

Alternative aviation fuel policy in the EU

- The EU has acknowledged the role of alternative aviation fuels (otherwise known as “sustainable aviation fuels” (SAFs))¹ as a significant solution pathway to reaching net-zero aviation and is developing a policy framework to support the growth of the alternative aviation fuel market.
- The ReFuelEU Aviation Initiative entered into force in January 2025 and establishes a regulatory mandate for the supply of alternative fuels while prioritising the growth and importance of synthetics (e-fuels) from 2030 onwards.
- The Sustainable Transport Investment Plan, published in November 2025, places major emphasis on e-fuels as the long-term solution and sets out measures to address investment challenges facing these fuel plants.

Across the EU’s Member States, direct emissions from aviation make up nearly four per cent of total greenhouse gas emissions from the bloc². Despite measures to curb growth, the number of commercial flights in the EU could increase by as much as 42 per cent by 2040 compared to 2017³, as estimated by the European Commission. Amongst the numerous actions that could be taken to address the climate impact of aviation — from operational efficiencies to demand reduction measures — the EU has made alternative aviation fuels (otherwise known as “sustainable aviation fuels” (SAFs)) a priority, as it is expected to deliver the majority of emissions abatement under most aviation decarbonisation pathways. The bloc has a unique opportunity to mandate collective action while building upon individual Member State ambition and is in the process of creating this policy framework. However, ambition on climate is facing challenges in light of the changes in political direction after the EU elections held in 2024, with post-election priorities having now shifted to a Clean Industrial Deal⁴.

More recently, the Iran war has brought momentum to the alternative aviation fuel transition. In April, the European Commission committed under its AccelerateEU Communication to create a Fuel Observatory and to map the supply of transport fuels (produced in the EU, imported and exported) and available stocks, military fuel stocks, and refining capacities. The Commission also aimed at coordinating the sourcing of alternative jet fuel supply and will propose measures to optimise its distribution⁵.

¹ The term “sustainable aviation fuel” is a vague, umbrella term used indiscriminately to describe a range of fuels with widely different environmental credentials, depending on the feedstocks they’re made from and the energy sources powering their production. This lack of clarity misrepresents these fuels’ environmental impact and can mislead consumers and investors. Therefore, this briefing refers instead to “alternative aviation fuels” as the catch-all term to describe non-fossil jet fuels.

² [Reducing emissions from aviation | European Commission](#)

³ [European Aviation Environmental Report 2019 | EASA](#)

⁴ [Von der Leyen Pledges New Clean Industrial Deal in New Mandate as EU Commission President | ESG Today](#)

⁵ [AccelerateEU – Energy Union - affordable and secure energy through accelerated action | European Commission](#)



ReFuelEU

The [ReFuelEU Aviation Initiative](#), which entered into force in early 2025, mandates that all jet fuel suppliers blend a certain proportion of alternative fuels with lower lifecycle emissions into the jet fuel they deliver to EU airports by target dates. The EU distinguishes “SAFs” as drop-in aviation fuels that can be: advanced biofuels or biofuels produced from the feedstock in line with sustainability criteria, recycled carbon fuels or synthetic fuels. Within the mandate and for ease of differentiation, they are further refined into:

- Sustainable aviation fuels. Under ReFuelEU these are 2nd generation fuels (which can include fuels like HEFA (hydroprocessed esters and fatty acid fuels), and waste-based fuels), and 3rd generation fuels (made of algae) advanced biofuels and “sustainable” biofuels, or, as a sub-category of SAF:
 - ➔ 4th generation synthetic aviation fuels, meaning fuels of a non-biological origin, which can also be referred to as “e-fuels”, “e-kerosene”, “synthetic fuels”, “Renewable Fuels of Non-Biological Origin (RFNBO)” or “power-to-liquids” (PtL).

Crop-based fuels (1st Generation) do not count towards the ReFuelEU targets and are generally forbidden in the EU. Virtually all current “SAF” (~99 - 100 per cent) is 2nd generation biofuels from wastes (used cooking oil 81 per cent animal fats 17 per cent) as specified in REDIII Annex IX criteria⁶. Currently, the European Commission is planning the Implementing Regulation on sustainability certification (IR 2022/996) that operationalises parts of the Renewable Energy Directive to strengthen certification rules, enhance traceability and looks to further clarify new Annex IX feedstocks such as cover crops and intermediate crops⁷.

