IAG´s position on EU legislative proposals of the "Fit for 55 Package" of the European Commission

February 2022

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Executive Summary

IAG supports efforts to limit warming to 1.5C and a transition to a net zero economy. The publication of the European Commission´s "Fit for 55" package (FF55) is critical to support and align objectives at EU level. FF55 is an important package that overall IAG supports and on whose objectives we are aligned, that is Net Zero Emissions by 2050.

Nevertheless, it is relevant to note that aviation is a global business and for FF55 to deliver its objectives the EU should be able to retain the traffic flows currently connecting through Europe from other regions of the world and prevent carbon leakage to other regions of the world that have different sustainability commitments. Traffic that connects through Europe is critical to supporting the range of international flights offered by airlines so if departing passengers from the EU are penalized, traffic can easily deviate to non-EU hubs with the subsequent increase of CO2 emissions and loss of economic benefit to the EU.

IAG´s vision is to be the world leading airline group on Sustainability and we are taking action to drive change and create a truly sustainable airline industry. IAG has led the way be being in October 2019 the first airline group worldwide to commit to achieving net zero carbon emissions by 2050. Despite the crisis we are redoubling our efforts and earlier in 2021 we became the first airline group in Europe to commit to powering 10% of its flights with Sustainable Aviation Fuels (SAF) by 2030. These commitments can only be achieved with the right policy frameworks at both a regional and global level and in particular support for SAF are essential.

It is key that the design of FF55 ensures stringent EU commitments while at the same time incentivizing the rest of the world to adopt similar standards. The EU can achieve this goal by applying policy measures to intra-European flights and at the same time foster strengthened multilateral policy that is mutually agreed between States. The EU and Member States must respect multilateral obligations under ICAO by fully implementing CORSIA on intra-European international flights. The proposed non-implementation of CORSIA for those flights would seriously undermine support for CORSIA at ICAO and has the potential to damage the advances that have been made to build a global market-based measure for aviation emissions. IAG does not believe that carbon border adjustments mechanism and other measures proposed to avoid carbon leakage will benefit the aviation sector but rather the only way to ensure a level playing field is by ensuring global commitments.

IAG is very concerned with the removal of the exemption of jet fuel taxation, that is an ICAO standard, which will increase the EU aviation sector tax burden and as a result reduce the investment capacity in new decarbonization technologies, cleaner fleet or sustainable aviation fuels. If the EU implements all of the proposed policies proposed in the Fit For 55 package, by 2035 aviation will be paying four times for its carbon emissions significantly impacting its ability to invest in low carbon solutions. CO2 reductions in aviation can be better achieved through market-based measures, which are already applied to aviation through the EU Emissions Trading System (ETS), and globally through CORSIA.

IAG's Key policy recommendations:

Ensure global commitment through ICAO on SAF by focusing on intra-EU only scope for SAF mandate

Set a comprehensive set of policy interventions to scale up SAF

Ensure an efficient SAF distribution and use a Book and Claim system for SAF suppliers and continue to allow tankering

Implement CORSIA for intra EU flights

Continue the fuel tax exemption for intra EU flights

Specific Amendments for aviation ETS & CORSIA Implementation

The following amendments are proposed considering the proposal for a Directive amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and appropriately implementing a global market-based measure (2021/0207 COD)

Ramping up sustainable aviation fuels and synthetic fuels (Chapter II Article 3c)

To further promote sustainable aviation fuels (SAFs), renewable fuels of non-biological origin (RFNBOs) and recycled carbon fuels (RCFs) whose prices will remain multiple times higher than that of conventional fuel in the foreseeable future, aircraft operators covered under the ETS Directive shall receive free allowances when using SAFs and RFNBOs or RCFs for activities covered under this directive. To achieve this, a corresponding reduction in auctioned allowances for aviation would be necessary. Mirroring the U.S. federal and state-level tax credits, loan guarantees, grants and support for carbon capture and storage (CCS) establishing the U.S. as the most advantageous region of the world to produce and use SAF2, this system, combined with the zero-rating of SAFs, would equip Europe's SAF industry and airlines with an additional tool to better compete on the global stage.

Chapter II Article 3 c	
Text proposed by the Commission	*Amendment*
	New Paragraph 8 ***Free allowances should be allocated for use of sustainable aviation fuels equal to one allowance per tonne of CO2 saved through sustainable aviation fuels and two per renewable fuels of non-biological origin and recycled carbon fuels equivalent to 3.15 allowances per tonne of sustainable aviation fuel and 6.3 per tonne of renewable fuel of non-biological origin and recycled carbon fuel.***

Preserving ICAO advances by implementing CORSIA on international flights within Europe *(Chapter II Article 3c, new paragraph 5b and Article 12, paragraphs 6 and 8)*

The EU and Member States must respect multilateral obligations under ICAO by fully implementing CORSIA on intra-European international flights. The proposed non-implementation of CORSIA for those flights would seriously undermine support for CORSIA at ICAO and has the potential to damage the advances that have been made to build a global market-based measure for aviation emissions. Since the same CO_2 would be captured to some

extent by both EU ETS and CORSIA, this can be ameliorated by allocation of free allowances equal to the amount of $\underline{CO_2}$ covered by CORSIA.

Chapter II Article 3c new paragraph 5b	
Text proposed by the Commission	*Amendment*
	New paragraph 5b ***Free allowances will be allocated to aircraft operators equal to their CORSIA obligation for flights departing from an aerodrome located in the EEA which arrive at an aerodrome located in the EEA, in Switzerland or in the United Kingdom. These allowances will be allocated to operators in the EU ETS compliance year that is subsequent to the CORSIA compliance year. Total allowances for aviation will not increase as a result of this provision.***

Article 12, paragraph 6	
Text proposed by the Commission	*Amendment*
6. In accordance with the methodology laid down in the delegated act referred to in paragraph 7, Member States shall calculate the offsetting each year for the preceding calendar year within the meaning of ICAO's International Standards and Recommended Practices on Environmental Protection for Carbon Offsetting and Reduction Scheme for International Aviation, other than those which apply in respect of flights departing from an aerodrome located in the EEA which arrive at an aerodrome located in the EEA, in Switzerland or in the United Kingdom, and by 30 November each year inform the aircraft operators that fulfil all of the following conditions of the level of offsetting: (a) the aircraft operator holds an air operator certificate issued by a Member State or is registered in a Member State, including in the outermost regions, dependencies and territories of that Member State; (b) they produce annual CO2 emissions greater than 10 000 tonnes from the use of aircrafts with a maximum certified take-off mass greater than 5 700 kg conducting flights covered by Annex I, other than those departing and arriving	6. In accordance with the methodology laid down in the delegated act referred to in paragraph 7, Member States shall calculate the offsetting each year for the preceding calendar year within the meaning of ICAO's International Standards and Recommended Practices on Environmental Protection for Carbon Offsetting and Reduction Scheme for International Aviation, ~~***other than those which apply in respect of flights departing from an aerodrome located in the EEA which arrive at an aerodrome located in the EEA, in Switzerland or in the United Kingdom,***~~ and by 30 November each year inform the aircraft operators that fulfil all of the following conditions of the level of offsetting: (a) the aircraft operator holds an air operator certificate issued by a Member State or is registered in a Member State, including in the outermost regions, dependencies and territories of that Member State;

in the same Member State (including outermost regions of the same Member State), from 1 January 2019. For the purposes of the first subparagraph, point (b), CO2 emissions from the following types of flights shall not be taken into account:(i) state flights; (ii) humanitarian flights; (iii) medical flights; (iv) military flights; (v) firefighting flights.	(b) they produce annual CO2 emissions greater than 10 000 tonnes from the use of aircrafts with a maximum certified take-off mass greater than 5 700 kg conducting flights covered by Annex I, other than those departing and arriving in the same Member State (including outermost regions of the same Member State), from 1 January 2019. For the purposes of the first subparagraph, point (b), CO2 emissions from the following types of flights shall not be taken into account:(i) state flights; (ii) humanitarian flights; (iii) medical flights; (iv) military flights; (v) firefighting flights.

