

## Sustainable Aviation Fuels

May 2021

The EEA (European Express Association) is committed to limiting and further reducing its emissions— and Sustainable Aviation Fuels (SAF) have the potential to help the industry achieve its emissions reductions goals. Indeed, as highlighted in the EU Roadmap, SAF has the potential for the biggest reductions in GHG emissions in the aviation sector. It will additionally improve local air quality around airports. Alternative propulsion options are not available to aviation in the short or medium term<sup>1</sup>. However, the uptake of SAF by airlines remains very limited particularly due to its high cost relative to conventional aviation fuel.

The EEA therefore welcomes the Commission’s “ReFuelEU Aviation” programme and has contributed to its Inception Impact Assessment. To achieve more significant reduction in emissions via the development of SAF in all its forms including power based options, it is crucial for the EU to create a marketplace that will allow airlines to have access to commercially viable sustainable alternative fuels. To achieve this goal, the EEA recommends to focus on the following key elements:

- Develop incentives to boost the supply of all types of SAFs, including synthetic fuels,
- Actively promote both European and wider global development of suitable raw materials for SAF,
- Accelerate sustainable fuel production and availability for transport, especially for aviation, where alternatives are not yet available.

It is imperative that the EU policy focus on boosting the supply for SAFs will follow the highest sustainability standards. Competition with food and feed supply both in terms of land use and the fuel base used must be avoided, together with other negative impacts such as deforestation.

An effective and fully traceable book and claim system must also form an essential element in any Commission policy.

Such policy must aim at robust GHG reductions by providing incentives for the producing energy sector and the users to increase supply, as a prerequisite to any decision about mandating certain usage requirements on the aviation sector. Otherwise, a mandate on the aviation industry to consume SAF before an efficient and competitive supply chain is created will entail a market distortion that would greatly increase the cost on the aviation sector – and risk encouraging alternative fuels that do not comply with the highest sustainability standards.

In this regard, the incentives and policy measures included in Part B of the ReFuel Inception Impact Assessment document - a combination of incentives and private partnerships – will indeed be necessary to foster the short-term uptake of SAFs and their continued development in the long-term. EU incentives – which may consist in loan guarantees, grants, tax credits and other additional resources – will foster emerging SAF supplier companies to design and construct their facilities. For their part, airline customers, can contribute through long-term commercial off-take agreements to assist in securing additional debt and equity financing to complete the SAF facilities.

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<sup>1</sup> The EEA encourages the EU to support and incentivize the development of alternative technologies for aviation – such as hydrogen or electrification.



Public-private partnerships such as these are critical to fostering emerging SAF companies toward production scale. We also encourage the Commission to look at schemes addressing the price-gap from a user perspective.

We do not consider that any new form of carbon levy - including under a revised Energy Taxation Directive and/or under the EU ETS (such as an additional reduction of free ETS allocations) - would be an effective instrument for reducing aviation's emissions, rather that this would simply serve to reduce the ability of the industry to invest in SAF and other emission reduction technologies.

The EEA would also welcome a further increase of the multiplier for aviation in the recast Renewable Energy Directive (RED) since we believe that a multiplier of 1.2 is not sufficient to encourage SAF producers to move into the expensive and challenging SAF field. A multiplier significantly greater than 1.2 is necessary to create an investable business case for SAF production units, based on current commercially available technology, and to show investors certainty of product offtake.

#### **About the EEA**

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*The European Express Association (EEA) represents the interests of the express industry in Europe whose core business is the provision of door-to-door transport and deliveries of next-day or time-definite shipments domestically and across the globe. Express delivery operators are often referred to as "integrators" as they provide their domestic and business customers with an integrated delivery service from end to end: organizing collection, providing tracking information and handling customs clearance where shipments cross international borders. In the European Union, our industry employs 330,000 workers and supports some 1.1 million jobs (estimate – Oxford Economics). In 2018, the European express industry is estimated to have supported a GDP contribution of €69 billion across its direct, indirect and induced impacts (Oxford Economics).*