The mandate requires two per cent of the fuel made available at EU airports to be “SAF” from this year, rising to six per cent in 2030, 20 per cent in 2035 and gradually up to 70 per cent in 2050. Within the mandate, the proportion of synthetic fuels as a sub-mandate to those targets grows in significance and it will need to make up a larger part of the fuel mix over time.

From 2030, 1.2 per cent of fuel available must be synthetic, rising to 35 per cent by 2050 — half of the total alternative fuels requirement (as shown in Figure 1). To ensure enforcement, Member States were required to disclose their non-compliance penalties for fuel suppliers by the end of 2024, alongside a requirement to make-up the shortfall in the subsequent reporting period⁸. Member States are responsible for setting penalty regimes at national level, as well as enforcing fines and collecting revenues as per the requirements of ReFuelEU⁹ and based on reference prices published by EASA. The European Commission published the full list of National Competent Authorities List of the Member States responsible for enforcing the application of

⁶ [EASA publishes report on Sustainable Aviation Fuel scale-up, progress and pressure points | EASA](#)

⁷ [What will 2026 bring for the EU biofuels sector? | Biofuels International](#)

⁸ [Regulation \(EU\) 2023/2405 of the European Parliament and the Council on ReFuelEU Aviation | Official Journal of the European Union](#)

⁹ [Frequently Asked Questions on the interpretation of certain provisions of Regulation \(EU\) 2023/2405 on ensuring a level playing field for sustainable air transport | European Commission](#)



ReFuelEU in January 2026¹⁰. However, in June 2026 the European Commission launched infringement proceedings against 13 Member States for failing to communicate penalty regimes under ReFuelEU Aviation by 31 December 2024¹¹.

Specifically, Germany has confirmed penalties of €4,700/mt for missing “SAF” and €17,000/mt for missing e-kerosene volumes through its “Second Law for the Further Development of the Greenhouse Gas Reduction Quota” that entered into force in December 2025¹². This law allows for future penalty adjustments following changes in EU reference prices or cost gaps¹³. Germany’s high alternative fuels ambitions are shown through its REDIII transposition in January 2026, increasing RFNBO (renewable fuels of non-biological origin, i.e., e-kerosene) quotas for 2030 from 1.2 to 2.5 per cent, for 2032 from 1.5 to 3 per cent, and for 2034 from 2.5 to 3.5 percent¹⁴.

Contrary to the case of Germany, the other EU Member States have opted to follow the minimum level of penalties Under ReFuelEU Aviation (Article 12), non-compliance penalties for fuel suppliers must be at least twice the price difference between biofuels/e-kerosene and jet fuel, multiplied by the shortfall volume. This is €2,700 per tonne for biofuels and €14,000/t for e-kerosene considering 2025 EASA reference prices of €640/t for jet fuel, €1,925/t for biofuels, €7,520/t for e-kerosene¹⁵. During 2026, EU Member States will enforce penalties for the biofuels mandate target that entered into force in 2025 for the volumes supplied that year.

It is estimated that 104 to 106 additional SAF plants need to be built in the EU by 2050 to cater for the necessary alternative aviation fuel production capacity¹⁶. Of that, around 40 large-scale e-fuel projects are planned in Europe, “with a potential production capacity close to 3 million tonnes — around five per cent of the fuel that Europe’s aviation sector needs to operate”, according to new analysis from Transport & Environment¹⁷. To date, none of the 40 proposed

¹⁰ [List of Competent Authorities of the Member States responsible for enforcing the application of Regulation \(EU\) 2023/2405 of the European Parliament and the Council on ensuring a level playing field for sustainable air transport \(ReFuelEU Aviation\) | European Commission](#)

¹¹ [Commission adopts its June infringement procedures - decisions regarding Luxembourg | European Commission](#)

¹² [Entwurf eines Zweiten Gesetzes zur Weiterentwicklung der Treibhausgasminderungs-Quote | Germany Federal Ministry for the Environment, Climate Protection, Nature Conservation and Nuclear Safety](#)