Article 12, paragraph 8	
Text proposed by the Commission	*Amendment*
8. In respect of flights to, from and between the countries that are listed in the implementing act adopted pursuant to Article 25a(3), aircraft operators that hold an air operator certificate issued by a Member State or is registered in a Member State, including in the outermost regions, dependencies and territories of that Member State, shall cancel units referred to in Article 11a only in respect of the quantity notified by that Member State in respect of the relevant calendar year. The cancelation shall take place by 31 January 2025 for emissions in the period 2021 to 2023, by 31 January 2028 for emissions in the period 2024 to 2026, by 31 January 2031 for emissions in the period 2027 to 2029, by 31 January 2031 for emissions in the period 2027 to 2029, by 31 January 2034 for emissions in the period 2030 to 2032 and by 31 January 2037 for emissions in the period 2033 to 2035,’;	8. In respect of flights to, from and between the countries that are listed in the implementing act adopted pursuant to Article 25a(3) ***and flights departing from an aerodrome located in the EEA which arrive at an aerodrome located in the EEA, in Switzerland or in the United Kingdom,*** aircraft operators that hold an air operator certificate issued by a Member State or is registered in a Member State, including in the outermost regions, dependencies and territories of that Member State, shall cancel units referred to in Article 11a only in respect of the quantity notified by that Member State in respect of the relevant calendar year. The cancelation shall take place by 31 January 2025 for emissions in the period 2021 to 2023, by 31 January 2028 for emissions in the period 2024 to 2026, by 31 January 2031 for emissions in the period 2027 to 2029, by 31 January 2031 for emissions in the period 2027 to 2029, by 31 January 2034 for emissions in the period 2030 to 2032 and by 31 January 2037 for emissions in the period 2033 to 2035,’;

Maintaining accessibility for the outermost regions (Chapter II *Article 3c)*

IAG agrees that 'special consideration should be given to promoting accessibility for the outermost regions of the Union.' (Whereas clause 25). Derogation from the EU ETS should be provided for emissions from all flights arriving and departing from outermost regions, and not just flights within the same Member State.

Article 3c, paragraph 7	
Text proposed by the Commission	*Amendment*
7. By way of derogation from Articles 12(2a), 14(3) and Article 16, Member States shall consider the requirements set out in those provisions to be satisfied and shall take no action against aircraft operators in respect of emissions taking place until 2030 from flights between an aerodrome located in an outermost region of a Member State and an aerodrome located in the same Member State outside that outermost region.	7. By way of derogation from Articles 12(2a), 14(3) and Article 16, Member States shall consider the requirements set out in those provisions to be satisfied and shall take no action against aircraft operators in respect of emissions taking place until 2030 from flights between an aerodrome located in an outermost region of a Member State and an aerodrome located in the ***EEA*** ~~***same Member State***~~ outside that outermost region***, and flights departing from an aerodrome located in an outermost region which arrive at an aerodrome located in Switzerland or in the United Kingdom.***

Maintaining a level playing field for CORSIA units *(Article 11a, paragraph 2)*

Limiting the eligibility of CORSIA offset credits available to European airlines in certain circumstances has the potential to increase compliance costs to European airlines versus non-European airlines. More suitable avenues must be sought if the intention is to encourage CORSIA compliance of non-European States. The proposed paragraph 2 should be deleted to ensure that all offset credits under CORSIA remain available to all carriers, independent of nationality, origin or destination.

Article 11a	
Text proposed by the Commission	*Amendment*
2. Units referred to in paragraph 1, points (a) and (b), may be used if the following conditions have been met:	~~***2. Units referred to in paragraph 1, points (a) and (b), may be used if the following conditions have been met:***~~

(a) they originate from a country that is a party to the Paris Agreement at the time of use; (b) they originate from a country that is listed in the implementing act adopted pursuant to Article 25a(3) as participating in Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This condition shall not apply in respect of emissions before 2027, nor shall it apply in respect of Least Developed Countries and Small Island Developing States, as defined by the United Nations, except for those countries whose GDP per capita equals or exceeds the Union average.	~~***(a) they originate from a country that is a party to the Paris Agreement at the time of use;***~~ ~~***(b) they originate from a country that is listed in the implementing act adopted pursuant to Article 25a(3) as participating in Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This condition shall not apply in respect of emissions before 2027, nor shall it apply in respect of Least Developed Countries and Small Island Developing States, as defined by the United Nations, except for those countries whose GDP per capita equals or exceeds the Union average.***~~

Respecting the ICAO decision-making process *(Article 25a, paragraph 3)*

In 2020, the ICAO Council agreed that 2020 emissions should be excluded from the CORSIA baseline, and that during the pilot phase only 2019 emissions would be used. The ICAO Council's decision to exclude 2020 emissions from CORSIA's design elements was supported by European States and the European Commission. We recognise the need to strengthen CORSIA, but adjustments to the baseline must be agreed through ICAO. The proposed reference to a change to a 2019-2020 baseline instead of 2019 is pre-empting future ICAO Council discussions. In addition, the assessment of countries' implementation of CORSIA should be done at the ICAO and not by the Commission.

Article 25a (3)	
Text proposed by the Commission	*Amendment*
3. The Commission shall adopt an implementing act listing countries other than EEA countries, Switzerland and the United Kingdom, which are considered to be applying CORSIA for the purposes of this Directive, with a baseline of 2019 for 2021 to 2023 and a baseline 2019-2020 for each year thereafter. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 22a(2).	3. The Commission shall adopt an implementing act listing countries other than EEA countries, Switzerland and the United Kingdom, which are ~~***considered to be***~~ applying CORSIA for the purposes of this Directive, with a baseline of 2019 for 2021 to 2023 and ***for each year thereafter with a baseline to be determined by the ICAO Council.*** ~~***a baseline 2019 -2020 for each year thereafter.***~~ That implementing act shall be adopted in accordance with the examination procedure referred to in Article 22a(2).

Specific amendments to EU Refuel: proposal related to Sustainable Aviation Fuel (SAF)

Ensure global commitment through ICAO on SAF by focusing on intra-EU only scope for SAF mandate *(Recital 10, Articles 2, 3, and Annex I)*

Regional policies should seek to align with international and regional sustainability standards. This will support both the longer term goal of a robust international SAF market and will also facilitate efficient international trade and effective emissions accounting in the short term. The lack of policy and regulatory harmonization often leads to a patchwork of systems and requirements that results in carbon leakage, missed technological and feedstock opportunities, and under investment due to concerns about market stability. We believe that the EU should lead global efforts towards a global commitment on SAF mandate.

In IAG´S view, the EU has the responsibility to push for global commitments on SAF. To do so, it should focus its mandate in intra-European flights and raise the ambition to 10-15%. Flights beyond the EU should be addressed through ICAO and the EU should give reasonable time to ICAO to reach this commitment. Notably by placing the focus on intra-EU and leaving EU-third country focus to global agreements, certain questions would be automatically solved: avoiding non-EU retaliation, EU competitiveness loss and avoiding the risk of increased tankering by 3rd country operators.

Challenge	Proposed Solution
EU policy should prevent the loss of competitive position of EU airlines while preserving its ambition	IAG encourages EU institutions to **focus on intra EEA flights for the ReFuelEU Mandate and increasing the level of ambition to 10-15% in 2030 while promoting SAF mandates applying to intercontinental travel through ICAO and urges the EU to work with other global governments in driving global take-up of SAF with corresponding strong sustainability standards**. A full scope regional mandate is likely to cause negative impacts in a sector still affected significantly by COVID and a policy that damages EU airlines' ability to compete is unlikely to set the leadership position that prompts other countries to follow and back a global mandate through the ICAO process.

