

en2x Response to the Public Consultation on the German e-SAF Funding Scheme

3.1 State aid and possible market distortion

Do you have any concerns regarding the relevance of the e-SAF support scheme for the decarbonisation of the EU aviation sector?

Disclaimer: *The following recommendations and comments are put forward with the recognition that the proposed funding scheme will not deliver sufficient volumes to meet the e-SAF sub-mandate and is unlikely to supply a significant portion of the required volumes. The broader e-SAF regulatory framework will require additional policy and financial support to achieve the intended scale.*

- Of the 41 announced e-SAF projects in Europe only 4 large scale projects are at an advanced development stage and none of these projects has reached a Final Investment Decision (FID) to date¹,
- The ReFuelEU review process needs to allow for regular updates, factoring in likely delays or cancellations of projects due to inherent first-mover risks. Investment decisions are currently stalled because projects depend on long-term offtake agreements with fixed pricing, which obligated parties are not able to absorb—particularly for first-of-a-kind projects. Entering 10+ year contracts would require commitments that deviate significantly from typical jet fuel market practices, which usually operate on short-term (around one-year) horizons. It would also lock these offtakers into a long-term cost disadvantage, as future projects are expected to deliver cheaper fuel in a few years; especially especially outside the EU, if energy prices within the EU remain at a higher level compared to non-EU countries².
- Effective implementation of the e-SAF sub-mandate requires first essential and targeted amendments to the current legislative framework. In particular, the ReFuelEU redelivery obligation must be removed. As it stands, the fine design does not provide a clear compliance buy-out benchmark. The redelivery obligation carries a significant and uncapped uncertainty for obligated parties under ReFuelEU. Due to its exponential nature, it undermines the development of a functioning e-SAF price signal. Establishing

¹ [202504_e-kerosene_report](#)

² https://commission.europa.eu/document/download/ec1409c1-d4b4-4882-8bdd-3519f86bbb92_en?filename=The%20future%20of%20European%20competitiveness%20In-depth%20analysis%20and%20recommendations_0.pdf

a clear and proportionate buy-out level is therefore indispensable to safeguard the stability of the European jet fuel market. Removing the redelivery obligation is key to eliminating structural supply risks and avoiding significant market disruption across Europe. Without this adjustment, any e-SAF support scheme cannot operate effectively.

- In Germany, a fine of 17,000 EUR/t E-SAF has been set for non-compliance with ReFuelEU requirements, significantly exceeding the minimum level outlined in ReFuelEU (EASA 2025 reference ~EUR 13,760/t e-SAF). It is unclear whether other member states will set comparable level of fines. Given the rapid, incremental increase in e-SAF quotas until 2040 and the need for rapid capacity expansion in technologies that have not yet been established on an industrial scale, it is likely that e-SAF will remain in short supply in the medium term. In such a context, the level of fines may influence market conditions and investment incentives. A comparatively high fine in Germany therefore risks distorting competition and undermining a level playing field, ultimately increasing costs for the German aviation industry relative to other Member States. **A cost-realistic design of the fines is therefore essential to avoid distortions of competition.**

The scheme should be carefully designed to strengthen long-term market scale-up and physical e-SAF supply, without disincentivising investment in supply chains and infrastructure. Key aspects to consider include:

- Public funding schemes, by design, cover only a limited share of total future market demand for e-SAF and therefore cannot alone establish a self-sustaining market ramp-up. ReFuelEU Aviation introduces a binding E-SAF sub-quota of 1.2% in 2030, creating mandatory demand beyond currently supported volumes. As long as only part of market volumes is subsidised, additional non-supported projects are required but obviously lack sufficient investment case at the moment. This creates a structural gap between supported and unsupported volumes and could delay further investment decisions. To address this, broader market-based financing mechanisms should be considered.
- A targeted, public-funded support scheme can help unlock first-of-a-kind e-SAF projects and accelerate initial physical supply for aviation decarbonisation. To be effective, support should be directed to credible, deliverable projects, while preserving robust commercial due diligence by obligated fuel suppliers. At the same time, the scheme should be designed to encourage market-based price discovery, ensuring that available public support is used efficiently to maximise project bankability and enable the largest possible number of projects to reach final investment decision.
- The funding scheme does not provide a structural solution to the competitive disadvantage faced by airlines with European hubs compared to non-European competitors. FEETS are limited in quantity, proportionally allocated, which effectively

