FuelsEurope
FUELLING EUROPE'S FUTURE

POSITION PAPER

Position Paper on the Sustainable Transport Investment Plan (STIP)

Brussels, 05/02/2026: **The Sustainable Transport Investment Plan (STIP)** sets the course for Europe's transport decarbonisation agenda, with Renewable and Low-Carbon Fuels at its core. If Europe wants to obtain significant emission reductions across all transport segments, it needs business-conducive, technology-neutral rules to further scale up Renewable and Low-Carbon Fuels production and import in the region.

European Fuel Manufacturers and suppliers provide the EU with affordable and reliable liquid fuels and products, including Renewable and Low-Carbon Fuels, which can play a vital role in achieving climate neutrality by 2050 if supported by an effective policy framework fostering energy security and an innovative, globally competitive industry rooted in the EU. Our industry is facing growing competition from third countries, against this backdrop, it is important for Europe to recognize the strategic value of the ongoing and already planned investments in the EU's refining ecosystem.

For an effective implementation of the STIP, and in view of the development of an industrial strategy for maritime and aviation, we call on the Commission to consider the following principles:

Addressing supply – demand imbalances in the SAF market

Through bio-SAF, **our members are on track to meet their current mandate (2025 – 2029) and even exceed 2030 targets**[1]. Despite policy and investment challenges, fuel producers have rapidly scaled SAF output and supply, and further matured the technology. We now urge regulatory clarity on implementation and reporting requirements, feedstock support, fair recognition of developed production capacity, and underline our support to decarbonising aviation and achieving EU climate goals.

Predictability in the regulatory framework is another key factor for investor confidence, that's why the EU should stay the course of aviation decarbonisation. But while de-risking measures can play a complementary role, **they cannot make up for the absence of robust market demand** for more mature technologies such as HEFA-SAF. To effectively mobilise available production capacity and trigger investments, **policy mechanisms should also aim to support strong demand and long-term investment signals**.

We need a market that adequately values Renewable and Low-Carbon Fuels over the long term to provide a compelling a business case to invest in decarbonisation at scale, which is currently insufficient in the EU. **Policymakers should therefore enact technology-neutral market policies driving demand for Renewable and Low-Carbon Fuels**.

SAF production capacity is not built overnight, as it needs to gradually expand following the increases in the ReFuelEU target levels. **Commissioning sufficient capacity in Europe to meet the early 2030s e-SAF mandates within the next five years will be challenging.** Moreover, first-of-a-kind e-SAF plants not only face financing challenges, but have significant technology (particularly technology integration) risks through their

[1]The current capacity of HEFA (today the most common bio-SAF) operated by FuelsEurope's members in the EU is about 1.5 million tonnes per year. An additional 2,4 million tonnes per year additional firm SAF capacity set to come in operation up to 2029. In comparison, the SAF needed to cover the 2% ReFuel EU mandate in 2025 is 1 mln tn/yr (already produced). The SAF needed to cover 6% mandate in 2030 is 2,7 mln tn/yr, and is expected to be met.

Av. des Nerviens 85
1040, Brussels | Belgium
T +32 (0)2 566 91 00

info@fuelseurope.eu
www.fuelseurope.eu

Transparency Register
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construction, commissioning, and start up windows. Start up dates and ramp up periods for these plants should not be expected to align with early-stage business cases. Targeted support and enabling regulatory conditions for highly capital-intensive e-SAF projects are needed to reduce investment risk and ensure long-term viability. In addition, given the current lack of available e-SAF, penalties for failing to comply with supply obligations under ReFuelEU Aviation risk exacerbating price volatility in the SAF market, up to a point where fuel suppliers may decide to exit the market. This could undermine efforts to accelerate SAF adoption, as fewer suppliers would reduce availability. Furthermore, we support a better design and alignment amongst Member States with regard to the structure of penalties, which should ensure market stability and encourage supply rather than introduce disproportionate risk.