Note that IAG´s proposal for intra-EU scope is not aimed at avoiding SAF use in long haul flights as IAG is already committed to use 10% SAF for 2030 on a global basis. On the contrary in order to support our commitments it is critical that the right policy framework is in place. The development of global SAF commitments that support the global production of SAF is critical in this respect.

IAG has conducted independent economic analysis that shows distortion and carbon leakage for intercontinental flights, where passengers have an option to fly through hubs outside the EU such as Istanbul. Based on a SAF premium of $1500/tonne[1] above fossil jet fuel pricing, the table below illustrates the impact[2].

Level of mandate	EU carrier - reduction in traffic	Non-EU carrier increase in traffic
2%	-2.0%	1.80%
5%	-4.9%	4.4%
20%	-19.6%	17.6%

[1] Note today's SAF pricing is trading higher at around $2200/tonne premium over fossil jet fuel according to the Argus price reporting agency.
[2] This model was based on flights from the USA to Asia which have the possibility to connect within or outside the EU.

Carbon leakage is significant in such cases because the activity and associated emissions do not reduce significantly overall but are simply displaced from EU carriers to non-EU carriers as seen in the table above. Carbon emissions overall may even increase as higher fuel costs will encourage flights of longer distances outside the EU and less direct routes to avoid EU hubs.

This will have a significant impact not only in terms of EU connectivity with third countries but also within the EU as a significant proportion of passengers on intra EU flights connect through EU hubs onto long haul flights, intercontinental flights that could now be reduced as a result of policies not properly targeted. The risk is not only in terms of connectivity but also on the economic and social benefits associated with aviation.

Recital 10	
Text proposed by the Commission	*Amendment*
(10) At global level, sustainable aviation fuels are regulated at ICAO. In particular, ICAO establishes detailed requirements on the sustainability, traceability and accounting of sustainable aviation fuels for use on flights covered by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). While incentives are set in CORSIA and sustainable aviation fuels are considered an integral pillar of the work on the feasibility of a Long-Term Aspiration Goal for international aviation, there is currently no mandatory scheme on the use of sustainable aviation fuels for international flights. Comprehensive multilateral or bilateral air transport agreements between the EU or its Member States, and third countries generally include provisions on environmental protection. However, for the time being, such provisions do not impose on contracting parties any binding requirements on the use of sustainable aviation fuels.	***(10 a New) To avoid distortions of competition in the international aviation market, the loss of traffic flows connecting through Europe and to avoid carbon leakage a global SAF blending commitment through ICAO for international flights is needed.*** ***(10 b New) To create a global market for Sustainable Aviation Fuels, the EU should engage in international coordination with ICAO and key international aviation partners to harmonize policy framework on Sustainable Aviation Fuels worldwide*** *(10) At global level, sustainable aviation fuels are regulated at ICAO. In particular, ICAO establishes detailed requirements on the sustainability, traceability and accounting of sustainable aviation fuels for use on flights covered by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). While incentives are set in CORSIA and sustainable aviation fuels are considered an integral pillar of the work on the feasibility*

	of a Long-Term Aspiration Goal for international aviation, there is currently no mandatory scheme on the use of sustainable aviation fuels for international flights. Comprehensive multilateral or bilateral air transport agreements between the EU or its Member States, and third countries generally include provisions on environmental protection. However, for the time being, such provisions do not impose on contracting parties any binding requirements on the use of sustainable aviation fuels. ***In order to ensure the long-term competitiveness of traffic flows connecting through Europe, the Union should do its utmost to ensure the adoption of a global scheme on the use of sustainable aviation fuels, while safeguarding the Union's competence regarding this matter.***

Article 2	
Text proposed by the Commission	*Amendment*
Scope This Regulation shall apply to aircraft operators,Union airports, and to aviation fuel suppliers.	***Scope*** This Regulation shall apply to aircraft operators, Union airports, and to aviation fuel suppliers **for flights within the EU.**

Note that changes to **Article 3** (Definitions) are also necessary to change the concept from "flights departing from Union airports" to "flights between Union airports".

In IAG´s views, a number of fuel pathways need additional support in order to get to commercial scale, synthetic fuels being one of them. Current supplies of e-fuel cost over $10,000/t and with larger scale, cheaper renewable power this should reduce over time but the view is that even in 2050, this will be the most expensive SAF on the market (ICF study). IAG is supportive of early intervention in the development of synthetic fuels. However, e-fuel and other advanced technologies not commercially mature and urgently need additional support beyond a simple mandate. This should be delivered through a combination of policy incentives as has been implemented in the US - through grants and loan guarantees via the innovation fund and through contracts for difference. In IAG´s views, there is a need for sub-targets but these should be agreed once these technologies have been practically demonstrated at scale.

Annex I			
	Text proposed by the Commission		*Amendment*
	Annex I (volume shares)		**Annex I (volume shares)**
–	From 1 January 2025, a minimum shareof 2% of SAF;	(a)	From 1 January 2025, a minimum shareof 2% of SAF;
–	From 1 January 2030, a minimum share of 5% of SAF, of which a	(b)	From 1 January 2030, a minimum share of ~~5%~~ **10%** of SAF, ~~of which~~

minimum share of 0.7%of synthetic aviation fuels; – From 1 January 2035, a minimum shareof 20% of SAF, of which a minimum share of 5%of synthetic aviation fuels; – From 1 January 2040, a minimum shareof 32% of SAF, of which a minimum share of 8%of synthetic aviation fuels; – From 1 January 2045, a minimum volume share of 38% of SAF, of which a minimum share of 11% of synthetic aviationfuels. – From 1 January 2050, a minimum volume share of 63% of SAF, of which a minimum share of 28% of synthetic aviation fuels	~~a minimum share of 0.7%of synthetic aviation fuels;~~ (c) From 1 January 2035, a minimum shareof 20% of SAF, ~~of which a minimum share of 5%of synthetic aviation fuels;~~ (d) From 1 January 2040, a minimum shareof 32% of SAF, ~~of which a minimum share of 8%of synthetic aviation fuels;~~ (e) From 1 January 2045, a minimum volume share of 38% of SAF, ~~of which a minimum share of 11% of synthetic aviationfuels.~~ (f) From 1 January 2050, a minimum volume share of 63% of SAF, ~~of which a minimum share of 28% of synthetic aviation fuels~~

Ensure an efficient SAF distribution and….

1) use a Book and Claim system for SAF suppliers *(Recitals 19, 31; Article 9, 13)*

The current Commission´s proposal implies a physical supply of SAF to Union airports. The implementation of a Book & Claim (B&C) system would eliminate this need to deliver SAF physically to each Union airport, enabling suppliers who do not have physical access to SAF, as well as suppliers at smaller airports, to meet the mandate in an efficient and effective manner. Therefore, we advocate adjusting some of the principles of the ReFuelEU Aviation proposal to make a B&C system for SAF suppliers an integral part of the European solution to increase SAF production and use in an efficient and effective manner. It also ensures a level playing field for suppliers, airlines and airports in the European Union.

A Book & Claim system for suppliers:

1. Avoids unnecessary logistics and bureaucracy, thereby ensuring a sustainable and efficient supply chain, without the need for physical supply at all EU airports;
2. Creates more transparency at EU level for the whole supply chain, and the registration, validation and reporting can be aligned with already existing frameworks (e.g. under the RED II);
3. Is the most efficient method of delivering climate benefits from SAF usage within the EU
4. Ensures that all airlines operating in/to the European Union get the mandated volumes delivered and charged, without impairing airlines willing to exceed the European mandated volumes (e.g. to meet their climate ambitions);
5. Guarantees that suppliers meet their obligations under the proposal more efficiently and eliminates the need for a transition period until 2030;
6. Stimulates fuel producers and supplier to supply more SAF into the system, increasing the total SAF volume in the EU;
7. Greatly simplifies the process for airlines to account for SAF, under the mandate and voluntarily.

