Are the policy framework conditions conducive to scaling e-fuels production?

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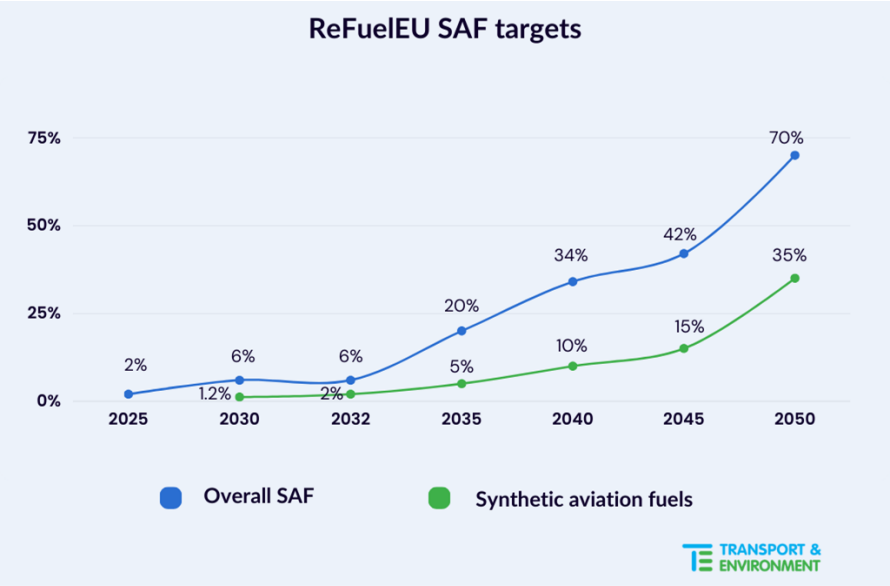
What do we need to look at?

- Where has ReFuelEU got us and what still needs to be improved?
- How do we turn ReFuelEU from paper to reality?
- Are there risks in the European policy framework?

What is good about ReFuelEU?

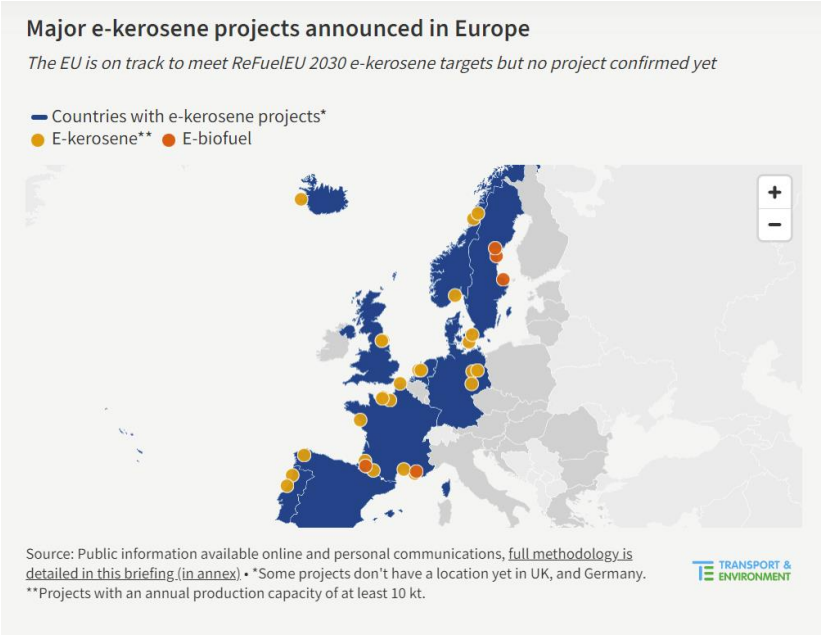
- Has an **e-fuels sub-target**
- Applies to all fuel sold in the EU → **covers all departing flights**
- **Anti-tankering provision** → requires airlines to uplift at least 90% of the jet fuel they require to perform flights within and from the EU from EU airports
- Establishes **a secure European e-kerosene market**



Development of e-kerosene in Europe

- In a recent T&E analysis, we found **50 e-kerosene projects in the EEA**
  - 30 large scale industrial projects
  - 20 smaller pilot projects