Bridging the price gap between Sustainable Aviation & Maritime Fuel and conventional fuels: de-risking mechanisms.

Highly capital-intensive technologies require credible long-term market demand signals and targeted support. For lower TRL, first-of-a-kind, advanced biofuel and e-fuel plants, **de-risking measures are needed** to increase the chance of these projects to remain competitive throughout their lifetime.

Further SAF or SMF support through the EU ETS should not put under strain market liquidity for ETS sectors, which is expected to decrease. We therefore **oppose any measure that could have negative repercussions on the market liquidity for the industry** sectors under the EU ETS. While safeguarding ETS liquidity, the STIP should however enable predictable, ring-fenced recycling of ETS revenues to de-risk SAF and SMF investments in a technology-neutral way, complemented by a dedicated Innovation Fund window for e-SAF.

We understand that for nascent markets, including e-fuels, **de-risking mechanisms**, such as **contracts for difference, carbon contracts for difference (CfD or CCfD)**, or **double-sided auctions** where an intermediary takes charge of some of the commercial risk, will be developed with the support of the RLCF Alliance and broader input from relevant stakeholders. To this end:

- They should be designed in a way not to hamper or distort the market. Crucially, fuel suppliers should not be pressured into absorbing the cost disadvantage associated with first-of-a-kind plants via 10–20-year offtakes. Ensuring that buyers are able to buy e-SAF in short term contracts aligned with their business model; i.e. 1-3 years, will maximize the chances of success for the double-sided auctions.
- We support a harmonized pan-European framework, or a limited set of coordinated models aligned with European Commission initiatives, rather than fragmented jurisdictional approaches that dilute resources and reduce the overall impact of funding for e-SAF deployment.
- They should seek to bridge the capital cost premium of first-of-a-kind projects and increase their chance to remain competitive across their lifecycle. Government-backed intermediaries can further mitigate the perceived investment risk and help achieve Final Investment Decisions (FIDs).
- For what concerns SAF, double-sided auctions should support compliance with ReFuelEU Aviation mandates on fuel suppliers, which must have title of the product to obtain the sustainability documentation required to demonstrate compliance and ensure transparency in submitting official documentation to airlines. The double-sided auction mechanism should be open to all economic operators, including fuel suppliers, on a level-playing field.
- There should be clarity on the level and source of the funding required.
- They should follow the principles of transparency and chain of custody as required by the EU Voluntary Schemes.

Strengthening the Renewable Fuels Certification Framework

Biomass and feedstock availability is a key driver; in this context, clear guidelines for the definition and certification of new Annex IX feedstocks, such as crops grown on severely degraded land and intermediate crops, should be adopted as a matter of urgency. This is necessary to provide predictability for investors and adequate time-to-market to scale up production and meet EU targets. In parallel, to support the viability of investments in synthetic fuels, the legislator should extend the use of industrially captured CO2 beyond 2041 by at least 5 years.

In addition, the Union Database (UdB) is a critical tool for ensuring traceability and strengthening confidence in the certification system. However, its implementation currently faces significant challenges, and adoption by Member States is progressing slowly. The database should be extended to end uses (aviation and maritime) as soon as possible to enable a swift compliance process for operators and reinforcing the traceability along the value chain. Moreover, based on the lessons learnt from this first phase of implementation, it should be granted adequate time for economic operators to adapt to the system.

Without decisive action, Europe faces the erosion of its industrial base, the loss of highly qualified jobs and, above all, the weakening of its capacity to achieve climate goals. We stand ready to support the European Commission to strengthen this fundamental pillar of Europe's decarbonisation agenda.

FuelsEurope, the voice of the European fuel manufacturing industry. FuelsEurope represents, within the EU institutions, the interest of 39 companies manufacturing and distributing conventional and renewable fuels and products for mobility, energy & feedstocks for industrial value chains in the EU.

Contact : Alain Mathuren
T +32 2 566 91 19
F +32 2 566 91 11
alain.mathuren@fuelseurope.eu
www.fuelseurope.eu