including the 2040 climate neutrality target, objectives of the common good, and the ban on re-privatization) takes precedence over the articles, which govern the work of the supervisory board. The Board of Directors appoints the Management Board in accordance with the charter and oversees the implementation of the democratically developed transformation plan. Amendments to this plan are only possible by a majority resolution of the Board of Directors.

The following section first describes and outlines the fundamental principles and structures of the public-law institution's governance, which must be set out in detail in the public-law institution's founding statute.

The second step outlines the democratic planning process intended to underpin the public-law institution in the future.

Standing Bodies of the “Energy as a Public Good” Public-Law Institution

The “Energy as a Public Good” public-law institution comprises three standing bodies: the Board of Directors, the Management Board, and the Compliance Office. In addition, there is a Standing Advisory Board, which acts as an institutionalized interface with the regions and municipalities. The Transformation Councils, by contrast, are not permanent bodies of the public-law institution, but convened on an ad hoc basis to develop the transformation plan and subsequently meet periodically for evaluation (see below).

The Board of Directors

The Board of Directors determines the public-law institution's strategy within the framework of the objectives of the common good and the planning carried out by the Transformation Councils. It appoints the management and oversees its work in accordance with the charter, but with particular focus on economic viability and efficiency, the quality of decision-making and participation processes, and alignment with the transformation plan. As the public-law institution's highest governing body, it has extensive transparency obligations. Following meetings of the Board of Directors, all outcomes and topics are disclosed to the public and communicated in an accessible manner.

In order to establish a body that is both effective and representative, whilst drawing on expert knowledge, we propose a membership of 15. These members will be appointed for a term of six years. As a public-law institution, “Energy as a Public Good” would not be subject to the Co-Determination Act. Nevertheless, in accordance with the principles outlined above, the aim is to ensure strong employee representation. In addition, representatives will be appointed to ensure that the organization's objectives serve the wider public interest and to provide technical and strategic expertise.

One third of the seats on the Board of Directors are held by employees and their trade union representatives. Three seats are appointed by the Federal Government—as the formal owner of the public-law institution—either through ministerial representatives or by the Bundestag. The remaining seven seats on the Board of Directors are filled by civil society representatives from academia, associations, and social organizations with technical or socio-ecological expertise

aligned with the objectives of the common good. They represent these objectives and are integrated into the Board of Directors as holders of specific knowledge to ensure the public-law institution's objectives are achieved. Their legitimacy stems from their professional expertise, which guarantees the successful implementation of the objectives of the common good. The Board of Directors elects a chair from among its members who represents all three groups.

This composition of the Board of Directors facilitates a politics of compromise between the member groups, as no single group of representatives holds a majority, and the group of technical experts represents a diverse range of interests. The shifting majorities for individual decisions by the Board of Directors leads, in the best-case scenario, to the politicization and democratization of the Board. Through connections to various stakeholders and experts, debates on the energy transition feed into the respective structures (such as professional associations or represented trade unions) and are thus further politicized.

Employees

As explained, employees hold five seats, that is, one third of the Board of Directors. Employee representatives are elected by the workforce through a general, equal, and free election. A high level of trade union organization and activity within the organization is sought and forms part of a democratic culture. However, the self-organization of workers in the public-law institution differs from their integration into its administrative structure. Through their technical expertise and operational knowledge, they can make essential contributions. In particular, they have a close connection to specific implementation projects and can identify problems, such as skill shortages and other deficiencies, at an early stage. In addition to representing the interests of the workers, they therefore serve as important repositories of knowledge within the public-law institution.

Government Representatives

As explained above, three seats on the Board of Directors are filled by government representatives. In line with the desired independence of the public-law institution from the state, government supervision of the public-law institution should ideally take the form

of legal rather than technical supervision⁵⁴ Nevertheless, for technical reasons, representation from the ministries is advisable, so that the majority of members appointed to the Board of Directors should be senior officials from the Federal Ministry of Finance (BMF) and the Federal Ministry for the Environment, Climate Action, Nature and Nuclear Safety (BMWE). Political representatives on the Board of Directors should also represent interests of the common good in accordance with objectives of the public-law institution. When appointing members, particular attention should be paid to expertise in energy policy and synergy effects. Furthermore, close cooperation with the Federal Network Agency is essential.

