

Project SkyPower response to A4E's call to delay ReFuelEU e-SAF sub-mandate

e-SAF is a critical opportunity for Europe, but the market is nascent and challenging.

In today's geopolitical reality, accelerating momentum towards a European e-SAF industry is more urgent than ever. E-SAF offers Europe a chance to break the chokehold of global fossil fuel supply chains, and to build resilience to price shocks and supply disruptions through domestic energy production.

At the same time, the scaling of an entirely new jet fuel market in Europe presents real challenges for airlines. e-SAF remains 5 to 8 times more costly to produce than historic fossil jet fuel prices, and while >10 European commercial-scale projects are mature enough to provide production by 2030/1, none have reach FID yet.

As a result, the market is currently characterised by uncertainty around compliance in the near term.

Industry concerns are being addressed through comprehensive policy support.

Recent industry requests, including those from A4E in September, are already being responded to through measures including a €2bn+ double-sided auction, targeted at getting the first European projects to FID.

The Commission is also committed to removing barriers to scale: via a significantly larger EU-funded market intermediary for the subsequent wave of projects, a Book-and-Claim system to overcome operational constraints, SAF allowance extensions to support offtake agreements and reduce price risks, a correction mechanism to correct for competitive-distortions on select international routes, and EIB instruments to address delivery risk. Clarity on the nature and timing of these instruments will build industry confidence and a path to a liquid market.

Without the ReFuelEU e-SAF sub-mandate, there will be no e-SAF market, and no pathway to lower fuel costs.

ReFuelEU has catalysed a strong global e-SAF project pipeline, anchored in Europe and largely driven by innovative SMEs leading technological development. Any delay or weakening of demand signals will permanently undermine investor confidence in e-SAF projects, threatening the future of the 40+ projects currently under development in Europe and preventing the scale-up needed to drive down costs over time.

As Amy Hebert, CEO of Arcadia eFuels and co-chair of SkyPower highlights: *“Early cost reduction in e-SAF is driven by policy, not scale. The certainty provided by ReFuelEU is*

singlehandedly what allows us to access public support, secure offtake agreements, and move projects forward. Without that, the development and production of eSAF are at great risk of not materialising.”

Industry has a clear and firm regulatory framework with ReFuelEU – implementation must now penalise inaction while protecting first-movers.

Scaling a new fuel market is unlikely to deliver perfect supply–demand balance from day one. In a potential supply-constrained market, efforts must be made to smooth the scale-up of both sides of the market, ensuring that first movers do not face disproportionate cost exposure despite acting early.

As Marjan Rintel, CEO of KLM and co-chair of Project SkyPower, notes: *“e-SAF is an indispensable pillar of aviation’s future, and as an airline, we are fully committed to making it a reality. However, it is crucial to have a regulatory framework that reflects market realities and enables the industry to make the necessary investments. e-SAF needs to become commercially viable and we fully endorse its development as a key solution for decarbonizing aviation.”*

Project SkyPower urges the Commission to reinforce regulatory certainty via accelerated work on solutions to key market tensions, while maintaining the ambition and integrity of the mandate.

Delays or short-term fixes will not resolve market tensions, but risk freezing investment, eroding Europe’s leadership position, and slowing the transition to competitive e-SAF.

Ambition for e-SAF is still here: Project SkyPower brings together 80+ players across the value chain, united by a shared conviction to make e-SAF a commercial reality this decade. This will require a stable and credible ReFuelEU.