¹³ The German Federal Emission Control Act (Immissionsschutzgesetz) set a sub-mandate requiring aviation fuel suppliers to blend 0.5% Power-to-Liquid (PtL) eSAF in kerosene distributed in Germany in 2026, rising to 1% in 2028 and 2% in 2030, exceeding ReFuelEU’s EU-wide eSAF sub-targets of 1.2% by 2030. However, a revised draft of the Second Act to Further Develop the Greenhouse Gas Reduction Quota (published Oct 2025, Cabinet approved Jan 2026) proposed eliminating the standalone PTL quota for aviation to avoid unattainable targets amid limited green kerosene production, and introduces a broader RFNBO sub-quota (0.1% in 2026 across road transport). The act is expected to apply retroactively from Jan 1, 2026, pending final parliamentary passage.

¹⁴ [Entwurf eines Zweiten Gesetzes zur Weiterentwicklung der Treibhausgasminderungs-Quote | German Federal Council](#)

¹⁵ [2025 Aviation Fuels Reference Prices for ReFuelEU Aviation | EASA](#)

¹⁶ [Ensuring a level playing field for sustainable air transport | EU Monitor](#)

¹⁷ [Spotlight on e-SAF | Transport & Environment](#)



e-fuel projects has reached FID¹⁸. Efforts are slowly mounting to rise to this challenge, and the Commission published a set of FAQs¹⁹ relating to the scope and obligations of the mandate to respond to some emerging uncertainties. However, emerging issues of excessive SAF Fees in the EU²⁰ (and, in particular, related to “oligopolistic supply chains” and supplier margins²¹) have also been drawing international attention and stalling the impact of ReFuelEU.

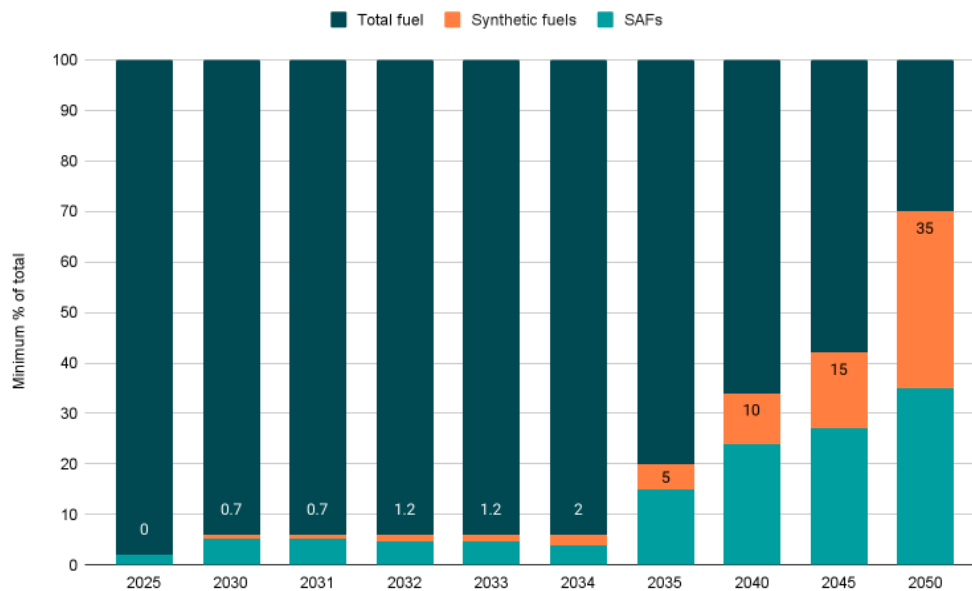


Figure 1: SAF mandate percentages under the ReFuelEU Aviation Initiative. Source: Adapted from EU legislation, 2023

The EU's mandate reflects the current scalability and sustainability of synthetic fuels like e-kerosene as compared to that of bio-based fuels. Synthetic fuels use renewable energy as a feedstock as opposed to waste or conventional biomass, which are limited; the production of crops and by-products for energy uses in the transport sector alone already requires five per cent of arable land in the EU-27²². Scaling synthetic fuels is therefore an immediate priority to ensure a viable pathway to reaching net-zero aviation while avoiding further land use issues. A SAF Clearing House has also been established to “remove as many barriers as possible to support the EU & International deployment of SAFs as well as the approval of new SAF pathways”²³.