reduces the ETS support for e-SAF and therefore cannot ensure a lasting cost offset. At the same time, it remains unclear how compensation will be structured after 2030. Consequently, reliable long-term offtake for e-SAF is needed, and a level playing field must be established.

- A clear, stable and investment-friendly regulatory framework with clear fine levels and no redelivery obligation is critical; without it, the e-SAF support scheme's effectiveness and overall delivery risk being undermined.

Do you have any concerns regarding the necessity of state aid to support the market ramp up of e-SAF in the EU?

- Experience so far has shown that mandates alone do not drive investment in the most capital intensive and less technologically mature SAF production pathways.
- Well designed state aid/government-backed mechanisms are currently essential at this stage of e-SAF market development. Current market conditions do not provide sufficient revenue certainty to unlock investment for first of a kind projects as these remain commercially unviable without government-backed long-term support mechanisms and demand visibility.
- State aid should be targeted, competitive, time-limited and limited to bridging the gap that the market cannot yet cover on its own. Aid should be designed to be bankable and capable of unlocking FID.
- The scheme should be developed consistently with ReFuelEU Aviation, EU ETS/MRR and RED implementation so that support does not create conflicting obligations or incentives.

Do you have any concerns that the e-SAF funding scheme could have significant market distorting effects within the EU?

- Considering that there is no market so far: Significant distortion is not inevitable if the scheme uses transparent award rules, clear eligibility requirements, monitoring and safeguards against overcompensation.
- If Germany adopts double-sided auctions, it remains highly unclear what other EU Member States will do in the early 2030s in the absence of e-SAF FIDs.

3.2 Auction design, timing and eligibility

Do you have any concerns regarding the envisaged general auction design of the e-SAF funding scheme, including the aid allocation process?

- The objective is supported, but a double-sided auction will work only if responsibilities, risks and interfaces are defined very clearly on both the producer and off-taker side.
- The design should clearly allocate transport, blending, certification, title/risk transfer and remedies in case of under-delivery.

POSITION

Date: 30. June 2026

- Participation must not expose obligated suppliers to unmanaged compliance and fine risks if supported projects deliver late or below contract volumes, especially to minimize technological, geographical or regulatory risks.

Do you have any concerns regarding the eligibility criteria at large? What should the eligibility criteria look like?

- Award decisions should not rely on price alone; deliverability, technology risk, feedstock security, execution capability, and qualitative criteria should also be considered in the selection process.
- Prioritize projects with a credible pathway to FID with already advanced stages in project lifecycle and timely delivery.
- Avoid unnecessary restrictions on supply chains (e.g. on intermediate imports) and clearly define what is permitted to reduce uncertainty.
- Possible cumulation with other support and the treatment of supported volumes under EU ETS / FEETS should be clarified upfront.
- A grandfathering clause should be implemented, securing projects against changes to sustainability criteria (such as strict regulatory requirements that producers, including green hydrogen electrolyzers, must meet to classify their electricity as 100% renewable or "green," as well as requirements regarding carbon sources).
- The question is more likely to be how e-SAF production in Europe can remain competitive in the long term, given that energy costs and economies of scale will dominate in a later market phase (without subsidies).
- Participation in sales auctions should be limited to ReFuelEU Aviation obligated parties only. This should include a company group ie. companies with a legal connection; not all of the national entities have blending capabilities
- The offtaker should be responsible for transport and logistics from a defined depot and depot to Union airport in Germany. This function should not sit with the producer, as it falls outside their core area of expertise.

Do you have any concerns about the application of resilience criteria?

