Recommendations to the pool for green transition

Meeting with Climate Minister Lars Aagaard 12 september 2024

1 Overall recommendations

LOW AROMATIC RECOMMENDATIONS

The Climate Partnership for Aviation encourages the Government to:

1. Initiate a **study that investigates how to create a feasible supply chain of low aromatic jet fuel**. App. 5 million DKK is allocated to the study.

2. Based on the findings from the study, app. **135 million DKK is reserved to be allocated to reducing the aromatic content in jet fuel from Danish airports over the period from 2027-2033** – or as soon as it is technically feasible according to the study,

3. And at the same time that Denmark **takes the lead in the EU** to pave the way for legislation that secures that the aromatic content of fossil jet fuel distributed to EU and EØS airports will be gradually lowered to reach a level of i.e. 8 percent in 2033.

SAF RECOMMENDATIONS

The Climate Partnership for Aviation encourages the Government to:

1. **Support the establishment of a Danish production of SAF** to boost the green transition of the aviation sector and to follow the government's ambitious targets for green domestic aviation and for Denmark as a green frontrunner nation,

2. **By establishing a pool of 987 million DKK for SAF production** based on criteria that potentially leads to a Danish production of SAF preferably with a Danish value chain and key actors,

3. **Thereby de-risking relevant SAF projects in Denmark** by engaging in risk sharing with central actors in the value chain.

Underlying assumption that if the supply chain challenges for low aromatic fuel proves to be too high or difficult to realise, the residual funds will be transferred to the SAF-initiative.

Regeringens klimapartnerskaber
Partnerskab for luftfart

2 Recommendation - low aromatic jetfuel

SUMMARY

It is evident that low-aromatics deliver **very positive outlooks on reductions of non-CO2 effects** in the atmosphere as well as on **particle emissions on ground level**.

Denmark potentially has a unique position to promote low aromatic jet fuel by investigating how to overcome the supply chain difficulties and over a period reducing the aromatic content of jet fuel.

Despite the positive outlooks, a **separate Danish supply chain to Danish airports and airlines is challenging to establish.** The challenges for a Danish stand-alone supply chain is mainly a result of the disturbance of current supply chains, airline procurement strategies and relatively low total volume.

From an overall perspective it is clear that the **way forward also must be based on an EU/EØS-based solution** with volumes that can overcome the fairly complicated supply chain issues. Denmark can take the lead on a legislative procedure as well as by demonstrating in real life that it is possible to overcome the supply chain challenges.

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3 Recommendation – sustainable aviation fuel

SUMMARY

Denmark has very fruitful conditions for establishing a production of SAF (e-SAF and advanced bio-SAF). As a green frontrunner nation, Denmark should **support production of SAF in Denmark**, which in turn will push forward the green transition of the aviation sector as well as creating green jobs, know how and growth in Denmark.

This will require a shift in the current political focus om carbon capture and storage (CCS) to an **equal focus on carbon capture and usage (CCU)**.

Across Europe several projects (50+) on producing SAF are struggling to get financial investments decision. Main reason is that airlines cannot agree to 15 year+ agreements on fuel which producers typically must have to secure their investment.

To close the gap between producers and buyers, **the risk profile must be changed in order to secure an acceptable level of risk for all actors in the supply chain**. This calls for government involvement.

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3 Recommendation – sustainable aviation fuel
Potential criteria for the SAF pool

- Must be produced in Denmark. Preferably with a Danish supply chain and be supplied to Danish airports (ideally) in line with current state aid regulations
- Applicants should preferably represent the entire value chain – consortium of producers, suppliers and buyers
  - Tender could set targets for number of flights or flown kilometers to "force" the value chain together
- Requirements to the sustainability of the SAF
  - Must support development and production of SAF
  - In line with EU definitions of SAF in RefuelEU Aviation and Renewable Energy Directive II for RFNBO and CO2
- Industrial production plants (scalable production) based on well-known technology.
- Funds cannot be distributed to cover costs to fulfil requirements in RefuelEU Aviation or other regulation. Must be in addition to current regulation
- Specify a given production volume
- Applicants must specify and document how they need the government to de-risk their project
- Must specify a given market price over time at a certain production volume
- Take into consideration connections to other relevant sectors – i.e., biogas sector or agricultural sector
- Set limits for funding for each project application
- Should be technology neutral in terms of production technology. It must be up to the applicant to demonstrate that their production technology can produce a certain amount of SAF and offset CO2
- Could consider upgrading surrounding infrastructures – (CO2, hydrogen etc.)