

The logo for ACI Europe is a light blue square containing the letters 'ACI' in a large, white, serif font. Below the letters, the word 'EUROPE' is written in a smaller, white, sans-serif font. A white curved line sweeps across the logo from the bottom left towards the top right.

ACI EUROPE POSITION

EC Fit for 55 package

**AIRPORTS COUNCIL
INTERNATIONAL**

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Executive Summary

With the Fit for 55 package, the European Commission has initiated one of the major policy transformations in the history of the European Union, reflecting the need for stepped up, urgent action to limit global warming, in line with the EU climate goals for 2030 and 2050. ACI EUROPE supports this ambition and acknowledges that all economic sectors, including the hard-to-abate ones like aviation, will have to contribute to materialise it. The scale of the challenge is unprecedented - however both the European airport industry and the broader aviation sector are committed to accelerate decarbonisation in line with climate science and the political and societal expectations. This has been demonstrated by airports' long-standing engagement in *Airport Carbon Accreditation*, their commitment to Net Zero CO₂ emissions from their own operations, as well as the Destination 2050 project – which sets out a pathway to Net Zero CO₂ from all flights departing EU/UK/EFTA airports by 2050. Destination 2050 also concludes that reaching this goal is likely to limit the growth of European air transport due to the costs of decarbonisation. But effectively reaching Net Zero CO₂ is the only way for aviation to maintain its social relevance and business continuity.

The Fit for 55 package is in line with the industry's ambitions on many aspects, and **ACI EUROPE welcomes several of the proposed measures**, in particular:

- The introduction of an **EU-wide mandate for the provision of Sustainable Aviation Fuels (SAF)**, with a specific focus on synthetic fuels.
- The introduction of **targets for the supply of electricity to stationary aircraft** at airports, reflecting the need to broadly deploy decarbonisation solutions already available on the market today.
- The tightened emissions cap under the **EU Emissions Trading System (ETS)**, including for aviation, as well as the continued application of the ETS on intra-European flights, and the introduction of **CORSIA** on extra-European flights.

At the same time, ACI EUROPE believes that the proposed policies can be further refined, so as to:

- **Correctly reflect the different roles and responsibilities within the air transport ecosystem when defining targets and obligations:** it must be recognised that airport operators are not controlling all activities taking place within their perimeter. The related responsibilities and governance vary from airport to airport. This means that airport operators cannot be made responsible for the provision of jet fuel infrastructure – as they are not owning nor operating it in most cases today. When it comes to the supply of electricity to stationary aircraft, in addition to airport operators, this also involves ground handling companies.
- **Ensure cost- and emissions-effective achievement of targets:**
 - For smaller airports with less than 10,000 scheduled aircraft movements per year (roughly 3% of air passenger traffic in the TEN-T core and comprehensive networks)¹, adjusting infrastructure so as to enable the supply of electricity to aircraft will require investments whose scale is

¹ Based on 2019 traffic volumes

likely to exceed the associated CO₂ emissions reductions. We therefore recommend excluding them from the scope of related targets.

- Aiming to physically supply SAF to all EU airports² as of 2030 (instead of ensuring compliance at the EU level as foreseen by the transitional period in 2025-2029) is likely to entail additional costs - and potentially CO₂ emissions - due to infrastructure and logistics requirements upstream the airport. It will be critical to explore how flexibility in the physical SAF supply chains can be ensured beyond the transitional period, while still promoting the development of SAF production capabilities in a diversified manner across all Member States.
- **Assess and address risks of competitive distortion:** the introduction of SAF mandates as well as the continued application of the ETS on flights within Europe are likely to entail competitive distortion between EU and non-EU hubs for flights to destinations outside the EU – due to projected higher fuel costs at EU hubs arising from the use of SAF and costs of ETS compliance. This could also lead to carbon leakage, with flights through non-EU hubs potentially generating higher CO₂ emissions. This risk should be further assessed, and mitigation mechanisms explored, however without compromising the overall ambition of the proposed SAF and ETS policy framework.
- **Ensure alignment with Destination 2050:** this will help create clear signals for the industry to support its investments into the development and deployment of new technologies, infrastructure and operations. This means increasing the proposed SAF mandate level for 2030 from 5% to 6%, and as of 2030, supplying stationary aircraft only with electricity that does not generate any direct CO₂ emissions on the airport site. With regard to the ETS, the timeline for the phase-out of free allowances to aviation should be extended from 2027 to 2030.
- **Ensure access to financing sources:** aviation decarbonisation requires substantial investments across the whole air transport ecosystem. This is particularly challenging for a sector that has been one of the hardest hit by the COVID-19 crisis. For airport operators, the COVID-19 is currently leading to an investment crunch for the next five to ten years, severely limiting their ability to invest into climate action. In such a context, public funding will be crucial to complement the private investment efforts of the industry. Activities supporting aviation decarbonisation should be included into the EU Taxonomy for sustainable activities, facilitating the sector's access to private finance. Revenues raised from the sector through e.g., carbon pricing, should be fully re-invested into its decarbonisation.

ACI EUROPE is convinced that a refined Fit for 55 package will help aviation provide a fair contribution to the decarbonisation of EU's economy, while still enabling it to offer social and economic benefits that are highly valued by European citizens and indispensable for the overall sustainable economic development of the continent.