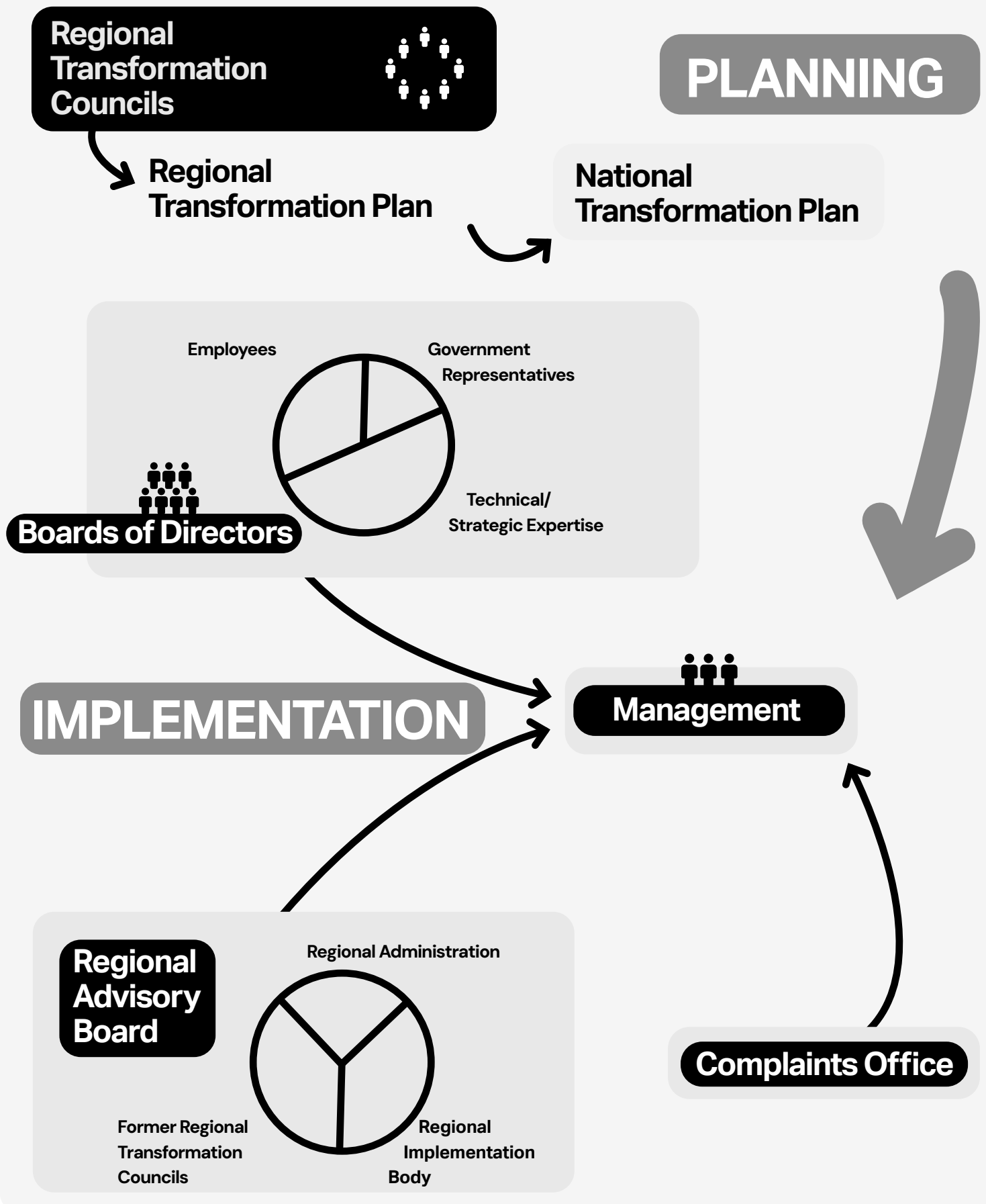
Technical and Strategic Expertise

A rapid and equitable transformation of the energy system requires relevant technical and strategic perspectives. The appointment of the seven remaining seats on the Board of Directors is therefore carried out with a focus on fulfilling the common good objectives of the public-law institution. By virtue of their professional expertise, these representatives are of great importance and provide a useful compliment to the employee interest groups and government representatives within the public-law institution. These representatives from civil society and academia are responsible for thematic areas within the Board of Directors and monitor and advise on the activities of the Management Board in those respective areas.⁵⁵ In addition to the technical expertise required for the implementation of large-scale planning, expertise in matters of socio-ecological sustainability and justice is integrated to ensure the democratization of decision-making at this level as well.

