

Subject: Reinforcing the ETS SMAP to guarantee long-term shipping decarbonisation

Dear Mr. Liese, Ms. Corrado, Ms. Wiesner, Mr. Bloss, Ms. Anderson,

The SMAP mechanism introduced under the ETS represents an opportunity to help the maritime sector to transition towards clean fuels and propulsion technologies, and strengthen Europe's industrial leadership. With an estimated support of €15 billion between 2028 and 2040, such a mechanism could encourage shipping companies to use green e-fuels, which will need to be scaled up in this period to meet long-term decarbonisation targets. The European Commission's Sustainable Transport Investment Plan ([STIP](#)) mentions that in less than a decade, 4.6 million tonnes of e-fuels could be needed to reach [FuelEU](#) targets.

A high price difference coverage in favour of e-fuels compared to other alternative fuels under SMAP is a welcome step, but is unlikely to be sufficient in itself to ensure a genuine move towards e-fuels. Because of the capital-intensive nature of e-fuels production, these projects will require producers to enter long-term offtake agreements with companies in order to secure investment. The current SMAP proposal is unlikely to provide sufficient support to this process. While some alternative fuels and zero-emissions propulsion technologies have a role to play in reducing maritime GHG emissions, SMAP should be used primarily to reward long-term e-fuel use, rather than short-term fuel and propulsion technological options which may already be incentivised under existing legislation.

As negotiations on the ETS file continue, we encourage you to include following changes to SMAP to ensure the mechanism drives investments in genuine long-term e-fuel options:

1. **Earmark a significant portion of the SMAP allowances to e-fuels:** This would ensure that the SMAP mechanism is used to assist long-term decarbonisation e-fuel options, including some produced in Europe, and does not only subsidise short-term solutions already available on the market.
2. **Include a book-in-advance mechanism applicable to e-fuels:** In the absence of guaranteed price support, shipping companies are unlikely to sign long-term offtake agreements with e-fuel producers. A book-in-advance mechanism would improve the bankability of e-fuels projects, the vast majority of which remain at pre-FID stage. Such a mechanism has already been introduced under the SAF Allowance proposal.

Yours sincerely,