- Resilience criteria can add value if they are objective, measurable and focused on supply chain diversification, technological robustness and contingency planning.
- They should not duplicate existing EU requirements or create disproportionate administrative burden.
- Extending ETS SAF allowances (FEETS) beyond 2030, including for e-SAF, should be a key priority.

Do you believe that the eligibility criteria allow for wide participation while ensuring project realisation?

POSITION

Date: 30. June 2026

- Prequalification criteria should be in place and measurable creating a level of ambition that increases reliability.
- Final contract awards should go only to projects that can credibly deliver contracted volumes and meet prequalification requirements in practice.

Do you have any concerns regarding the definition of the Point of Sale? _located within Germany at a nondiscriminatory location that ensures broad accessibility for eligible offtakers and facilitates efficient fuel logistics; e-SAF to be placed on German market._

- The Point of Sale should be non-discriminatory, operationally practical and compatible with aviation fuel logistics and sustainability certification.
- It should be clarified early whether there will be one or several Points of Sale in Germany and how broad access for obligated suppliers is ensured.
- Roles for transport, blending, stock management and chain-of-custody at or around the Point of Sale must be defined contractually from the outset.
- Germany benefits from multiple terminals, and market conditions are dynamic and evolving; therefore, successful bidders should retain full flexibility to determine the most appropriate location for placing the product within Germany. The point of sale should be defined at the level of Germany only, without further geographic restrictions.
- need to clarify the blending and storage of the synthetic blend components (SBC) in a terminal/depot - who interacts/contracts with this facility/these facilities?

Do you have any concerns regarding the envisaged timing of the e-SAF scheme (auction period, contract duration, delivery start)?

- The current timeline appears very challenging if the aim is to bring meaningful new e-SAF volumes to market by 2030.
- First-of-a-kind projects need time for FID, construction, commissioning and ramp-up, and contract design should reflect this operational reality.
- The scheme should explicitly account for delayed start-up and non-linear ramp-up in the first years of operation.

From the producer perspective, what is a reasonable period between HPA signing and first e-SAF delivery?

- A planning assumption of at least around five years between contract signing and first delivery appears reasonable for first-of-a-kind projects.
- Additional time for ramp-up after first delivery should be expected.

From an off-taker's perspective, does the proposed e-SAF scheme timeframe match your expected supply needs?

- Not fully. The proposed timeframe does not appear sufficient to ensure stable and material e-SAF availability already for 2030 and the early 2030s.

POSITION

Date: 30. June 2026

- Off-takers therefore need realistic assumptions on availability and some operational flexibility in the early years.

What should be the batch size for e-SAF sales, meaning how many tons of e-SAF should be auctioned in one HSA?

- Batch sizes should remain flexible, especially during start-up and ramp-up when actual output may deviate from nameplate capacity.
- Offered batch sizes might need to take the off-takers into account (large vs small fuel suppliers).
- Workshop/ simulation of an auction should take place in advance to address complexity in a liquid fuel market

How long should the duration of one HSA be? (For example, if one batch is 5000 t e-SAF, in a three-year contract the off-taker would receive 5000 t per year for three years).

- In the early market ramp-up, shorter HSA durations of around one to three years appear more workable.
- This better reflects evolving market prices, regulation and early production volatility.
- Inclusion of an explicit opt-out clause in the event of e-SAF regulatory changes, to minimise risk exposure for market participants.

Should there be a floor price for the HSA auctions? If so, what should the floor price ideally be?

- A floor price can support a level of investability and should be set at the nearest alternative compliance option.

3.3 Eligible product and geographic limitation

[Only RFNBO e-SAF projects will be eligible]. Do you have any concerns about this approach?

- A focus on RFNBO e-SAF is understandable if the purpose of the scheme is to specifically incentivise renewable synthetic aviation fuel.
- At the same time, this excludes some other fuels that may be eligible under ReFuelEU Aviation.
- Eligibility definitions should therefore remain stable and clear for early projects and investors.

Do you see any risks or opportunities associated with limiting the scheme to EEA produced e-SAF, and how might non-EEA imports interact with the market?