¹⁸ [EU launches Early Movers' Coalition to accelerate sustainable aviation fuel uptake | European Commission](#)

¹⁹ [Frequently Asked Questions on the interpretation of certain provisions of Regulation \(EU\) 2023/2405 on ensuring a level playing field for sustainable air transport | European Commission](#)

²⁰ [Excessive SAF Fees in the EU – a lost opportunity to abate 2.7 million tonnes of CO2 | IATA](#)

²¹ [Global SAF supply to slow in 2026 on high costs, policy issues: IATA | S&P Global](#)

²² [E-Kerosene for Commercial Aviation: From Green Hydrogen and CO2 from Direct Air Capture – Volumes, Cost, Area Demand and Renewable Energy Competition in the United States and Europe from 2030 to 2050 | German Energy Agency](#)

²³ [EASA supporting scale up of sustainable aviation fuels through EU Clearing House | EASA](#)



Sustainable Transport Investment Plan (STIP)

On 5 November 2025, the EU Commission published its long-awaited [Sustainable Transport Investment Plan](#) (STIP), which sets out measures to unlock the full potential of e-fuels by addressing the market failure of plants struggling to reach final investment decisions and providing revenue certainty.

The STIP places major emphasis on e-kerosene with investment targets, sub-quotas, and support through Innovation Fund, InvestEU, EIB, and ETS allowances. Altogether, the Commission expects to mobilise investment of around €2 billion for the sustainable alternative fuel sector in the 2026-27 period.

The STIP proposes an EU-wide market intermediary mechanism using double-sided auctions to bridge the gap between fuel producers and buyers.

“For strong market growth in the longer term, it will be critical to set up a new market intermediary mechanism... provide price stability and reduce risks through double-sided auctions.”

This includes an eSAF Early Movers Coalition pilot pooled double-sided auction worth at least €500 million announced late 2025 and coordinated through Hintco (the operational arm of Germany's H2Global Foundation)²⁴, and Germany consulting on a funding mechanism to provide up to €2 billion between 2030-2039²⁵ alongside Luxembourg²⁶. The Coalition has been formally endorsed by Austria, Finland, France, Germany, Luxembourg, Netherlands, Portugal and Spain to date, with countries such as Sweden participating in the discussions and considering joining the club²⁷. After the STIP only “encouraged” Member States to use existing carbon market measures (i.e. ETS revenues) to decarbonise shipping and aviation, the European Commission’s EU ETS review proposal adopted the indicative target of 50 per cent of reinvestment of the EU ETS revenues into its covered sectors.

The STIP aims to mobilise €2.9 billion to get aviation e-fuel projects off the ground until the end of 2027. The table below sets out those funding sources the STIP aims to mobilise in the 2025-27 time horizon:

Mechanism	Amount	Details
Project Finance	€153 million for eSAF & €293	The Commission is awarding four eSAF projects and five sustainable maritime fuel (SMF) projects with

²⁴ [Questions and answers on the Sustainable Transport Investment Plan | European Commission](#)

²⁵ [Federal Ministry of Transport launches Market Consultation on Support for Renewable Aviation Fuel \(eSAF\) | German Federal Ministry of Transport](#)

²⁶ [Public Consultation According to CEEAG for the Luxembourg electricity-based sustainable aviation fuel \(eSAF\) Funding Scheme | Cluster for Logistics Luxembourg](#)

²⁷ [Sweden proposes national action plan for sustainable aviation and maritime fuels | White & Case](#)



	million for SMF projects	funding. These nine projects represent the first generation of large-scale e-fuel plants in the EU.
European Hydrogen Bank	€300 million	The Commission will open another auction for the production of hydrogen with off-takers in the maritime and aviation sectors.
Pooled double-auction for eSAF	€500 million	The STIP commits to a pilot pooled double-sided auction for eSAF in 2026 and future expansion EU-wide.
Research & Innovation (R&I) project funding	€133.5 million	The Commission plans to provide an indicative budget supporting R&I projects of renewable fuel technologies and industrial value through Horizon Europe call and SET Plan flagships (2026-2027).
EU ETS	€1.6 billion	20 million allowances are reserved for the uptake of SAF by airlines from 2024 to 2030.
InvestEU	TBC	Recent agreement between the Council and the Parliament on enhancing the InvestEU programme increases the EU guarantee by €2.5 billion, unlocking nearly €55 billion in additional public and private investments. This can support projects in clean tech and clean mobility, including projects across the whole value chain from fuel production to distribution and use.
TechEU	TBC	TechEU is expected to mobilise €250 billion by 2027 in key important areas for Europe's competitiveness such as clean tech, with the STIP referencing clear intention to increase the number of projects in this area.