54 Legal vs. technical supervision: legal supervision of public enterprises/institutions is limited to checking whether a public enterprise is acting lawfully. Technical supervision goes further: in addition to legality, it also covers the appropriateness of the enterprise's activities. This may include substantive guidelines, direct instructions, and the monitoring of task fulfillment.

55 This group on the Board of Directors is not derived from substantive or personal legitimacy, but rather from the requisite appropriate expertise and knowledge of the common good objectives, which are in turn safeguarded by international treaties (climate and resource protection) and enshrined in the founding statute. In this context, substantive legitimacy would imply that society as a whole, through its own energy usage, determines its representation. This would entail a direct election in which all energy users select their representatives. However, such an approach is not practicable in the present context.

Governance Structures of the “Energy as a Public Good” Public-Law Institution



In line with the objectives of the common good, we propose the following areas of expertise:

- Expertise on consumers' interests
- Expertise on climate justice and the perspective of future generations
- Expertise on resource justice
- Technical expertise on wind energy
- Technical expertise on solar energy
- Procedural expertise and conflicts of interest
- Expertise on "rural" areas

The association structures appoint their representatives or nominate suitable candidates to the Board of Directors through their own democratic processes, ideally by means of internal organizational votes. Through their involvement on the Board, they relay political decisions back to their respective organizations, thereby facilitating political debate within the associations and ensuring that any course of action is underpinned by broad social discourse.

The entire Board of Directors should be composed as representatively as possible in terms of its social positioning and, as much as possible, be equally balanced. A corresponding quota system will be included in the founding statute.

Management Board

The Board of Directors appoints a Management Board consisting of three members. The Management Board is tasked with managing the day-to-day operations of the "Energy as a Public Good" public-law institution in accordance with the objectives set out in the founding statute, and with ensuring the concrete implementation of the transformation plan. The Management Board is appointed by the Board of Directors for a term of six years. It is bound by the approved transformation plan and develops economic plans and detailed objectives for the current fiscal year. The economic plans and annual finance accounts are reviewed and approved by the Board of Directors. The founding statute specifies the division of responsibilities within the Management Board. Possible departments could include a Department of Democratic Participation and Planning, a Department of Technical Planning, and a Department of Finance, Business Administration and Human Resources.

Complaints Office

A complaints and arbitration office serves as a central point of contact for the public for concerns, criticism, and suggestions for improvement. It receives feedback, comments, and complaints from citizens. This creates a low-threshold channel for people who wish to highlight grievances or suggest improvements.

The Management Board is obliged to respond and answer any enquiries received. This ensures transparency and facilitates constructive dialogue between the public-law institution and the public sphere.

Standing Advisory Board Composed of Regional Transformation Councils and Municipalities

The Standing Advisory Board links regional transformation processes with the nationwide enterprise strategy and serves as an additional interface between the management, municipalities, and the transformation councils.

The Standing Advisory Board comprises three groups:

- Representatives of former regional transformation councils (on a rotating basis to ensure the inclusion of different regions and perspectives)
- Representatives of the relevant regional administrations
- Representatives of regional implementing bodies (such as municipal utilities)

Specifically, the Standing Advisory Board fulfills three functions:

- Advising the Board of Directors on the formulation and updating of the transformation plan, particularly regarding the social, regional, and distributional impacts of planned investments.
- Feedback from the field: it collates experiences and conflicts from the regions (for example, land use conflicts, acceptance issues, obstacles to grid expansion) and systematically incorporates them into enterprise planning.
- Transparency and accountability: it regularly receives reports on the status of implementation, investment decisions, and target achievements, and can take a position.

The Standing Advisory Board may be organizationally attached to the Department for Democratic Participation and Planning, which is to be established within the public-law institution. It meets at least once a year.