- An EEA scope can support European industrial development and security of supply in the early market ramp-up.

- At the same time, future non-EEA imports may become more price-competitive and should be considered in the support design.
- The scheme should be robust enough to address the impact of future import competition on supported assets over time.

3.4 Incentive effect and emission savings

Do you have comments on the incentive effect, necessity or proportionality of the e-SAF funding scheme?

- Aid should remain gap-based, targeted and proportionate: if market prices cover costs, no subsidy should be paid.
- Support can still be justified for early e-SAF projects because they serve climate, industrial and security-of-supply objectives while the market is immature.
- All public support elements should be transparent so that overcompensation is avoided.

Do you have comments on the main assumptions informing the quantification used to demonstrate the incentive effect, necessity and proportionality as in Table 1 and 2?

- The main assumptions and the calculation methodology should be transparent, consistent and fixed upfront.
- If supported volumes can also benefit from EU ETS / FEETS or other public support, that interaction should be reflected clearly in the assessment.
- Where different approaches to quantify avoided emissions exist, the chosen method should be stated explicitly and applied consistently.
- There are two potential approaches to calculate the effectiveness in tCO₂eq for the German market, as outlined below:
 - 1) Comparing the life-cycle GHG emissions of e-SAF (max 28,2 g CO₂eq/MJ) with the fossil fuel comparator of the RED (94 g CO₂eq/MJ) (well-to-wake). In the scenario above this would result in the following: 265.957 tons x (94-28,2)/94 g CO₂eq/MJ x 44 kg/MJ = 770.000t CO₂eq
 - 2) Zero rating of the GHG emissions per tonne of jet fuel burnt (t CO₂eq./t): 3.16 (not 3.15, as we believe is assumed in the table above), as laid out in the MRV for EU ETS [EUR-Lex - 02018R2066-20250527 - EN - EUR-Lex](#) for combustion emissions (tank-to-wake). In the scenario above, this would result in the following: 265,957 tons x 3.16 t CO₂eq/ton = 840,424 t CO₂eq.

Do you expect e-SAF production and consumption could reach cost covering levels without state support in the near future? If so, when?

- Not in the near term for first-of-a-kind projects. FOAK projects carry higher costs than future developments, making buyers reluctant to lock in long-term cost disadvantages. While tight market conditions can support these costs initially, a long market would shift the

POSITION

Date: 30. June 2026

burden of ensuring competitiveness to governments over the project lifetime. This underscores the importance of selecting projects that remain cost-competitive over time.

- Future competitiveness will depend in particular on renewable power costs, CO2 availability, technology learning and regulatory stability.
- The concern of a competition disadvantage of European Airlines with European hubs compared to others is not addressed.

The effectiveness of the e-SAF funding scheme will be evaluated, among others, based on the greenhouse gas emissions avoided. This reduction will be estimated based on a mass balance system in accordance with Article 30 of the Renewable Energy Directive and Article 19 of the Implementing Regulation 2022/996 of 14.06. 2022. Do you have any concerns regarding this approach?

- No fundamental concern, provided the approach is aligned with existing EU sustainability systems and uses clear chain-of-custody, auditing and fraud prevention rules.
- The approach should avoid duplicate reporting and should be harmonised as far as possible with RED, Union Database and national implementation systems.
- Harmonisation across the relevant EU and national systems is essential for credibility and practical implementation.

Not included in the consultation, but the following issues should be clarified:

- Confirmation that auctioned e-SAF counts toward **ReFuelEU minimum shares**.
- What happens if a producer starts late or **under-delivers** (HPA / HSA), how does the delay affect **offtaker RFEUA liabilities**?
- Who handles transport, blending and delivery to airport?
- Do offtakers need to demonstrate any blending capabilities (potentially multi-component blending) before being allowed to participate?
- What happens if there is **limited interest in the sales auction**?
- Whether supported SAF is eligible for **EU ETS zero rating / FEETS**?
Who owns and manages stock/certification at intermediate storage?
- What happens if support ends before the asset's economic life?