Existing frameworks are already in place for the trade of renewable energy product (Renewable Energy Directive), and this approach creates more transparency for the whole supply chain at EU level.

Also, a Book & Claim system would eliminate the need for a transition period as suppliers will be provided with the flexibility to compensate their share of SAF at each airport with SAF credits. Therefore, a transition phase during which suppliers can compensate a lower share of SAF due to reduced availability at a certain airport is not necessary as this can be complemented with SAF credits through the Book & Claim system. Such B&C systems already exist in EU law across EU Member States, the most prominent one to issue Guarantees of Origin (GoO) for renewable power supplied to the common grid under the Renewable Energy Directive (RED). Experience with B&C systems for liquid fuels within the framework of the RED II (e.g. in the Netherlands and France) shows that a B&C system is an effective and efficient way to achieve, verify and administer climate change benefits.

The implementation of a B&C system would eliminate the need to deliver SAF physically to each Union airport, enabling suppliers who do not have physical access to SAF, as well as suppliers at smaller airports, to meet the mandate in an efficient and effective manner.

Recital 19	
Text proposed by the Commission	*Amendment*
(19) The present Regulation should aim to ensure that aircraft operators can compete on the basis of equal opportunities as regards the access to sustainable aviation fuels. To avoid anydistortions on the air services market, all Union airports covered by this Regulation should be supplied with uniform minimum shares of sustainable aviation fuels. Whereas the market isfree to supply and use larger quantities of sustainable fuel, this Regulation should ensure that the mandatory minimum shares of sustainable aviation fuels are the same across allthe covered airports. It supersedes any requirements established directly or indirectly atnational or regional level requiring aircraft operators or aviation fuel suppliers to uptake or supply sustainable aviation fuels with different targets than the ones prescribed under this Regulation. In order to create a clear and predictable legal framework and in doing so encourage the market development and deployment of the most sustainable and innovative with growth potential to meet future needs fuel technologies, this Regulation should set out gradually increasing minimum shares of synthetic aviation fuels over time. Setting out a dedicated sub-obligation on synthetic aviation fuels is necessary in view of the significant decarbonisation potential of such fuels, and in view of their current estimated production costs.When produced from renewable electricity and carbon captured directly	***(19 a New) In order to ramp up the supply of SAF to Union airports with the highest efficiency, without having the need to physically supply SAF at airports, this Regulation shall establish a mechanism allowing fuel suppliers supplying Sustainable Aviation Fuels in the European Union to exchange credits for supplying renewable energy (SAF credits) to the aviation industry to adhere to the mandatory minimum shares of sustainable aviation fuels at Union airports within the EU (Book & Claim). A SAF accounting framework inspired by the renewable electricity framework will be established. Fuel suppliers shall be obligated to register the volumes of fossil and renewable fuels supplied to airlines at Union airports to the designated national authority, whereby all data to be reported must comply with a European standard (Guarantee of Origin) enabling Member States to verify compliance of the supplied fuels in accordance with this Regulation. Member States shall report the verified information on volumes and GHG intensity performance to the Union database to ensure transparency and traceability. If suppliers deliver more SAF at Union airports than the obligated volumes, they can trade their surplus to other suppliers that have a supply deficit. In this way, all suppliers and airports can meet the obligation.***

from the air, synthetic aviation fuels can achieve as high as 100% emissions savings compared to conventional aviation fuel. They also have notable advantagescompared to other types of sustainable aviation fuels with regards to resource efficiency (in particular for water needs) of the production process. However, synthetic aviation fuels' production costs are currently estimated at 3 to 6 times higher than the market price of conventional aviation fuel. Therefore, this Regulation should establish a dedicated sub-obligation for this technology. Other types of synthetic fuels, such as low carbon synthetic fuels achieving high greenhouse gas reductions, could be considered for inclusion in the scope of this Regulation in the course of future revisions, where such fuels become defined under the Renewable Energy Directive.	*(19) The present Regulation should aim to ensure that aircraft operators can compete on the basis of equal opportunities as regards the access to sustainable aviation fuels. ~~To avoid anydistortions on the air services market, all Union airports covered by this Regulation should be supplied with uniform minimum shares of sustainable aviation fuels. Whereas the market isfree to supply and use larger quantities of sustainable fuel, this Regulation should ensure that the mandatory minimum shares of sustainable aviation fuels are the same across allthe covered airports.~~* ***Alternatively, aircraft operators are allowed to fulfill the SAF blending obligations.*** *It supersedes any requirements established directly or indirectly atnational or regional level requiring aircraft operators or aviation fuel suppliers to uptake or supply sustainable aviation fuels with different targets than the ones prescribed under this Regulation~~. In order to create a clear and predictable legal framework and in doing so encourage the market development and deployment of the most sustainable and innovative with growth potential to meet future needs fuel technologies, this Regulation should set out gradually increasing minimum shares of synthetic aviation fuels over time. Setting out a dedicated sub-obligation on synthetic aviation fuels is necessary in view of the significant decarbonisation potential of such fuels, and in view of their current estimated production costs. When produced from renewable electricity and carbon captured directly from the air, synthetic aviation fuels can achieve as high as 100% emissions savings compared to conventional aviation fuel. They also have notable advantages compared to other types of sustainable aviation fuels with regards to resource efficiency (in particular for water needs) of the production process. However, synthetic aviation fuels' production costs are currently estimated at 3 to 6 times higher than the market price of conventional aviation fuel. Therefore, this Regulation should establish a dedicated sub- obligation for this technology.~~ Other types of synthetic fuels, such as low carbon synthetic fuels achieving high greenhouse gas reductions, could be considered for inclusion in the scope of this Regulation in the course of future revisions, where such fuels become defined under the Renewable Energy Directive.*

Recital 31	
Text proposed by the Commission	*Amendment*

(31) A transitional period of 5 years should beprovided to allow for a reasonable amount of time for aviation fuel suppliers, Union airports and aircraft operators to make the necessary technological and logistical investments. During this phase, aviation fuel containing higher sharesof sustainable aviation fuel may be used to compensate for lower shares of sustainable aviation fuels or for the reduced availability ofconventional aviation fuel at other airports.	*~~(31) A transitional period of 5 years should be provided to allow for a reasonable amount of time for aviation fuel suppliers, Union airports and aircraft operators to make the necessary technological and logistical investments. During this phase, aviation fuel containing higher shares of sustainable aviation fuel may be used to compensate for lower shares of sustainable aviation fuels or for the reduced availability of conventional aviation fuel at other airports.~~*

Article 9	
Text proposed by the Commission	*Amendment*
Reporting obligations for fuel suppliers *By 31 March of each reporting year, aviation fuelsuppliers shall report in the Union Database referred to in Article 28 of Directive (EU) 2018/2001, the following information relative tothe reporting period:* *(a) The volume of aviation fuel supplied ateach Union airport;* *(b) The volume of sustainable aviation fuel supplied at each Union airport, and for each typeof sustainable aviation fuel, as detailed in point c);* *(c) The lifecycle emissions, origin of feedstock and conversion process of each sustainable aviation fuel type supplied at Unionairports.* *The Agency shall have access to the Union database and shall use the information contained in the Union database, once the information has been verified at Member Statelevel pursuant to Article 28 of Directive (EU) 2018/2001.*	***Reporting obligations for fuel suppliers*** ***(New 9 1)) Fuel suppliers who supply SAF at a Union airport must register the volumes of fossil and renewable fuels supplied at the competent authority that in return issues a Guarantee of Origin.*** ***A Guarantee of Origin shall specify:*** ○ ***The energy source: the raw material from which the SAF was produced and the production processes;*** ○ ***the identity, location, type and capacity of the installation where the energy was produced;*** ○ ***the sustainability credentials of the fuel*** ○ ***the date on which the production plant became operational; and*** ○ ***The date and country of issue and a unique identification number.*** ***A Book & Claim mechanism will be established allowing fuels suppliers to exchange credits for supplying renewable energy (SAF credits) to the aviation industry to comply with the mandatory minimum shares of sustainable aviation fuels at Union airports.*** ***Suppliers generate SAF credits (that complies with the Guarantee of Origin) based on the volumes of fossil and renewable fuels supplied and registered at the competent authority.***