Transformation Councils: Process for Developing the Transformation Plan

The operational activities of the public-law institution are governed not only by the founding statute and the articles of the charter, but also by a comprehensive transformation plan. This plan is drawn up for the first time during the public-law institution's start-up phase. The transformation plan provides the framework for the management's economic plans. In effect, it constitutes a short, medium, and long-term investment plan that sets out regional expansion plans in accordance with national legislation.

The transformation plan is drafted through an iterative and democratic process. The public-law institution is responsible for implementing the plan and ensuring that funds are spent accordingly.

The aim is to produce a comprehensive transformation plan composed of state-specific and regional plans. To develop these plans, transformation councils will be convened in each federal state, comprising citizens selected on a representational basis and by lottery.⁵⁶ Consideration will be given to gender, income brackets, and backgrounds (including individuals with migration backgrounds, as well as those from urban and rural areas). There are proven processes for such selection procedures that can be applied here.⁵⁷ Participants receive an expense allowance for their time and effort and, where possible, are granted leave from their employer for the duration of the planning work.

Within the public-law institution, a dedicated Department for Democratic Participation and Planning is being established within the Management Board—among other measures—to support this process. Representatives from regional administrations, federal states, and potential implementing bodies will guide the councils, which, within six months and with the support of the public-law institution, will deliberate on the technical and spatial planning options and develop concrete proposals for their respective regions. The transformation councils are not expected to develop the proposals from scratch, but do so as part of a process facilitated by experts: they will receive continuous, professionally

prepared background materials and information on relevant conflicting objectives, such as those arising between climate protection and nature conservation.

This process will result in binding regional climate transformation and investment plans that align with national expansion targets. The plans developed are published and presented to the general public in various formats. They are consolidated into a comprehensive, supra-regional plan. This overarching plan forms the basis of the public-law institution's concrete economic activities and therefore takes precedence over the operational decisions of the Management Board. At the same time, the plan is subordinate to the founding statute and the charter articles; in particular, the plan must not contradict the defined common good objectives. To enable the public-law institution to respond flexibly to changes in its operating environment, justified deviations are permissible within the framework of the provisions set forth in the founding statute. Any amendments require the approval of the Board of Directors.

Upon completion of the initial planning work, the transformation councils switch to an evaluation phase. They are reconvened every five years (with some members selected by lottery, where necessary) in order to:

- to assess the progress made in implementing the transformation plan,
- to systematically document regional experiences and conflicts, and
- to provide recommendations for updating the plan.

Between evaluation cycles, the ongoing updating and annual operationalization of the plan is the responsibility of the Board of Directors and the Management Board, advised by the Standing Advisory Board.

To avoid duplicating structures in the public sector, the public-law institution may also delegate local implementation—in accordance with the principles set out in Part II—to regional implementing bodies, such as municipal utilities. To ensure rapid implementation, delegation to regional bodies is advisable in many cases. These bodies are involved in regional planning at the earliest possible stage so that implementation can commence as quickly as possible and that any potential obstacles can be identified early on. This delegation is not a transfer of tasks, but a co-operative partnership that allows for further forms of local democratization processes.

56 This refers to a German registered address and not necessarily to citizenship.

57 See, for example, <https://www.governance-platform.org/formate/> and <https://www.mehr-demokratie.de/mehr-wissen/buergerraete/was-ist-ein-buergerrat>, last accessed on 12.05.2026.

Conclusion

Without democratically controlled public ownership, the energy transition will remain costly, slow, and socially unjust. This paper demonstrates, on the one hand, that the privatized energy market itself constitutes the central obstacle, and, on the other, how public and democratic ownership could drive the energy transition forward. The socialization of energy production is therefore not merely a symbolic, maximalist demand, but the obvious structural reform needed to reconcile climate goals, security of supply, and social justice.

Part I of the paper demonstrated that the energy transition is failing, in part because of the structures of the privatized but heavily state-subsidized energy market: real investment is in large part only taking place thanks to government funding schemes. The alternative: rather than taking the detour via private profit expectations, the energy transition can be shaped through direct public investment that creates long-term and democratically controlled ownership within the energy sector.

