aireg Aviation Initiative for Renewable Energy in Germany e.V.

Position of aireg – Aviation Initiative for Renewable Energy in Germany e.V.

on the European Commission proposal to the review of EU emissions trading system for maritime, aviation and stationary installations, and market stability reserve

As of: 3 November 2026

The Aviation Initiative for Renewable Energy in Germany e.V. (aireg) regards the EU Emissions Trading System (EU ETS) as one of the central building blocks for climate protection in aviation and for the market ramp-up of sustainable aviation fuels (SAF). The current revision of the EU ETS should be used to further develop the legal framework for climate-neutral aviation and to adapt it to market realities, scientific findings and climate policy requirements.

aireg considers that the proposal presented by the Commission contains positive approaches to eliminating regulatory weaknesses, including regulation-induced distortions of competition. However, the intended extension of the scope entails an additional burden for airlines. As a matter of principle, revenues from the ETS must be used in a targeted manner to reduce the price differential between fossil kerosene and SAF to a meaningful extent and, by supporting long-term offtake agreements, to enable the build-up of production capacity (earmarking).

1. Extension of the scope

In 2012, the European Commission used the *Stop the Clock* instrument to ensure that flights departing from or landing outside the EEA are not covered by the EU ETS. This was also done in view of the application of CORSIA. This suspension has been extended several times. aireg considers it right not to proceed with the originally envisaged extension to all flights departing from the EEA, as the EU's expectation that other countries and regions would implement similar emissions trading systems, thereby creating a "level playing field" for aviation, has not been fulfilled. However, aireg also considers that the Commission's proposal to extend the scope of the EU ETS to all flights departing from the EEA and landing within a 5,000 km radius of Frankfurt Airport would place a considerable burden on European airlines. Although the proposal may help to reduce carbon leakage, the substantial additional costs could result in competitive disadvantages at global level. It must be ensured that the expected revenues are earmarked for the defossilisation of aviation and for the market ramp-up of SAF. It is imperative that these revenues benefit the aviation industry and relieve it of additional costs.

Even without an extension of the scope, rising prices for CO_2 emissions are leading to considerable additional costs. This must not be lost sight of and must, where necessary, lead to limitations.

2. SAF allowances

SAF allowances have already proven that they can effectively strengthen the market ramp-up of SAF. For airlines, they are a decisive instrument for creating investment incentives for the purchase of SAF and for making the resulting cost burden economically viable. It is important to emphasise, however, that

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while SAF allowances help airlines to finance the market ramp-up of SAF, further supporting instruments are needed for final investment decisions in the field of eSAF and for the ramp-up of advanced biofuels.

The draft presented provides for support for the use of non-advanced biofuels through SAF allowances to be phased out from 2030. While aireg understands the reduction in coverage rates proposed in the draft, the initiative considers that phasing out support for non-advanced biofuels entirely does not reflect market conditions and calls for support for these fuels to continue at 30% of the remaining cost difference beyond 2029. The use of these fuels will still require support in the early 2030s, particularly in view of the increase in the ReFuelEU Aviation blending mandate in 2030. The draft provides for support to be differentiated from that for advanced biofuels.

In addition, aireg advocates the proposed expansion of the SAF allowance instrument and attaches great importance to, and explicitly supports, the following proposals in the draft:

- The additional reservation of 110 million SAF allowances until 31 December 2040 is a step in the right direction. However, it should be examined whether a significantly larger number of SAF allowances can be made available. The projected EU ETS revenues from aviation leave sufficient scope for this (earmarking). At the same time, it must be ensured that there is no supply gap between the current 20 million SAF allowances running out in the course of 2028, which is a realistic possibility, and the availability of the additional SAF allowances from 2029. Furthermore, a specific quantity of allowances should be explicitly reserved for supporting RFNBOs in order to prevent supply uncertainties in RFNBO production and offtake.
- The option of reserving SAF allowances for RFNBOs and renewable electricity by concluding binding multi-year offtake agreements, in order to support early movers in concluding long-term offtake agreements. aireg explicitly supports extending the maximum reservation period to 10 years; however, care should be taken in the design to avoid overlaps with other instruments.
- The eligibility of SAF to be claimed under the EU ETS on all flights departing within and from the EEA from 2029. The proportionality factor for airlines should be abolished, as long as physical delivery at the respective airport remains a basic prerequisite for the claim.
- Support through SAF allowances for SAF produced in the EEA, in third countries with an emissions trading system linked to the EU ETS or in countries with an EU climate cooperation agreement should also cover SAF from countries that are deemed equivalent to EU origin under the proposal for the Industrial Accelerator Act (e.g. third countries that have a free trade agreement with the EU).
- The additional 10% coverage of the price differential for fuels made from feedstocks of EU origin should be retained and extended to support for all types of SAF. The text should be amended so that this additional support for SAF is only granted if the entire feedstock value chain, up to and including fuel production, takes place in the EU.
- The review planned for 2032 regarding the successful implementation of CORSIA in key aviation countries. If the CORSIA system has developed to the point where it delivers effective climate protection and contributes to supporting sustainable energy in aviation, a preference for CORSIA over extending the scope of the EU ETS beyond the EEA should be discussed.

As a general principle, it should be ensured that the ETS rules on the eligibility of and support for SAF with regard to its origin are consistent with other EU regulations and that, where necessary, it is possible to respond flexibly to market shortages.

The following point should be amended:

- The proposed continuation of preferential treatment for SAF at airports situated on islands smaller than 10 000 km^2 and with no road or rail link with the mainland and at airports located in an outermost region, in the form of a coverage rate for the additional costs relative to fossil kerosene ("island privilege"), should be abolished. Because of the transport routes involved, this rule may result in SAF use having a poorer climate impact – moreover, it reduces the volumes of SAF that can be supported.

3. CO_2 storage (CCS), utilisation (CCU) and removal (CDR)

The storage and utilisation of CO_2 are of crucial importance for Europe's transition to clean energy, as they enable both credits for permanent CO_2 removal for hard-to-abate emissions and a circular economy for CO_2. Against this background, aireg welcomes the inclusion of emissions from municipal waste incineration plants in the EU Emissions Trading System. This expands the pool of eligible CO_2 for the production of RFNBO-compliant and low-carbon fuels. Furthermore, aireg welcomes the limited integration of permanent carbon removals into the EU ETS as a significant conceptual step towards stimulating the market for permanent carbon removals. The availability of CO_2 sources is an essential prerequisite for the build-up of industrial eSAF production.

About aireg e.V.:

aireg - Aviation Initiative for Renewable Energy in Germany e.V. was founded in 2011 as an association of companies and organizations from the sectors of industry, research and science. As a non-profit initiative, aireg advocates for the availability and use of renewable energies in aviation in order to achieve the aviation industry's ambitious CO_2 reduction targets. Members come from all sectors of the aviation renewable energy value chain: This includes research at universities and major research institutions, equipment manufacturers and operators, biorefineries, the petroleum industry, propulsion and aircraft manufacturers, governmental organizations, non-governmental organizations and airports, as well as airlines. Industrial members internationally cover the range from start-ups to large corporations.

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