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Subject: Safeguarding the integrity of EU synthetic fuels targets under ReFuelEU Aviation and FuelEU Maritime

We, the undersigned, are writing to express our concern regarding the ongoing pressure to allow electrolytic hydrogen used as an intermediate processing input in biofuel production to be counted towards the dedicated e-SAF supply obligation under Regulation (EU) 2023/2405 (ReFuelEU Aviation).

While this accounting trick is currently primarily being pushed to bypass the ReFuelEU e-SAF targets, **its approval would establish a dangerous regulatory precedent across the entire EU transport framework.** If this interpretation prevails, electrolytic hydrogen used in processes like HEFA/HVO hydrotreatment would generate a synthetic fuel share in resulting biofuel outputs. This would allow existing biofuel refiners to claim they are delivering e-fuels, without building new synthetic fuel plants.

Since the adoption of ReFuelEU in 2023, aviation fuel suppliers have had clear regulatory signals and ample time to prepare for the entry into force of the e-SAF sub-mandate in 2030. Yet, rather than investing sufficiently in genuine e-SAF capacity, some are now seeking an accounting route based on existing or already-planned biofuel facilities.

This risks rewarding inaction and allowing incumbent suppliers to capture additional profits from existing assets. The fuel volumes produced via this new “e-HEFA” compliance route could potentially be sold just below the price of genuine e-SAF while benefiting from substantially lower production costs, allowing suppliers to capture disproportionate economic margins without delivering genuine synthetic fuel capacity nor offering SAF volumes at significantly lower transactional prices that those of genuine e-SAF.

T&E analysis reveals that this "e-HEFA" workaround could displace up to **50% of the 2030-2031 e-SAF targets** and **25% of the 2032-2034 targets**.

For shipping e-fuel producers, this precedent is also a threat. While Regulation (EU) 2023/1805 (FuelEU Maritime) does not have an RFNBO target today, a 2% uptake will be required from 2034. **If Delegated Act (EU) 2023/1185 is not fixed now, the exact same loophole risks diluting the future maritime e-fuel target before it even takes effect.**

This new compliance pathway risks displacing demand for genuine aviation and shipping e-fuels. Obligated entities will have less commercial incentive to enter into the long-term off-take contracts required to finance genuine e-SAF facilities and reach Final Investment Decision (FID). In turn, **the overall e-SAF offer will be reduced, which is likely to keep prices up.** Furthermore, allowing this workaround introduces regulatory instability, signaling to market actors that EU rules can be diluted retroactively and opening a Pandora's box that permanently erodes trust in the long-term predictability of the EU regulatory framework. **It could put at risk the pipeline of around 40 industrial-scale European e-SAF projects, and 69 e-fuels projects that could deliver to the maritime sector,** permanently damaging European technological leadership and forcing the EU to import foreign synthetic fuels to meet future mandates.

This would also contradict recent policy announcements. The EU is developing support mechanisms specifically intended to enable genuine e-SAF and e-SMF production, including pilot double-sided auctions under the Early Movers Coalition and a revision of the Emissions Trading System (ETS) SAF allowances that shifts support away from conventional biofuels.

The ReFuelEU e-SAF sub-mandate and FuelEU Maritime's RFNBO incentives were designed to diversify aviation and shipping fuel supply beyond constrained biogenic resources by accelerating the uptake of synthetic fuels, which offer a more scalable and sustainable alternative. Renewable hydrogen used to reduce the carbon intensity of biofuels can provide genuine climate benefits and is rightly incentivised under Directive (EU) 2018/2001. However, **the proposed compliance route remains dependent on limited waste oils and fats and intermediate crops, most of which is imported.** Counting renewable hydrogen used as an intermediate input in biofuels production towards the e-SAF targets would deepen our dependency to biomass imports, blur the distinction between biogenic and synthetic pathways and risk meeting the e-SAF target on paper without delivering the new synthetic fuel capacity that the EU's policy framework was designed to stimulate.

This concern relates to the use of renewable hydrogen as an intermediate input, i.e. a processing reagent. It does not concern processes in which renewable hydrogen is a synthesis co-feedstock, chemically incorporated into the fuel alongside a carbon source, where the resulting synthetic share reflects genuine additional synthetic fuel capacity.

Unlike the Low-Carbon fuels production framework, the current RFNBO production framework does not clearly exclude RFNBO used as intermediate input in the production of biofuel from contributing to the RFNBO share attributed to the final fuel. We therefore call on the European Commission and Member States to:

- **Rectify the regulatory paradox in Delegated Act 2023/1185 by applying the Commission's already-established position from the Low-Carbon Fuels (LCF) delegated acts.** The Commission recently and definitively ruled in Delegated Regulation (EU) 2025/2359 that "RFNBOs used as intermediate products for the production of conventional fuels **and biofuels** are not considered" when calculating final LCF output shares. We call on the Commission to correct the lack of coherence in DA 2023/1185 by integrating this exact exclusion, ensuring that the same industrial processes are not subject to contradictory accounting rules.

- **Uphold the dedicated e-SAF sub-target in ReFuelEU Aviation** and protect the future regulatory integrity of upcoming FuelEU Maritime target revisions against accounting workarounds, while accelerating the deployment of revenue certainty mechanisms.

We thank you for your attention and remain available to discuss this matter further in a follow-up meeting.