The EU's Sustainable Transport Investment Plan

What do we know?

During the launch of the Clean Industrial Deal in early 2025, the European Commission announced their proposal to deliver a 'Sustainable Transport Investment Plan' (STIP) later this year. This comes alongside an existing policy landscape aimed at scaling sustainable transport fuels for heavy emitting transport sectors like aviation through the allocation of EU Emissions Trading System (ETS) fuel allowances and the ReFuelEU Aviation supply mandate.

The European mandate requires e-fuels, as the highest integrity fuel pathway, to be available by 2030 and rise to account for 35% of the fuel mix in 2050. While ReFuelEU is helping to create a strong demand signal for these alternative fuels, none of the 41 large-scale e-fuel projects under development in Europe - which would have the capacity to produce nearly 3 million tonnes of fuel - have reached final investment decision (FID).

The STIP offers an opportunity to unlock the full potential of e-fuels by addressing this market failure and providing revenue certainty. The STIP is due to be launched in the third quarter of 2025 and expected to include a set of proposed activities and measures for mobilising both private and public investment, with the aim of mitigating risks for private investment into e-fuel plants and the €1–2 billion investment per plant typically required.

> With the STIP, we want to propose a framework of ideas and measures to stimulate e-SAF production by de-risking investments and facilitating offtakes in the longer term. Looking to measures in the short and medium term, our focus is to have the right financing mechanisms in the EU, support the banking sector to go into this domain and transform today's first-mover disadvantage into a first-mover advantage.
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> European Commission's Director for Aviation, Filip Cornelis

What this could mean for scaling e-fuels?

The novelty of the alternative aviation fuels market, alongside the unique barriers that e-fuel projects face due to being new and innovative technologies, has created perceived risks in the investment case. Feedstock supply, specifically access to competitively priced renewable energy and green hydrogen in Europe, remains a critical barrier for e-fuels. A lack of revenue certainty is another challenge to these plants reaching FID, and the STIP offers an important opportunity for the Commission to propose measures that can help unlock investment and scale this innovative market in support of energy security and emissions reductions from European aviation.

A set of measures we expect the STIP to deliver include:

1. Prioritisation of e-fuels and delivery of a comprehensive EU e-fuel strategy that accelerates industrial deployment and investment through targeted support and financing mechanisms.
2. Reinforcement of the long-term market predictability of the ReFuelEU framework, by reaffirming the e-fuel sub-target and clarifying that, within the ReFuelEU review in 2027, any proposal will focus on setting enabling conditions for e-fuel uptake.
3. A proposal for how to best foster a dynamic and competitive alternative aviation fuel market by encouraging all market players, including incumbent fuel suppliers, to actively participate in the e-fuel market.
4. Establishment of a dedicated market-intermediary, financed by recycled aviation ETS revenues, operating double-sided sided auctions to support e-fuel production and offtake.

Recommendations

The Commission has stated that the ambition of the Sustainable Transport Investment Plan is to create the enabling conditions for finance to flow towards e-fuel plants and attract engagement from actors such as the banking sector. Banks and investors have a critical role in seeing the emerging e-fuel market successfully take off, and can take action by:

→ Engaging policymakers via the STIP legislative train pre- and post-launch and through expected dialogues or consultations to ensure financing mechanism proposals are fit for purpose;

→ Leveraging investor stewardship and corporate engagement to ensure aviation companies and fuel suppliers disclose their policy positions on proposals like the STIP and are ambitious in their alternative fuel transition strategies, and;

→ Supporting the advocacy efforts of civil society actors to ensure climate action, just transition and wider environmental considerations are prioritised within policies targeting the aviation fuel transition, including the STIP.

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