



T&E's feedback on Aviation fuels & emissions trading – calculating the price difference between eligible fuels and kerosene (detailed rules)

T&E welcomes the draft proposal on the delegated act to supplement the Directive 2003/87/EC (EU ETS), laying down detailed rules for the yearly calculation of price differences between eligible aviation fuels and fossil kerosene, and for the EU ETS allocation of allowances for the use of eligible aviation fuels. However, it stresses that further and targeted measures are needed to ensure the uptake of e-kerosene.

- 1. Scope:** It is positive that the allowances are to be allocated only to flights for which allowances have to be surrendered by aircraft operators (with the exception of flights to/from outermost regions). It is important to ensure that only those operators who contribute to the EU's ETS benefit from part of those revenues, ensuring alignment with the polluter pays principle.
- 2. Accountability and visibility:** The obligation of aircraft operators to acknowledge and ensure visibility of the support received through the mechanism is welcomed. This ensures transparency and visibility for passengers and helps to bring better understanding of SAF subsidies. However, more clarity is needed on the enforcement of the obligation.
- 3. Price transparency:** Having a clear and transparent method for determining the prices of the eligible aviation fuels is essential to ensure the subsidies are fit for purpose. It is positive that the delegated act sets the rules to determine such prices, even when market prices are not available in EASA's technical report. In this regard, it is welcomed that if airlines choose to report actual prices they must provide clear and complete proof of fuel purchases, including where and how much was bought, to support their reported prices.
- 4. E-kerosene support:** T&E believes that the mechanism design will not end up sufficiently supporting e-kerosene as it risks primarily benefitting biofuels and not providing enough support to de-risk investment and secure long-term offtake agreements which are needed by producers to reach final investment decision.
 - a.** T&E, therefore, calls on the Commission to envisage a dedicated 'basket' of allowances for e-kerosene moving forward. As the most sustainable and scalable type of SAF, e-kerosene would benefit the most from targeted support. For

instance, there is a risk that the mechanism will primarily benefit biofuels (e.g. waste-oil based HEFA), which have limited scalability, require less support for uptake and in some cases might be prone to fraud risk. Prioritising e-kerosene would ensure a more effective and long-term approach to decarbonise aviation, as well as to encourage aircraft operators to enter the e-kerosene space and reward first movers.

- b.** Moreover, T&E calls for the Commission to complement the mechanism with further and targeted measures to de-risk and support e-kerosene production by not only closing the price gap between e-kerosene and fossil kerosene, but also fostering long term offtake agreements.