EU Taxonomy

The EU Taxonomy Regulation²⁸ provides a classification system for sustainable activities designed to direct investments to those which are most needed for the net-zero transition. There are several activities in the EU Taxonomy that are relevant to aviation such as aircraft manufacturing and leasing (zero emission aircraft and fleet renewal), passenger and freight air transport and the manufacture of feedstocks for fuels such as hydrogen (including e-fuels), biogas and biofuels, and renewable energy²⁹. These activities must do no significant harm to

²⁸ [Regulation \(EU\) 2020/852 of the European Parliament and the Council on sustainable investment | EUR-Lex](#)

²⁹ [Aviation and Green Taxonomy | ICAO](#)



objectives including climate change mitigation and adaptation, water resources, circular economy, pollution prevention and biodiversity, while complying with minimum social safeguards.

Under current EU Taxonomy rules, planes are afforded a “green” label as long as they produce lower CO₂ emissions than limits set by the International Civil Aviation Organization (ICAO), a classification justified on the basis that no commercial zero-emission aircraft exist yet³⁰. This move has drawn legal challenges from NGOs which claim the rulebook enables greenwashing, in that high amounts of pollution would be permitted under the bar set by ICAO³¹. It also stipulates that, from 2030, passenger and freight flights must run on a 15 per cent SAF blend, a proportion which will rise by two per cent annually thereafter³². Aircraft produced for private or commercial business are excluded from the regulation.

EU Emissions Trading Scheme

The EU Emissions Trading Scheme (EU ETS) is a cap and trade system designed to bring down the emissions associated with certain economic activities over time by issuing decreasing numbers of tradeable emission allowances to polluters in specific sectors. Aviation (and, particularly, flights within the EEA) has been covered by the ETS since 2012; the number of free allowances for aircraft operators was reduced by 25 per cent in 2024, and was further reduced by 50 per cent in 2025, to be completely eliminated in 2026³³. That means that in 2026, aircraft operators must pay for their own emissions, incentivising them to pursue activities that reduce their emissions, such as using alternative aviation fuel.

On 17 July 2026, the European Commission unveiled a proposal for a major review of the EU ETS. Under this new proposal, carbon pricing would be extended to a wider set of flights and aviation activities from 2029, while simultaneously reshaping support to alternative fuels in addition to introducing contrail mitigation and carbon removals. Therefore, from 2029 onwards, international flights departing the EU to destinations within 5,000 kilometres of Frankfurt airport would be brought into the EU ETS. This means key hub destinations such as Dubai, Doha and Istanbul, as well as airports in Russia and North Africa, fall within scope, helping to reduce hub-shifting and carbon leakage risks, while long-haul destinations such as China and the United States remain excluded. Most intercontinental long-haul flights would therefore still avoid paying a carbon price under the EU ETS. In parallel, private and business jets would be fully brought into ETS scope for both incoming and departing flights from covered airports.

In a bid to accelerate alternative fuel usage, a dedicated SAF allowance mechanism was established, allocating 20 million allowances for Fuels Eligible for ETS (FEETS) — with an estimated value of €1.5 billion³⁴ — until 2030 for aircraft operators, based on the amount of alternative fuel they use³⁵. This means that airlines and other purchasers of these fuels will be

³⁰ [EU Taxonomy Regulation and aviation: A transition to sustainability | Norton Rose Fulbright](#)

³¹ [EU hit with lawsuit over green labelling of aviation and shipping investments | Climate Home News](#)

³² [Sustainable aviation fuels \(SAF\) in Europe | Deloitte](#)

³³ [Reducing emissions from aviation | European Commission](#)

³⁴ [Reducing emissions from aviation | European Commission](#)

³⁵ [Sustainable Aviation Fuels | EASA](#)



able to reclaim the price premium between conventional jet fuel and SAF based on its environmental integrity, with the separate prices for each fuel category. In September 2025, the Commission published prices for the ETS support in relation to the price differences from fossil fuels in 2024, and set aside 20 million emissions allowances, valued at roughly €1.5 billion to boost alternative fuel uptake, which were distributed amongst ~53 aircraft operators in the EU³⁶. These prices equated to:

- Conventional Aviation Fuel: €734 per tonne (approximately \$763.8/tonne)
- Sustainable Aviation Fuel: €2,085 per tonne (approximately \$2,169/tonne)
- Synthetic Aviation Fuel (e-fuel): €7,695 per tonne (approximately \$8,007/tonne)

Under the European Commission's current EU ETS review proposal, a revised FEETS mechanism would be restricted to alternative fuels produced in the EU, the UK, Switzerland or third countries with a linked ETS, embedding a "Made in Europe" clause into the support architecture. FEETS would be substantially extended: its duration would be extended in a decade (from 2030 to 2040) and its size would increase with an additional 110 million allowances, on top of the existing 20 million reserved from the aviation cap for 2024–2030. Of these new allowances, 10 million would be conditional on fuel suppliers or airlines holding minimum three-year offtake agreements for advanced biofuels, RFNBOs or electricity used in zero-emission aircraft, tying support more tightly to bankable demand signals and long-term contracts.

Critically, the proposal also includes an indicative objective that 50 per cent of ETS auction revenues collected by EU Member States be recycled back into sectors covered by the system, including aviation and maritime, potentially catalysing Member State participation in instruments such as double-sided auctions through the eSAF Early Movers Coalition. At the same time, unit support levels for alternative fuels would be reduced relative to earlier designs, with especially sharp cuts for e-fuel price subsidies:

Fuel category	Current support	Proposed support
Advanced biofuels	70%	50%
Renewable hydrogen	70%	60%
E-kerosene	95%	60%
Other eligible non-fossil fuels (e.g. HEFA, waste-based fuels)	50%	30% (expires in 2029)

It is important to note the gap in support between advanced biofuels and e-kerosene would narrow from around 25 percentage points to about 10, weakening the relative price signal.

³⁶ [EU allocates €100 million in emissions allowance to boost green jet fuel use | Open Access Government](#)



The EU ETS operates separately from the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)³⁷, an international treaty that set the grounds for a global market-based measure championed by ICAO to address additional carbon emissions from international aviation from 2019 baseline levels. However, their coexistence presents challenges, as the two systems overlap in scope for international flights within the European Economic Area (EEA) and differ significantly in nature. The EU ETS imposes a more ambitious climate protection target, with stricter rules and procedures and greater predictability regarding its future evolution, whereas CORSIA remains subject to the uncertainties of international agreements.

Under the Commission's EU ETS review proposal from July 2026, in 2032 the EU would reassess whether to further expand the ETS aviation scope, effectively giving CORSIA another opportunity to demonstrate environmental integrity and effectiveness relative to the EU ETS, even though existing Commission analysis has already found CORSIA not in line with the goals of the Paris Agreement. Earlier on in 2026, the severe disruptions in aviation fuel markets caused by the Iran war, reflected in price hikes³⁸, led parts of the European aviation industry to call for weakening the EU ETS to the level of CORSIA³⁹.

Finally, the EU ETS review proposal from July 2026 introduces a finance vehicle for certified, permanent carbon removals, a new €100 billion-scale Industrial Decarbonisation Bank focused on reducing the commercial risks of mature projects and accelerating large-scale deployment, and allocates EU ETS allowances for contrail prevention in the range of 0.1% of verified emissions.

Net-Zero Industry & Industrial Accelerator Acts

In early 2024, the EU deemed SAF a strategic technology and acknowledged that it "needs to ensure that the regulatory environment and support framework for producers of sustainable aviation and maritime alternative fuels technologies enables them to increase their production capacities"⁴⁰. This is alongside other strategic net-zero solutions such as hydrogen and battery technologies, renewables like solar photovoltaics and wind turbines, and heat pumps, the manufacture of which now has a target of meeting "at least 40 per cent of the EU's annual deployment needs by 2030"⁴¹.

