

eFuel Alliance: Climate-neutral aviation only with CO2-neutral fuels

Synthetic fuels reduce CO2 emissions of aircraft immensely - vote in the EU Parliament this week

Brussels/Strasbourg, July 6, 2022 - Ahead of this week's plenary vote on the ReFuelEU Aviation Regulation, MEPs as well as industry and environmental experts criticised the EU Commission's plans and called for higher blending mandates of Sustainable Aviation Fuel (SAF) and eFuels at an event organised by the eFuel Alliance. "I strongly believe that eFuels are the future of aviation," said **MEP Ciaran Cuffe**. CO2-neutral fuels will also profit from price development and economies of scale, Cuffe stressed: "eFuels may be expensive now, but the greater the supply, the lower the price and that comes from a clear signal to the market by the ReFuelEU Aviation proposal. Look at what has happened with renewables over the last few years. When we are serious about new technologies, prices fall to the point where they are more competitive than less sustainable alternatives, and the same is true for eFuels". The market for synthetic fuels in aviation will grow and become more attractively priced, **Silke Bölts**, Aviation Policy Officer at the NGO umbrella organisation Transport & Environment (T&E), also underlined. "We have found in a study that the production capacities for e-kerosene in Europe until 2030 and beyond are significantly higher than the Commission's estimates." Of course, this development would depend on the political framework conditions, but the technical possibilities for production could be 1.83 Mt in 2030 - compared to the less than 0.4 Mt projected by the Commission. Bölts: "Finally, companies have to assess the market and the market opportunities. Companies need those blending mandates because the investors need to be sure that the product will also be sold".

Today, less than one per cent of aviation fuel worldwide comes from renewable sources, which provides immense potential, **Dr. David Zaziski**, Vice President of Infinium, also pointed out. "But this is where the opportunities lie to reduce greenhouse gases and achieve air quality benefits. What is often overlooked is that aviation fuel is actually harder to make given its tighter specifications. As a result, it takes extra processing and extra cost compared to diesel for road transport," Zaziski said. Initiatives like the EU's showed that there needed to be specific policy incentives for aviation fuel from renewables, "with clear targets, so that we can rapidly advance the SAF market". **Samuel Maubanc**, Head of EU Affairs at Neste, also underlined the need for a clear framework: "We need to have realistic regulatory rules for Power to X for SAF starting now, because it's a new market".

He also spoke out against cherry-picking preferred options, or even worse, pitching one technology against another, as climate targets should always be kept in mind. "Fossil fuels must be replaced by renewable energies, that is the order of the day", Maubanc emphasized. "Both HEFA SAF, based on waste and residues, and eFuels will be badly needed to decarbonise aviation, and Neste is investing in all of them", Maubanc added.

Airlines For Europe was founded in January 2016 by the five largest European airlines and now represents the majority of European air traffic. **Laurent Donceel**, Senior Policy Director at Airlines For Europe, made clear that aviation has ambitious climate targets in the EU. "However, we also need to keep the global perspective in mind. The EU is very much priding itself in setting the agenda when it comes to future legislation on climate and energy. Unfortunately, most of the world still sees it

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differently. It is essential that the global aviation industry sees eye to eye on where we want to be in terms of CO₂ emissions in 2050", he emphasized.

A more global viewpoint was also brought up by **Dr. Martin Adler**, senior researcher at SEO Amsterdam Economics. "The currently proposed Fit for 55 policies will help to limit CO₂ emissions from aviation. The SAF blending mandate of ReFuelEU is a crucial component of these emission reduction policies but also associated with higher ticket prices and competitive distortion", Adler stated. In the year 2035, round-trip ticket prices per passenger in Europe will increase by up to about €100 compared to non-European airports under the "Fit for 55" programme, according to a study by SEO Amsterdam Economics. Airports and airlines outside European airspace do not have these additional costs, which will lead to an uneven development: "Higher aviation growth will take place outside the borders of the European Union because these airports are excluded from EU regulation and will benefit the most". Aviation passenger growth will be reduced by about 8.6 million passengers going to destinations outside the European Union and by about 110 million within the European Union, Adler predicted.

Earlier, MEP **Hildegard Bentele** (EPP) had also underlined in a welcome address to the event: "I personally believe that a path beyond 2035 must be the subject of the plan review and we will undertake an in-depth analysis of the available capacities and the impact of costs, competitiveness and mobility. After many discussions, it is clear to me, eFuels are the future. The goals are supported by a broad majority and I hope we will also achieve a corresponding voting result. Because we need to ramp up the production of synthetic fuels as soon as possible." She pointed out that the European Parliament has made a strong contribution to create the right regulatory framework, for example by introducing SAF allowances in the Emissions Trading System for aviation, which will support aviation by bridging price differences between fossil fuels on one hand and SAF and eFuels on the other.

The role of biofuels was also discussed, the definition of which was expanded during the vote in the lead committee TRAN. "The Commission has struck a delicate compromise excluding feedstocks that are unavailable because of limited supply or their use in other sectors and because they have an enormous impact on the land use and food supply," **MEP Cuffe** stated. There is competition between the use of land for fuel and the use of land for food. The crisis in Ukraine shows that this competition is at the expense of the poorest - with disastrous consequences for those in need. **Laurent Donceel** agreed with this viewpoint, saying that "it's a question of sustainability: how can we make sure that the production of sustainable aviation fuel doesn't create problems in other parts of the world? We as airlines have very clear principles: we don't want fuels that compete with feed and food production or encourages deforestation."

"We need ambitious quotas and we need synthetic fuels to achieve the ambitious climate targets. Unfortunately, there is no alternative to liquid fuels in aviation for the foreseeable future. This makes it all the more important to set binding high quotas in order to defossilise aviation and to provide investment security for a market ramp-up of eFuels," concluded Ralf Diemer, Managing Director of the eFuel Alliance. An admixture of at least 10 percent sustainable aviation fuel (SAF) in 2030, including a sub-quota for eFuels of two percent, would be a first step. In order to be able to reduce

costs quickly through economies of scale, the quotas would have to increase to 75% SAF, of which 53% eFuels, in 2050.

The plenary vote on the ReFuelEU Aviation Regulation will take place on July 7.

>>> The eFuel Alliance e.V. <<<

The eFuel Alliance is an interest group working for the political and social acceptance of eFuels and for their approval. We represent more than 170 companies, associations and consumer organizations along the eFuel production value chain. We stand for fair competition and a level playing field for all relevant emission reduction solutions. We are clearly committed to greater climate protection and want to see the significant contribution of eFuels to sustainability and climate protection more widely recognized. Our goal is to enable the industrial production and widespread use of CO₂-neutral fuels from renewable energy sources.

>>> CONTACT<<<

eFuel Alliance e.V.

Pressteam: Anja Baer, Claudia Bender

T +49 30 9700 5030

E presse@efuel-alliance.eu

www.efuel-alliance.eu