Part II outlined the development of an “Energy as a Public Good public-law institution (AöR) as a public energy enterprise, which will systematically construct all the facilities necessary to accelerate the achievement of climate neutrality, thereby building up public property. The paper demonstrated how the public-law institution can accelerate the expansion of RE, support industrial transformation, and enable socially equitable pay rates through lower capital costs, reinvestment rather than dividends, and strategic pricing. At the same time, it becomes clear that the public-law institution is not opposed to civic energy initiatives

and municipal utilities, but rather complements them as a decentralized partner. The first step involves establishing a public-law institution that drives and supports the expansion of RE nationwide and, through a rapid investment drive, closes the gap for achieving climate targets (Building Block 1). Furthermore, the socialization of large energy companies and the transfer of their assets to the public-law institution (Building Block 2) is legally feasible despite liberalized EU energy law and could effectively accelerate the transformation and reduce costs.

Finally, Part III presented a governance model that combines the capacity for action with democratic oversight. A transformation plan, developed through regional transformation councils and municipal stakeholders, sets the framework for the economic plans of the public-law institution and renders expansion pathways, investments, and conflicting objectives transparent. The Board of Directors, the Management Board, the Complaints Office, and the Standing Advisory Board ensure that the public-law institution does not operate in technocratic isolation, but remains continuously aligned with the common good. The governance structure is designed to mitigate and structure various areas of tension arising from concentrated ownership, democratization, and a focus on the common good. Charter articles stipulating de-privatization and transparency, a founding statute setting out the common good objectives, and a democratically structured planning process are intended to give effect to this approach.

How We Get There

The greatest driving force for mobilization lies in what people experience on a daily basis: energy prices and their impact on the cost of living. Since the gas price crisis of 2022, energy has been a central political issue—and this presents an opportunity. After all, price crises and the effects of the climate crisis are likely to intensify in the future. The socialization of energy production is not an abstract concept, but can be concretely linked to this everyday experience. To achieve the long-term goal of a democratized energy sector geared towards the common good, several steps are crucial:

1. Incorporation into Policy

The demand for socialization of energy production must be incorporated into the policies of progressive political forces—from political parties to trade unions and non-governmental organizations. This policy proposal provides a concrete basis for doing so: not merely symbolic, but backed by developed concepts for governance, financing, and planning. Further elaboration, legal scrutiny, and public debate are necessary and expressly desirable.

2. Campaigns for the Expropriation of Large Energy Corporations

Campaigns calling for the expropriation of large energy corporations (such as RWE, LEAG, EnBW, E.ON, Uniper, and Vattenfall) should be actively developed. The Berlin model of the “Deutsche Wohnen & Co. enteignen” campaign demonstrates that demands for expropriation have a mobilizing effect and are legally feasible under Article 15 of the German Basic Law. In the Rhineland, the “RWE & Co. enteignen” campaign is already taking concrete steps towards the socialization of electricity production.

3. Re-municipalization and Grassroots Democratization

Concrete gains can be won at regional and local levels, such as the re-municipalization of electricity grids and municipal utilities, as well as progressive pricing structures. Such successes may be achieved more rapidly than a nationwide public-law institution and demonstrate in practice that public ownership works. At the same time, they can build momentum for nationwide socialization and serve as a meaningful complement to the nationwide structure proposed here.

The socialization of energy production provides the overarching framework—a vision and concrete strategy that brings together campaigns, regional initiatives, and party platforms.

The potential of energy democratization runs deeper than immediate political victories. The struggle for public ownership and a democratic energy supply creates spaces for experience in which people regain their capacity for political agency. Through political campaigns, but also within the proposed public-law institutions, people experience firsthand that social decisions can be shaped.

This is a fundamental political point: it refutes the sense of powerlessness exploited by right-wing movements, demonstrating instead that progressive politics can make a difference. Social conflicts regarding energy, climate change, and the cost of living will not simply disappear through socialization. But public ownership and progressive governance can address these conflicts differently: not through skyrocketing prices and anonymous market forces, but through transparent decision-making and democratic processes.

The political movement for socialization is a long-term endeavor. Expertise in the energy sector will not emerge overnight—neither among activists nor within the wider population. It requires patience, ongoing educational work, and persistence in making demands. Yet this is precisely what makes this struggle worthwhile: it is a process through which people learn about the economy and policymaking, build their capacity for action, and gain confidence in progressive alternatives. Ambitious public and democratic ownership could thereby develop a far-reaching influence and potential for control that extends well beyond energy production, thereby fostering processes of democratization across the entire economy.