	The SAF credits can be purchased by other suppliers to comply with the minimum share of sustainable aviation fuel as set in Annex I. ***The competent authorities are responsible for verifying the data registered in accordance and the issuance of the Guarantee of Origin, which are then reported and verified from national registrations to Union database to ensure transparency and traceability in accordance with article 28 of Directive (EU) 2018/2001.*** ***2)*** *By 31 March of each reporting year,* ~~*aviation fuel suppliers*~~***competent authorities*** *shall report in the Union Database referred to in Article 28 of Directive (EU) 2018/2001, the following* ***verified cumulative information*** ~~*relative*~~ *to the reporting period:* *a) The volume of aviation fuel supplied at each Union airport;* *b) The volume of sustainable aviation fuel supplied at each Union airport, and for each type of sustainable aviation fuel, as detailed in point c);* *c) The lifecycle emissions, origin of feedstock and conversion process of each sustainable aviation fuel type supplied at Union airports.* *The Agency shall have access to the Union database and shall use the information contained in the Union database, once the information has been verified at Member State level pursuant to Article 28 of Directive (EU) 2018/2001*

Article 13	
Text proposed by the Commission	*Amendment*
Transitional period *By way of derogation from Article 4, from 1 January 2025 until 31 December 2029, for eachreporting period, an aviation fuel supplier may supply the minimum share of sustainable aviation fuel defined in Annex I as a weighted average over all the aviation fuel it supplied across Union airports for that reporting period.*	***Delete Article 13***

2) Allow Aircraft operator to claim use of SAF (Article 7, 8)

The Book & Claim model is a practice where a sustainability claim made by a company is separated from the physical flow of Sustainable Aviation Fuel (SAF). Book and claim accounting system is the most efficient method to deploy SAF efficiently and at scale. The more competitive SAF is the

faster the SAF sector will develop.

In other words: Book & Claim allows the supply of SAF into the supply chain at one location and 'booking' the carbon reduction associated with it into a registry. Then the customer at another locationcan 'claim' those carbon reductions by purchasing their traditional jet fuel along with the benefit of thelifecycle carbon reductions that have been entered in that registry.

For the Book & Claim concept to work, an agreement around the SAF usage and registry will need to be in place. The EU is developing a registry already for sustainable fuels supplied across the EU.

From a fuel purchasing perspective it is critical to allow airlines to fulfil their SAF blending obligation. Airlines should be able to self-supply rather than being forced to purchase the blendedproduct only from the existing fuel suppliers. Allowing airlines this option will encourage competition and enable more reasonable prices.

Article 7	
Text proposed by the Commission	*Amendment*
Reporting Obligations for Aircraft Operators By 31 March of each reporting year, aircraft operators shall report the following informationto the Agency: a) (a)The total amount of aviation fuel uplifted at each Union airport, expressed in tonnes; b) The yearly aviation fuel required, per Union airport, expressed in tonnes; c) The yearly non-tanked quantity, per Union airport. If the yearly non-tanked quantity is negative or if it is lower than 10% of the yearly aviation fuel required, the reported yearly non- tanked quantity shall be reported as 0; d) The total amount of sustainable aviationfuel purchased from aviation fuel suppliers, for the purpose of operating their flights departing from Union airports, expressed in tonnes. e) For each purchase of sustainable aviation fuel, the name of the aviation fuel supplier, the amount purchased expressed in tonnes, the conversion technology, the characteristics and origin of the feedstock used for production, and the lifecycle emissions of thesustainable	**Reporting Obligations for Aircraft Operators** By 31 March of each reporting year, aircraft operators shall report the following informationto the Agency: a) The total amount of aviation fuel uplifted ~~at each Union airport~~, expressed in tonnes; b) The yearly aviation fuel required, ~~perUnion airport~~, expressed in tonnes; c) ~~The yearly non-tanked quantity, per Union airport. If the yearly non-tanked quantity is negative or if it is lower than 10% of the yearly aviation fuel required, the reported yearly non- tanked quantity shall be reported as 0;~~ d) The total amount of sustainable aviationfuel purchased from aviation fuel suppliers **or being self-supplied by aircraft operators,** for the purpose of operating their flights departing fromUnion airports, expressed in tonnes. e) For each purchase of sustainable aviation fuel, the name of the aviation fuel supplier, the amount purchased expressed in tonnes, the conversion technology, the characteristics and origin of the feedstock

aviation fuel. Where one purchase includes sustainable aviation fuels with differing characteristics, the report shall provide this information for each type of sustainable aviation fuel. The report shall be presented in accordance withthe template laid down in Annex II. The report shall be verified by an independent verifier in compliance with the requirements set out in Articles 14 and 15 of Directive 2003/87/ECof the European Parliament and of the Council14, and in Commission Implementing Regulation (EU) 2018/206715	used for production, and the lifecycle emissions of thesustainable aviation fuel. Where one purchase includes sustainable aviation fuels with differing characteristics, the report shall provide this information for each type of sustainable aviation fuel. The report shall be presented in accordance withthe template laid down in Annex II. The report shall be verified by an independent verifier in compliance with the requirements set out in Articles 14 and 15 of Directive 2003/87/ECof the European Parliament and of the Council14, and in Commission Implementing Regulation (EU) 2018/206715

Article 8	
Text proposed by the Commission	*Amendment*
Aircraft operator claiming of use of sustainable aviation fuels *Aircraft operators shall not claim benefits for the use of an identical batch of sustainable aviation fuels under more than one greenhouse gas scheme. Together with the report referred to in Article 7, aircraft operators shall provide the Agency with:* *1. A declaration of greenhouse gas schemes they participate in and in which the useof sustainable aviation fuels may be reported;* *2. A declaration that they have not reported identical batches of sustainable aviation fuels under more than one scheme.* *For the purpose of reporting sustainable aviationfuels use under the provisions of Article 7 of this Regulation, or under a greenhouse gas scheme, aviation fuel suppliers shall provide aircraft operators with the relevant information free of charge.*	***Aircraft operator claiming of use of sustainable aviation fuels*** *(Keep EC text as 1))* *2.**All aircraft operators and fuel suppliers should report their SAF purchases and deliveries into a central SAF repository system with EU oversight.*** *3.**In order to ensure transparency, lowest cost, highest efficiency and to prevent double counting or double claiming of environmental credits, a central accounting registry of SAF should be set up, with appropriate oversight of an EU Agency. Formalized and standardized documentation and tracking methods will ensure trust and auditability in the process.*** ***New Article 8b*** ***Sustainable Fuel Registry process*** ***A supplier generates a sustainability certificate based on the physical SAF environmental attributes and enters it into the registry. An aircraft operator can purchase the sustainability certificate from the supplier, the transaction is recorded in the registry while the associate physical delivery is separate (book and claim accounting system). Regulatory compliance with sustainability criteria is an entry requirement.***

3. Allow tankering to avoid monopolistic behaviours (Recitals 5, 21, 24; Article 5)

A substantial part of tankering is for operational and safety reasons, including the need to uplift more fuel than technically required to operate the flight for emergencies, deviations, bad weather or fuel supply shortages at destination airport. Nevertheless, tankering also has an economic component as it avoids potential monopolistic behavior by fuel suppliers as by allowing tankering this represents indirect competition as if prices are excessive in an airport, airlines know that fuel may be uplifted elsewhere. This form of indirect competition increases price competitiveness.