Following the EU's Net-Zero Industry Act (NZIA)⁴² and the four pieces of secondary legislation and a communication were published by the Commission in May 2025 relevant to manufacturing, renewable energy auctions, net-zero technology criteria and EU supply, with "specific guidance on certain selection criteria such as those centered around 'first-of-a-kind'"⁴³,

³⁷ [Carbon Offsetting and Reduction Scheme for International Aviation \(CORSIA\) | ICAO](#)

³⁸ [Impacts of the Iran war on aviation fuel markets and implications for aviation decarbonisation | Climate Catalyst](#)

³⁹ [15 European airline CEOs call for pragmatic revision of EU ETS | A4E](#)

⁴⁰ [General approach to the NZIA | Council of the European Union](#)

⁴¹ [Net-Zero Industry Act | European Commission](#)

⁴² [SAF gets 'strategic' tag in EU's plan to cut carbon emissions | SAF Investor](#)

⁴³ [Net-Zero Industry Act to further accelerate decarbonisation technologies manufacturing in the EU | European Commission](#)



the Commission unveiled its Industrial Accelerator Act (IAA) on 4 March 2026. The IAA will contribute to the scaling of green hydrogen, which is central to e-fuels development in Europe, through a “Made in Europe” proposal extending to electrolyzers for green hydrogen production. Also, the easier permitting for e-fuel projects, and the creation of green lead markets should contribute to decarbonisation first-mover advantage.

Possible EU interventions

There are still several policy areas and interventions that the EU may explore to address the growing inequity and climate impacts of the aviation sector:

- **Updates to ReFuelEU:** Under Article 15 of ReFuelEU, the Commission is legally obliged to assess possible additional measures to support the alternative aviation fuel market during its first review in 2027.
- **Taxation:** Currently, the Energy Taxation Directive provides mandatory tax exemptions for certain energy products like maritime and aviation fuels⁴⁴. There are proposals for a stronger price signal through revision of the Energy Taxation Directive providing a preferential treatment to SAF compared to fossil kerosene and to address the price delta between them. Negotiations are currently stalled.
- **Electricity markets:** The recent Commission’s Electricity Action Plan from July 2026 should help e-fuels mainly by improving access and pricing of clean electricity cheaper, while speeding up grid build-out, smart-meter deployment, and flexibility investment that “power-to-X” projects need. It should also back industrial financing and tax reforms that can improve the economics of renewable hydrogen and synthetic fuels.

Key recommendations

Though the EU has led the charge, there is still action needed:

1. The EU must continue to reinforce the long-term market predictability of the ReFuelEU framework, by dispelling doubts and committing to implement the e-kerosene sub-target alongside associated penalties. It should clarify that any future ReFuelEU reviews would focus on maintaining or raising the ambition of enabling conditions for e-fuel uptake.
2. Policy makers need to identify mechanisms to foster a dynamic and competitive alternative aviation fuel market in the EU, and especially in the European manufacture of alternative fuels, by encouraging all market players and most importantly incumbent fuel suppliers to actively and fairly participate. Those mechanisms should, particularly, be aimed at de-risking and providing income certainty to facilitate Final Investment Decisions (FID) of new e-fuel plants.

⁴⁴ [Revision of the Energy Taxation Directive: Fit for 55 package | Parlamento Europeo](#)



3. The EU ETS review proposal should be improved by expanding to all international flights as CORSIA is currently not ambitious enough to see the sector substantially advance its net-zero target, and the burden of aviation climate impacts is unfairly shared.
4. Non-CO₂ emissions must be more decisively addressed. This is partly linked to the development of the alternative fuels market. The Commission must consider the expansion of existing MRV requirements to all flights, the application of an ETS non-CO₂ multiplier, or dedicated targets as good ways forward.
5. The allocation of EU ETS to the aviation sector FEETS must maximise support to highest integrity fuels, i.e. synthetic fuels made with green hydrogen, additional renewable energy and a sustainable source of CO₂ assessed on a project-by-project basis and delivering the highest emissions abatement. Subsidies to HEFA fuels — alongside some other biofuels of weak environmental credibility — must be phased out, in line with the Commission's recent EU ETS review proposal.
6. The European Commission must address the unfair pricing practices from aviation fuel incumbent suppliers and address the access problems to fuelling, transport, and refining infrastructure for alternative fuels.

Activities from the public sector alone will not be enough to see this market take off, and we are working closely with the investor community to accelerate action. To find out more, visit our [website](#) or [get in touch](#).

