

PROJECT SKYPOWER SUBMISSION: CALL FOR INPUT ON THE EU AVIATION AND AERONAUTICS STRATEGY

This submission from [Project SkyPower](#) builds on the priorities outlined in our [open letter](#) submitted to the European Commission (the Commission) in February 2025 on behalf of 70+ organisations, and ongoing consultation with members across the e-SAF value chain.

THE ROLE OF E-SAF IN THE FUTURE OF EUROPEAN AVIATION

Setting the direction of European aviation for the next decade should start from a clear vision: by 2035, Europe needs an aviation system that is competitive, resilient, and pioneering. One that can keep connecting people and economies while earning its licence to grow in a carbon-constrained world.

e-SAF is central to that vision. SAFs are the primary credible route to addressing emissions from aviation. e-SAF specifically, as a fully scalable and domestically deployable technology, is one of Europe's clearest opportunities to build industrial leadership in the next era of aviation. A strong European e-SAF industry would cut exposure to volatile fossil fuel markets, strengthen energy resilience, deliver security of supply, and help secure aviation's role as a pillar of Europe's economy, connectivity, and strategic autonomy in peace and conflict.

With ReFuelEU, Europe has already created the foundations for a leading e-SAF market. Europe currently has the strongest e-SAF project pipeline globally, with ~60% of announced global capacity. Today, there are 6-10 European projects advanced enough to reach Final Investment Decision (FID) in time to contribute towards the 2030/31 e-SAF sub-mandate compliance period.¹

THE CURRENT CHALLENGE

Despite this, high risks for first movers mean the market remains stalled. With obligated parties hesitant to sign offtake agreements and production projects struggling to reach FID, Europe risks losing its e-SAF advantage. **This deadlock is a fundamental threat to the future of a competitive, pioneering EU aviation industry.** If supply does not materialise, airlines will lose their strongest opportunity to access domestically produced fuel. The result would be a damaging dynamic with airlines facing high ReFuelEU compliance costs, either through direct penalties for self-supply or penalty-linked surcharges from fuel suppliers, and a delayed transition to competitive European e-EAF.

To build market momentum, the ReFuelEU mandate must be implemented with clarity, predictability, and within an ecosystem of enabling conditions that pave the way for first movers to invest with confidence. The first commercial e-SAF deals will be critical to Europe's ability to scale the market, turning early project momentum into bankable signals that give confidence to future buyers, producers and investors. They will set price benchmarks, open the first credible supply pathways, and prove that mandated parties can meet their obligations. Policy should recognise and reward first movers that help build market liquidity, while ensuring less ambitious players remain exposed to credible penalties.

To secure a significant industrial opportunity, Project SkyPower recommends that support for e-SAF first movers and the clear, timely implementation of ReFuelEU form a central part of the EU Aviation and Aeronautics Strategy.

¹ With 3–4-year construction, commissioning and ramp-up timelines, projects must reach FID by end of 2027 to operate by the 2030/31 compliance period. Projects that are positioned to commence FEED today or are in more advanced stages could realistically contribute.

Action in five key areas is essential to mobilise the first wave of offtake agreements and uphold confidence in ReFuelEU.

Ask 1: Protect regulatory certainty and bolster investor confidence

The Commission must safeguard the existing text of the ReFuelEU mandate, provide clarity on the timing and scope of the upcoming legislative review, and deliver guidance to Member States on implementation in the early years of the mandate.

Any changes to mandate levels, timings, production criteria, or any weakening of the penalty signal, would directly threaten emerging offtake agreements and Europe's greatest chance at FIDs.

The upcoming review creates uncertainty in the market, leading to a significant slowdown in investment decisions and undermining clarity on implementation in the first years of the mandate. The Commission should:

- Respond with clarity on the timing and scope of the upcoming review, targeting certainty of implementation as early as possible; and
- Provide guidance to Member States on implementation of penalties in the early years of the mandate. This clarity is needed to preserve investor confidence and ensure the mandate can be delivered in practice.

Ask 2: De-risk first movers to make the first wave of projects bankable

Available public funds must be rapidly targeted at supporting offtake decisions and de-risking offtake for the first wave of projects. This includes:

- Effective execution of the pilot double-sided auction(s) funded by members of the Early Mover's Coalition, with the immediate objective to unlock at least one to two European, commercial-scale (<25ktpa capacity) FIDs;²
- Near-term clarity on the design and timing of the EU-wide follow-on mechanism to build market confidence. This includes ensuring that EU funds can support multi-year mechanisms;
- Action from public finance institutions to provide de-risking solutions (e.g. contingent reserve facilities, guarantees) to cover residual project delivery risks, unlocking FIDs; and
- Reforming and extending the SAF Allowances scheme to support early offtake agreements.

Ask 3: Rebalance responsibility across the e-SAF value chain via an integrated industrial approach

The Commission should design the Aviation and Aeronautics Strategy as part of an integrated European industrial policy, with broader ownership across the value chain.

The transition risks cannot fall only on airlines, SMEs³, and time-bound investment funds developing the first e-SAF projects. SAF and e-SAF are central to Europe's long-term aviation sovereignty, and their scale-up must be treated as a shared industrial challenge. As such, the Commission and Member States should deepen engagement with non-airline actors. Recommendations include:

- Place clearer expectations on fuel suppliers. Their larger balance sheets, stronger creditworthiness, and greater vertical integration make them critical to making e-SAF

² For more, see Project SkyPower's 10 [recommendations](#) for a successful pilot double-sided auction

³ Small and Medium-sized Enterprises

commercially viable. As such, they should face appropriate consequences for inaction and be discouraged from passing penalties through to airlines, or to charge e-SAF at penalty prices;

- Engage with defence ministries and companies to highlight why e-SAF is essential to European militaries' combat resilience and how the European Union can support the scale-up of the commercial fuel pool on which they will depend in future times of conflict.

Ask 4: Ensure a level playing field for airlines

The Commission should provide line of sight to targeted corrections via public support or corrective mechanisms across the system to limit the competitive distortions faced by domestic airlines as they integrate higher-cost SAFs. This would help ensure airlines can remain competitive in global markets while playing an active role in building the e-SAF market, rather than simply absorbing the costs of its under-delivery. We recommend that the Commission:

- Provide line of sight to the design and implementation timeline of a corrective mechanism to address competitiveness distortions created by uneven exposure to ReFuelEU on select international routes; and
- Ensure that ETS aviation revenues are reinvested in decarbonisation, with a specific focus on e-SAF.

Ask 5: Build the market infrastructure needed for scaling

In the medium term, the Commission must deliver on the STIP's core promises and turn early market signals into bankable demand, ensuring that early implementation is transformed into a self-sustaining, liquid market. This means:

- Give industry line of sight to a functional Book and Claim system that removes physical transportation barriers, broadening market access across Europe without undermining e-SAF scale-up goals;
- Provide public financial institutions the license and direction to mobilise public finance to de-risk first-of-a-kind e-SAF projects, lower the cost of capital⁴ and thus crowd in private capital; and
- Give first e-SAF projects long-term certainty on eligible feedstocks, carbon sources, and production pathways, including by protecting early investments through grandfathering provisions and clarifying how carbon market rules will apply to captured carbon used in e-SAF production.

⁴ For more, see Project SkyPower's [report](#) on reducing project delivery risk for first-of-a-kind e-SAF projects.