The simplest solution is to remove the economic drivers for tankering by adopting an intra-EU scope and not obligating all fuel suppliers to physically deliver quotas of SAF to each Union airport but rather meet their obligation through supply to any Union airport/s as described through a Book and Claim system.

Adjustments to the scope of the blending mandate and the ability to use a B&C approach remove the drivers for fuel tinkering. The proposed monitoring and associated reporting activities would add significant administrative burden.

Recital 5	
Text proposed by the Commission	*Amendment*
(5) In particular, it is essential to ensure a level playing field across the Union air transport market regarding aviation fuel, which account for a substantial share of aircraft operators' costs. Variations in fuel prices can affect significantly aircraft operators' economic performance and negatively impact competition on the market. Where differences in aviation fuelprices exist between Union airports or between Union and non-Union airports, this can lead aircraft operators to adapt their refuelling strategies for economic reasons. Fuel tinkering increases aircraft's fuel consumption and resultsin unnecessary greenhouse gas emissions. Fuel tankering by aircraft operators accordingly undermines of the Union's efforts towards environmental protection. Some aircraft operators are able to use favourable aviation fuel prices at their home base as a competitive advantage towards other airlines operating similar routes. This can have detrimental effectson the competitiveness of the sector and be harmful to air connectivity. This Regulation should set up measures to prevent such practices in order to avoid unnecessary environmental damage as well as to restore andpreserve the conditions for fair competition on the air transport market.	(5) In particular, it is essential to ensure a level playing field across the Union air transport market regarding aviation fuel, which account for a substantial share of aircraft operators' costs. Variations in fuel prices can affect significantly aircraft operators' economic performance and negatively impact competitionon the market. **The majority of fuel tankering is for operational and safety reasons.** Where differences in aviation fuel prices exist between Union airports or between Union and non-Union airports, this can lead aircraft operators to adapt their refuelling strategies foreconomic reasons. Fuel tankering increases aircraft's fuel consumption and results in unnecessary greenhouse gas emissions. Fuel tankering **for economic reasons** by aircraft operators accordingly **could** undermine~~s of~~ the Union's efforts towards environmental protection. **However, fuel tankering for economic reasons could be justified to avoid exposure to monopolistic or excessive fuel prices at some airports.** ~~Some aircraft operators are able to use favourable aviation fuel prices at their home base as a competitive advantage towards otherairlines operating similar routes. This can have detrimental effects on the competitiveness of the sector and be harmful to air connectivity~~. This Regulation should set up measures to prevent such practices in order to avoid unnecessary environmental damage as well as to restore and

	preserve the conditions for fair competition on the air transport market

Recital 21	
Text proposed by the Commission	*Amendment*
(21) With the introduction and ramp-up of sustainable aviation fuels at Union airports, practices of fuel tankering may be exacerbated as a consequence of aviation fuel costs increases.Tankering practices are unstainable and should be avoided as they undermine the Union's efforts to reduce environmental impacts from transport. Those would be contrary to the aviation decarbonisation objectives as increased aircraft weight would increase fuel consumption and related emissions on a given flight. Tankering practices also put at risk the level playing field in the Union between aircraft operators, and also between airports. This Regulation should therefore require aircraft operators to refuel prior to departure from a given Union airport. The amount of fuel uplifted prior to departures from a given Union airport should be commensurate with the amount of fuel necessary to operate the flights departing from that airport, taking into account the necessary compliance with fuel safety rules. The requirement ensures that equal conditions for operations in the Union applying equally to Union and foreign operators, while ensuring highlevel of environmental protection. As the Regulation does not define a maximum share of sustainable aviation fuels in all aviation fuels, airlines and fuel suppliers may pursue more ambitious environmental policies with higher sustainable aviation fuels uptake and supply in their overall network of operations, whileavoiding fuel tinkering.	**Delete Recital 21**

Recital 24	
Text proposed by the Commission	*Amendment*
(24) Aircraft operators should also be required to report yearly on their actual aviationfuel uplift per Union airport, so as to prove that no fuel tankering was performed. Reports shouldbe verified by independent verifiers and transmitted to the Agency for monitoring and assessment of compliance. Verifiers should determine the accuracy of the yearly aviation fuel required reported by the operators using a tool approved by the Commission.	**Delete Recital 24**

Article 5	
Text proposed by the Commission	*Amendment*
Refuelling obligation for aircraft operators The yearly quantity of aviation fuel uplifted by a given aircraft operator at a given Union airport shall be at least 90% of the yearly aviation fuel required.	**Delete Article 5**

4. **Implement efficiently the blending mandate** (Recital 15; Articles 3, 4)

For efficient implementation of the blending mandate, it is essential for aircraft operators to keep both cost and environmental impact at the lowest possible level. Deploying SAF to each Union airport is not justifiable because:

- SAF production facilities will be in the foreseeable future, including during the first period of the proposal, extremely limited in number across Europe.
- Central European Pipeline System (CEPS) does not currently allow transport of SAF.
- Blending SAF with conventional fuel at airports is not permitted under existing strict fuel quality rules.
- Supplying SAF to each Union airport from the depot and refinery using other transport means is environmentally and economically inefficient.
- Existing methods exist under EU legislation that allow fuel suppliers to distribute sustainable fuel in an optimal way and there should be similar approaches for SAF.

The obligation under this legislative proposal can be met by supplying the required amount of SAF into the system and the surplus of SAF credits that are generated via the registration of renewable energy at national authorities. The surplus of SAF credits can be used to meet the minimum share of SAF set in Annex I.

Recital 15	
Text proposed by the Commission	*Amendment*
(15) The present Regulation should apply to aircraft engaged in civil aviation, carrying out commercial air transport flights. It should not apply to aircraft such as military aircraft and aircraft engaged in operations for humanitarian, search, rescue, disaster relief or medical purposes, as well as customs, police and firefighting operations. Indeed, flights operated in such	*(15) The present Regulation should apply to aircraft engaged in civil aviation, carrying out commercial air transport flights within the EU. It should not apply to aircraft such as military aircraft and aircraft engaged in operations for humanitarian, search, rescue, disaster relief or medical purposes, as well as customs, police and fire-fighting operations. Indeed,*

circumstances are of exceptional nature and as such cannot always be planned in the same way as regular flights. Due to the nature of their operations, they may not always be in a position to fulfil obligations under this Regulation, as it may represent unnecessary burden. In order to cater for a level playing field across the EU aviation single market, this regulation should cover the largest possible share of commercial air traffic operated from airports located on EU territory. At the same time, in order to safeguard air connectivity for the benefits of EU citizens, businesses and regions, it is important to avoid imposing undue burden on air transport operations at small airports. A threshold of yearly passenger air traffic and freight traffic should be defined, below which airports would not be covered by this Regulation; however, the scope of the Regulation should cover at least 95% of total traffic departing from airports in the Union. For the same reasons, a threshold should be defined to exempt aircraft operators accountable for a very low number of departures from airports located on EU territory.	*flights operated in such circumstances are of exceptional nature and as such cannot always be planned in the same way as regular flights. Due to the nature of their operations, they may not always be in a position to fulfil obligations under this Regulation, as it may represent unnecessary burden. In order to cater for a level playing field across the EU aviation single market, this regulation should cover the largest possible share of commercial air traffic operated from airports located on EU territory. At the same time, in order to safeguard air connectivity for the benefits of EU citizens, businesses and regions, it is important to avoid imposing undue burden on air transport operations at small airports. ~~A threshold of yearly passenger air traffic and freight traffic should be defined, below which airports would not be covered by this Regulation; however, the scope of the Regulation should cover at least 95% of total traffic departing from airports in the Union. For the same reasons, a threshold should be defined to exempt aircraft operators accountable for a very low number of departures from airports located on EU territory.~~*

The proposed low threshold significantly increases logistical complexity by introducing many more airports into the regulatory scheme by requiring physical SAF to be present. With theintroduction of a book and claim accounting system the overall blending ambition level can be maintained.