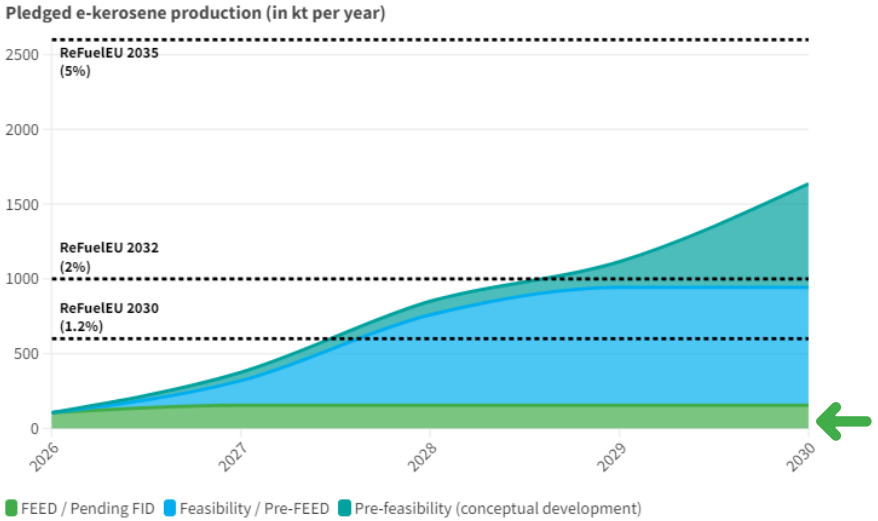
T&E webpage for e-kerosene production updates: https://www.transportenvironment.org/discover/how-is-e-kerosene-developing-in-europe/



But why are there still no FIDs?

- None of the 50 projects have reached a Final Investment Decision yet
- **The future of e-kerosene production in Europe is still uncertain**
- How can we make sure this potential for e-kerosene in Europe actually materialises?

Forecasted e-kerosene production capacity in the EEA per advancement stage compared with ReFuelEU blending mandates



How can we make sure European e-kerosene potential materialises?

Smart EU industrial policy

- **Net Zero Industry Act**
  - E-kerosene projects included in the list of strategic net-zero technologies
- **Innovation Fund**
  - Prioritise EU funding for hydrogen use in hard-to-electrify sectors like aviation and shipping
  - Introduce a Contracts for Difference scheme to bring the cost of e-kerosene down

Europe's aviation tax gap in 2022

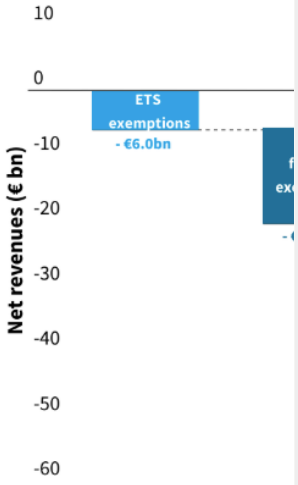


Figure 7: Comp

2025 tax gap = €47.15 billion

Source: https://www.tra
content/uploads/2023/(

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Taxation

- **Energy Taxation Directive**
  - Opens up funds for e-kerosene development
  - Addresses the cost gap between fossil fuels and e-kerosene
- **Emissions Trading System**
  - More than ¾ of European aviation emissions aren't subject to a carbon price
  - ETS must be expanded to include departing flights
  - Member States should earmark 25% of national ETS revenues for development of e-fuels: If the ETS extended to all departing flights as of 2027, this would open up €18 billion to fund e-fuels production
- **National level**
  - Higher ticket taxes, especially on business class seats and private jets

What are we missing in ReFuelEU?

- **Policy incentives for Direct Air Capture e-fuels**
  - Almost all European e-kerosene projects are planning to use biogenic CO2
  - Not enough biogenic CO2 available to sustainably scale up e-kerosene
  - Will be very difficult to produce DAC e-kerosene without policy incentives
- **Lack of incentive to supply/purchase e-kerosene before 2030**
  - What about national e-kerosene targets?

Risks in the current policy framework

Watering down the ambition of ReFuelEU

Takeaways

- Policy needs to go further to ensure that ReFuelEU actually becomes a reality
- Meaningful Direct Air Capture policy incentives need to be developed
- The money for the financing of the e-fuels market ramp up could be made available through the proper taxation of the aviation sector
- The ambition of ReFuelEU must be maintained and cannot be risked by Big Oil failing to step up

Thank you for listening.

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