

OPEN LETTER: E-SAF TENDER FUNDED BY NATIONAL GOVERNMENTS TO UNLOCK THE FIRST PROJECTS IN EUROPE

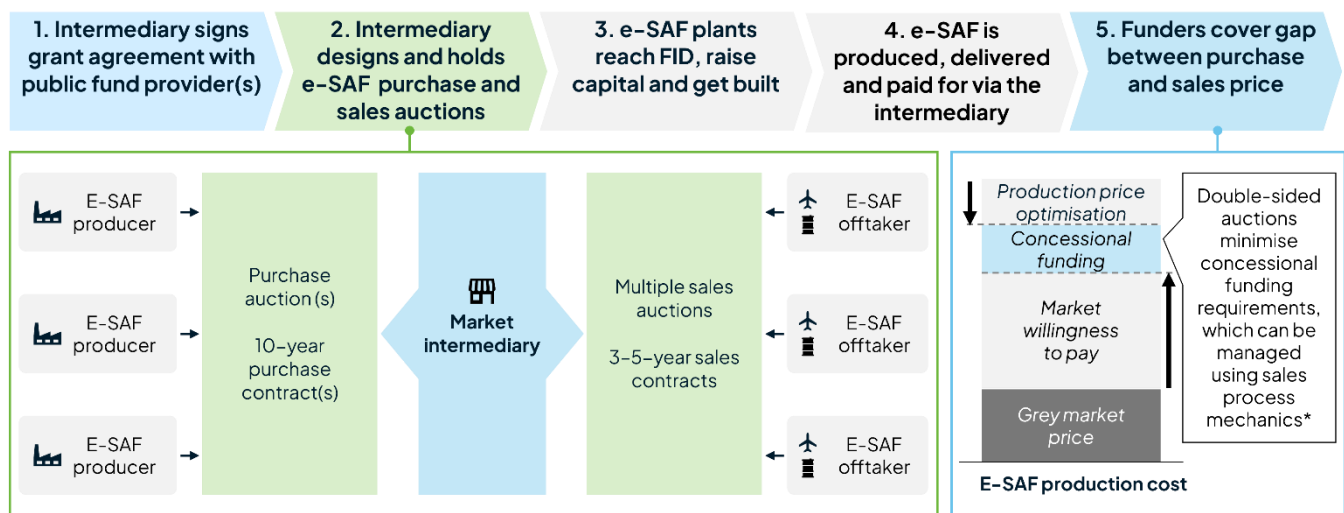
To: Ministers of European countries, responsible for ReFuelEU Aviation

Honourable Minister,

The EU has committed to e-SAF (sustainable aviation fuel produced from clean electricity) as a central lever for a lower emissions future, with ReFuelEU Aviation mandating increasing e-SAF blending from 2030 onwards. Amid Europe's urgent pursuit of energy security, strengthening domestic industry against rising global competition, and fostering high-value job creation, e-SAF emerges as a strategic avenue for the EU to advance these objectives while securing global leadership in clean technology innovation.

Today, around 40 e-SAF projects¹ (approximately 60% of planned global capacity) have been announced in Europe, but none have reached Final Investment Decision (FID). Given plant construction and commissioning timelines of ~4 years, FIDs are required by end of 2025/26 to start operations by 2030/31. Leading companies across Europe's energy and aviation industries are actively laying the foundations to support first e-SAF projects in getting to FID. However, existing public support mechanisms are not sufficient to address the two critical market failures persistently holding back FIDs: the lack of revenue certainty for producers and the price risk for offtakers².

Urgent support is critical to address the two market failures hindering first-of-a-kind e-SAF projects. This has been recognised by the EU College of Commissioners (COM) and will feature prominently in the upcoming Sustainable Transport Investment Plan³. COM Services are leading discussions to identify a preferred support mechanism, including a market intermediary with double-sided auctions. A market intermediary, as shown below, acts like a government-backed commodity trader: (i) purchasing e-SAF in long-term contracts to provide revenue certainty to producers and (ii) selling in short-term contracts so fuel suppliers and airlines remain flexible as the market develops. This instrument maximises public capital efficiency by using double-sided auctions to minimise the price gap, while laying the foundation for a self-sustaining, liquid, and dynamic e-SAF market in Europe.



*Sales process mechanics include for example using price collars to set a floor and ceiling price for bids.

The 50+ signatories of this letter call on national governments to jointly commit funding to an e-SAF pilot tender, using a double-sided auction mechanism (e.g. via [H2Global](#)) which could kickstart the market in time for the first e-SAF sub-mandate in 2030 and provide a cogent proof point for the EU. While the European Commission is evaluating such an instrument, delaying action until EU-level support

¹ [EASA \(2024\)](#)

² First-of-a-kind E-SAF projects require 10+ year offtake agreements to be bankable. Second- or third-of-a-kind e-SAF projects might be able to produce at lower costs than first-of-a-kind projects, causing a risk of a 'first mover disadvantage' for off-takers locking in potentially higher prices for a long time period.

³ Expected in Q3 2025

materialises⁴ risks stalling the market and missing mandates, hence early mobilisation of funding from national governments is critical⁵. Funds committed by national governments would be disbursed from 2030 onwards, upon delivery of the first e-SAF volumes. Importantly, the tender can be structured to ensure that funding governments stand to benefit from accelerated access to e-SAF and from stimulation of domestic economies.

This call for action should form part of a more comprehensive EU SAF strategy to deliver the ambitious ReFuelEU mandate for multiple SAF pathways (advanced biofuels and e-SAF) and ensure a competitive and sustainable European SAF industry.

The commitment of funds to such a support mechanism would accelerate private sector action and investment towards (i) scaling e-SAF production capacity to ensure funding countries can meet the sub-mandates, as well as towards (ii) supporting Europe's cleantech leadership on a global stage. The e-SAF ecosystem stands ready to grasp this rare opportunity to boost industrial competitiveness, energy resilience and clean transport with you.

Yours faithfully,



⁴ 2027/28 at the earliest, when the results of the next ETS Directive review are implemented

⁵ Such funds could be sourced from (1) existing cleantech funds (e.g. the Recovery and Resilience Facility) and (2) existing tax revenues collected from aviation (e.g. from EU ETS Aviation), enabling the sector to decarbonise while preserving a level playing field, in line with the intended use of revenues as per the ETS Directive.