From a fuel purchasing perspective it is critical to allow airlines who opt to fulfil their SAF blending obligation through self-supply, buying directly from the SAF producers. Airlines should be able to choose to self-supply and to meet the requirements of the blending mandate directly to maintain market competition.

Article 3	
Text proposed by the Commission	*Amendment*
Definitions *For the purposes of this Regulation, the following definitions apply:* *(…)* - *(…)'aviation fuel supplier' means a fuel supplier as defined in Article 2, second paragraph, point 38 of Directive (EU) 2018/2001, supplying aviation fuel at a Union airport;* *(…)* - *'greenhouse gas scheme' means a scheme granting benefits to aircraft operators for the use of sustainable aviation fuels.*	***Definitions*** *For the purposes of this Regulation, the following definitions apply:* *(…)* - *'aviation fuel supplier' means a fuel supplier as defined in Article 2, second paragraph, point 38 of Directive (EU) 2018/2001, supplying aviation fuel at a Union airport;* ***or an aircraft operator which chooses to self-supply SAF.*** *(…)* - *'greenhouse gas scheme' means a scheme granting benefits to aircraft*

	operators for the use of sustainable aviation fuels. - ***'SAF credit' means a tradable unit that is generated through the physical supply of SAF by a supplier at a Union airport and registered at the competent authority and adheres to the specifications of a Guarantee of Origin.*** - ***'Guarantee of origin' means an electronic document which has the sole function of providing evidence to a final customer that a given share or quantity of energy was produced in accordance with Directive (EU) 2018/2001).***

Article 4	
Text proposed by the Commission	*Amendment*
Share of sustainable aviation fuel available atUnion airports Aviation fuel suppliers shall ensure that all aviation fuel made available to aircraft operators at each Union airport contains a minimum share of sustainable aviation fuel, including a minimumshare of synthetic aviation fuel in accordance with the values and dates of application set out in Annex I. Without prejudice to the application of Article11(3) and (4), where an aviation fuel supplier fails to supply the minimum shares set out in Annex I for a given reporting period, it shall atleast complement that shortfall in the subsequent reporting period.	**Share of sustainable aviation fuel available at Union airports** Aviation fuel suppliers shall ensure that all aviation fuel made available to aircraft operators at each Union airport contains a minimum share of sustainable aviation fuel, including a minimum share of synthetic aviation fuel in accordance with the values and dates of application set out in Annex I. **Suppliers shall meet these obligations through the physical supply of SAF or through the surrender of the equivalent number of SAF credits .** Without prejudice to the application of Article 11(3) and (4), where an aviation fuel supplier fails to supply the minimum shares set out in Annex I for a given reporting period, it shall at least complement that shortfall in the subsequent reporting period.

A comprehensive set of policy measures is needed to ramp up EU production (Recital 20)

To date, the EU SAF supply remains extremely low with at a very high market price, compared to conventional jet fuel, with only one source of SAF in the EU producing 100,000 tonnes of fuel (less than 0.2% of EU's kerosene use). SAFs currently accounts for less than 0.1% of global aviation fuel consumption.

The aim of moving towards the 1-2% by 2025 in Europe represents a huge challenge. In the near term the price of SAF is likely to be 3-5 times higher than the fossil fuel and carbon price equivalent. Current market prices are approaching $3000 per tonne creating a major barrier to uptake.

Recital 20	
Text proposed by the Commission	*Amendment*
(20) It is essential to ensure that the minimum shares of sustainable aviation fuels can be successfully supplied to the aviation market without supply shortages. For this purpose, sufficient lead-time should be planned to allow the renewable fuels industry to develop production capacity accordingly. The supply of sustainable aviation fuels should become mandatory starting in 2025. Similarly, in order to provide legal certainty and predictability to the market and drive investments durably towards sustainable aviation fuels production capacity, the terms of this Regulation should be stable over a long period of time.	Keep EC text proposal as 20 a **(Add new 20 b) Given the current challenge across the Union for the scale up and production of SAF this regulation will be accompanied with proposals that support the necessary investments to scale up SAF production as well as price stabilisation mechanism. Addressing on the one hand measures at EU level, such us enforcing public private partnerships, a targeted investment strategy and a clear allocation of financial resources by establishing a dedicated innovation fund, and on the other hand measures at Member States level such as reduction of taxes, charges and levies as well as the costs and duration of certification processes.**

Other aspects

1) Support to strong Sustainability Standards (Recital 17)

IAG Supports strong sustainability standards supported by robust certification systems and we believe that the EU should lead in the development of low Indirect Land Use approaches for all feedstock types. The EU's leadership on such an approach would therefore encourage greater take up of low ILUC approaches across a wide range of sustainably certified feedstocks would provide a template for other states to follow.

Please see additional comments / information provided at the beginning on Annex I

Recital 17	
Text proposed by the Commission	*Amendment*

(17) For sustainability reasons, feed and food crop-based fuels should not be eligible. In particular, indirect land-use change occurs when the cultivation of crops for biofuels displaces traditional production of crops for food and feed purposes. Such additional demand increases the pressure on land and can lead to the extension of agricultural land into areas with high-carbon stock, such as forests, wetlands and peatland, causing additional greenhouse gas emissions and loss of biodiversity concerns. Research has shown that the scale of the effect depends on a variety of factors, including the type of feedstock used for fuel production, the level of additional demand for feedstock triggered by the use of biofuels and the extent to which land with high- carbon stock is protected worldwide. The highest risks of indirect land-use change have been identified for biofuels, fuels produced from feedstock for which a significant expansion of the production area into land with high-carbon stock is observed. Accordingly, feed and food crop-based fuels should not be promoted. This approach is in line Union policy and in particular with Directive (EU) 2018/2001 which limits and sets a cap on the use of such biofuels in road and rail transport, considering their lower environmental benefits, lower performance in terms of greenhouse reduction potential and broader sustainability concerns. In addition to the greenhouse gas emissions linked to indirect land-use change – which is capable of negating some or all greenhouse gas emissions savings of individual biofuels – indirect land-use change poses risks also to biodiversity. This risk is particularly serious in connection with a potentially large expansion of production determined by a significant increase in demand. The aviation sector has currently insignificant levels of demand for food and feed crops-based biofuels, since over 99% of currently used aviation fuels are of fossil origin. It is therefore appropriate to avoid the creation of a potentially large demand of food and feed crops-based biofuels by promoting their use under this Regulation. The non- eligibility of crop-based biofuels under this Regulation also minimises any risk to slow down the decarbonisation of road transport, which could otherwise result from a shift of crop-based biofuels from the road to the aviation sector. It is essential to minimise such a shift, as road transport currently remains by far the most polluting transport sector.	(17) For sustainability reasons, feed and food crop-based fuels ~~should not be eligible. In particular,~~ **that cause** indirect land-use change **should not be eligible.** ~~occurs when the cultivation of crops for biofuels displaces traditional production of crops for food and feed purposes. Such additional demand increases the pressure on land and can lead to the extension of agricultural land into areas with high-carbon stock, such as forests, wetlands and peatland, causing additional greenhouse gas emissions and loss of biodiversity concerns. Research has shown that the scale of the effect depends on a variety of factors, including the type of feedstock used for fuel production, the level of additional demand for feedstock triggered by the use of biofuels and the extent to which land with high- carbon stock is protected worldwide. The highest risks of indirect land-use change have been identified for biofuels, fuels produced from feedstock for which a significant expansion of the production area into land with high-carbon stock is observed. Accordingly, feed and food crop-based fuels should not be promoted.~~ This approach is in line Union policy and with Directive (EU) 2018/2001 which limits and sets a cap on the use of such biofuels in road and rail transport, considering their lower environmental benefits, lower performance in terms of greenhouse reduction potential and broader sustainability concerns. In addition to the greenhouse gas emissions linked to indirect land-use change – which is capable of negating some or all greenhouse gas emissions savings of individual biofuels – indirect land-use change poses risks also to biodiversity. This risk is particularly serious in connection with a potentially large expansion of production determined by a significant increase in demand. The aviation sector has currently insignificant levels of demand for food and feed crops-based biofuels, since over 99% of currently used aviation fuels are of fossil origin. It is therefore appropriate to avoid the creation of a potentially large demand of food and feed crops-based biofuels by promoting their use under this Regulation. The non-eligibility of crop-based biofuels under this Regulation also minimises any risk to slow down the decarbonisation of road transport, which could otherwise result from a shift of crop-based biofuels from the road to the aviation sector. It is essential to minimise such a shift, as road transport currently remains by far the most polluting transport sector. **The addition of low-ILUC methods to enable sustainable feedstocks to be expanded and to be eligible should be developed and this scheme evidenced via a robust sustainability certification system.**

2) No additional infrastructure is needed at airports to allow for SAF supply (Recital 22, Article 6)

Given the drop-in nature of SAF, no additional infrastructure is needed at airports to allow for SAF supply. Airports and regulators should focus on guaranteeing open and equitable access to the existing infrastructure at airports to allow for a competitive market both in fossil jet fuel and SAF. Otherwise, there's a risk of extending fuel monopolies into the SAF market, further driving prices up. Blending SAF with conventional fuel at airports is not permitted under current strict quality standards.

The EU should ensure that national infrastructure (pipelines) are approved for the movement of SAF.

Recital 22	
Text proposed by the Commission	*Amendment*
(22) Airports covered by this Regulation should ensure that all the necessary infrastructure is provided for delivery, storage and refuelling of sustainable aviation fuel, so as not to constitute an obstacle with respect to the uptake of such sustainable aviation fuel. If necessary, the Agency should be able to require a Union airport to provide information on the infrastructure available allowing for seamless distribution and refuelling of aircraft operators with sustainable aviation fuels. The role of the Agency should allow airports and airlines to havea common focal point, in the event where technical clarification is necessary on the availability of fuel infrastructure.	**Delete Recital 22**

Article 6	
Text proposed by the Commission	*Amendment*
Obligations of Union airports to provide the infrastructure Union airports shall take necessary measures to facilitate the access of aircraft operators to aviation fuels containing shares of sustainable aviation fuels in accordance with Annex I and, shall provide the infrastructure necessary for thedelivery, storage and uplifting of such fuels. Where aircraft operators report difficulties to theEuropean Union Aviation Safety Agency ('the Agency') in accessing aviation fuels containing sustainable aviation fuels at a given Union airport for lack of adequate airport	**Delete Article 6**

infrastructure, the Agency may request the Union airport to provide the information necessary to prove compliance with paragraph 1. The Union airport concerned shall provide the information without undue delay. The Agency shall assess the information receivedand inform the Commission if such information allows to conclude that the Union airport does not fulfil its obligations. Union airports shall take the necessary measures to identify and address the lack of adequate airport infrastructure in 5 years after the entry into force of the Regulation or after the year when they exceed one of the thresholds in Article 3(a).	

3) The system of penalties should encourage fuel suppliers to keep SAF at competitive level (Article 11 (1))

Article 11 (1)	
Text proposed by the Commission	*Amendment*
Enforcement 1) Member States shall lay down the rules on penalties applicable to infringements of the provisions adopted pursuant to this Regulation and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive. Member States shall notify these provisions to the Commission by 31 December 2023 at the latest and shall notify it without delay of any subsequent amendment affecting them. (…)	***Enforcement*** *1) Member States shall lay down the rules on penalties applicable to infringements of the provisions adopted pursuant to this Regulation and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate anddissuasive* ***commensurate with the current price of carbon emissions but not greater than four times the current price of EUA (EU Allowances).*** *Member States shall notify these provisions to the Commission by 31 December 2023 at the latest and shall notify it without delay of any subsequent amendment affecting them.* (…)

4) Data collection article (Article 12)

Price information is confidential and cannot be disclosed.

Article 12	
Text proposed by the Commission	*Amendment*

Data collection and publication *The Agency shall publish every year a technical report on the basis of the yearly reports referred to in Articles 7 and 9. That report shall contain at least the following information:* *a) The amount of sustainable aviation fuel purchased by aircraft operators at Union level in aggregate, for use on flights departing from aUnion airport, and by Union airport;* *b) The amount of sustainable aviation fueland of synthetic aviation fuel supplied at Union level in aggregate and by Union airport;* *c) The state of the market, including priceinformation, and trends in sustainable aviationfuel production and use in the Union;* *d) The status of compliance of airportsregarding obligations set out in Article 6;* *(…)*	***Data collection and publication*** *The Agency shall publish every year a technical report on the basis of the yearly reports referred to in Articles 7 and 9. That report shall contain atleast the following information:* *a) The amount of sustainable aviation fuel purchased by aircraft operators at Union level in aggregate, for use on flights departing from aUnion airport, and by Union airport;* *b) The amount of sustainable aviation fueland of synthetic aviation fuel supplied at Union level in aggregate and by Union airport;* ~~*c) The state of the market, including price information, and trends in sustainable aviation fuel production and use in the Union;*~~ *d) The status of compliance of airports regarding obligations set out in Article 6;* *(…)*

5) Market monitoring by 2025 and every 3 years (Article 14)

For ambition levels beyond 2030, the EU should review the stated ambition trajectory (in 2025) and every three years as production capacity increases and the impacts on competitive distortion impacts can be better understood.

The revision in 2025 should allow better alignment with the development of global SAF policies and ambitions at ICAO level where a potential global agreement could be reached by 2024.

An assessment report in 2025 should evaluate the actual availability of feedstock to meet the ambition levels of SAF. In order to ensure a proper functioning of the registration, verification and reporting obligations for fuels suppliers, it is a key that the mechanism is reviewed every three years to ensure a proper functioning of the mechanism.

Article 14	
Text proposed by the Commission	*Amendment*
Reports and Review By 1 January 2028 and every five years thereafter, the Commission services shall present a report to the European Parliament andthe Council, on the evolution of the aviation fuels market and its impact on the aviation internal	**Reports and Review** By **1 January 2025** and every ~~five~~ **three** years thereafter, the Commission services shall present a report to the European Parliament andthe Council, on the evolution of the aviation fuels market and its impact on the aviation

market of the Union, including regardingthe possible extension of the scope of this Regulation to other energy sources, and other types of synthetic fuels defined under the Renewable Energy Directive, the possible revision of the minimum shares in Article 4 and Annex I, and the level of administrative fines. The report shall include information, where available, on development of a potential policy framework for uptake of sustainable aviation fuels at ICAO level. The report shall also inform on technological advancements in the area of research and innovation in the aviation industrywhich are relevant to sustainable aviation fuels,including with regards to the reduction of non-CO2 emissions. The report may consider if this Regulation should be amended and, options foramendments, where appropriate, in line with a potential policy framework on sustainable aviation fuels uptake at ICAO level.	internal market of the Union, including regardingthe possible extension of the scope of this Regulation to other energy sources, and other types of synthetic fuels defined under the Renewable Energy Directive, the possible revision of the minimum shares in Article 4 and Annex I, **the registration, verification and reporting obligations for fuel suppliers,** and the level of administrative fines. The report shall include information, where available, on development of a potential policy framework for uptake of sustainable aviation fuels at ICAO level. The report shall also inform on technological advancements in the area of research and innovation in the aviation industrywhich are relevant to sustainable aviation fuels,including with regards to the reduction of non- CO2 emissions. The report may consider if this Regulation should be amended and, options foramendments, where appropriate, in line with a potential policy framework on sustainable aviation fuels uptake at ICAO level **and in order to keep administrative burdens at minimum**