² With less than 1,000,000 passengers/100,000 tonnes cargo per year

Introduction

The EU has introduced a new climate goal for 2030 – minus 55% net greenhouse gas (GHG) emissions compared to 1990 (down from minus 40% under the previous target). To align EU policies with this objective, which is enshrined in the EU Climate Law and thus legally binding, the European Commission issued a major legislative package on 14 July 2021, “Fit for 55”. This package includes several files of relevance to airports and aviation. This initiative is particularly important in the light of latest climate science, as the focus of global climate action is increasingly shifting from 2050 to 2030.

European airports have been active in decarbonisation for decades. Supported by the *Airport Carbon Accreditation* programme, launched by ACI EUROPE in 2009,³ they have been reducing carbon emissions from their own operations and also increasingly working with their stakeholders to reduce the carbon footprint of the broader airport system. In June 2019, the European airport industry committed to reach Net Zero Carbon emissions at the latest by 2050. 242 airports have individually joined this commitment, with 94 of them set to achieve the target by 2030 – including 10 airports that have already successfully done so. In November 2020, in spite of the COVID-19 pandemic and its dramatic impacts on air transport, ACI EUROPE introduced two new accreditation levels into *Airport Carbon Accreditation*, aligning its ambition with the objectives of the Paris Agreement.

Europe’s airports have also been actively advocating for the European air transport system to significantly step up its climate ambition. This has been achieved through *Destination 2050 – A route to net zero European aviation*, a joint initiative between ACI EUROPE, A4E, ASD, CANSO and ERA, built on independent research by the Royal Netherlands Aerospace Centre (NLR) and SEO Amsterdam Economics.⁴ Released in February 2021, Destination 2050 outlines a pathway through which all flights departing the EU/UK/EFTA can reach Net Zero CO₂ emissions by 2050 – thus also ensuring alignment with the Paris Agreement and the European Green Deal.

Against this background, ACI EUROPE strongly supports the ambition of the European Commission to introduce a major policy revamp through the Fit for 55 package, enabling the achievement of the Union’s new climate targets. With this Position Paper, ACI EUROPE provides its assessment of the key Fit for 55 components of relevance to airports and aviation, and offers suggestions for improvements. It focuses on the following proposals of relevance to airports:

- Revision of the **Alternative Fuels Infrastructure Directive** - introduction of targets for electricity supply to stationary aircraft at airports, and deployment plans for airport infrastructure to accommodate new aircraft energy systems.
- **ReFuel EU Aviation** - proposal for an EU-wide mandate to supply Sustainable Aviation Fuels (SAF).
- **Revision of the EU Emissions Trading System (ETS) and implementation of CORSIA.**
- **Revision of the Energy Taxation Directive (ETD).**

³ www.airportco2.org

⁴ www.destination2050.eu

1. General comments

- 1.1. ACI EUROPE supports the new EU climate goals for 2030 and 2050, and recognises that all economic sectors have to contribute to them. For aviation, this implies a **fundamental transformation across the whole eco-system**.
- 1.2. To enable such a transformation, joint and coordinated efforts between the industry and policymakers will be critical. Therefore, **it is crucial that the Fit for 55 package is consistent and aligned with Destination 2050**. This is already the case for several elements of the package, but can be enhanced for others. This is essential to create clear signals for the industry to support its investments into the development and deployment of new technologies, infrastructure and operations.
- 1.3. As specified by the EU Sustainable and Smart Mobility Strategy, transport needs to remain affordable and accessible to all citizens. Therefore, climate policy needs to be defined in such a manner that it does not compromise the broader sustainability of aviation, and enables the sector to continue providing social and economic benefits to European societies. In particular, it must be remembered that air transport is pivotal for territorial cohesion across the EU – in many cases, it is the only means to connect a region and its citizens to the globalised world economy (especially for islands or regions difficult to access - e.g. parts of Scandinavia). A modal shift is not an option for such regions.
- 1.4. To further refine the Fit for 55 package, it is important to complement the individual impact assessments accompanying the Commission proposals by a **comprehensive, quantified impact assessment**, so as to identify their **combined effects** on the aviation sector – both in terms of CO₂ emissions and economic impacts. Such an analysis will help investigate whether the additional costs entailed by the proposed measures are proportionate to the associated emissions reduction potential.
- 1.5. Aviation decarbonisation will require substantial investments across the whole air transport ecosystem. This is particularly challenging for a sector that has been one of the hardest hit by the COVID-19 crisis. For airport operators, the COVID-19 is currently leading to an investment crunch for the next five to ten years, severely limiting their ability to invest into climate action. In such a context, public funding will be crucial to complement the private investment efforts of the industry. Activities supporting aviation decarbonisation should be included into the EU Taxonomy for sustainable activities, facilitating the sector's access to private finance. Revenues raised from the sector through e.g., carbon pricing, should be fully re-invested into its decarbonisation.

2. Revision of the Alternative Fuels Infrastructure Directive

Key contents of the proposal of relevance to airports

- Targets for **electricity provision to stationary aircraft**:
 - o As of 1 January **2025**: electricity provision to stationary aircraft to be available at all **gates**.
 - o As of 1 January **2030**: electricity provision to stationary aircraft to be available at all **remote stands**.
 - o Until 1 January 2030, diesel-powered GPU are allowed; as of 1 January **2030, eligibility is restricted** to electricity sourced directly from the grid or produced on-site as renewable energy.
- National long term decarbonisation strategies to include **deployment plans for airport infrastructure to enable hydrogen-powered and electrified aircraft operations**.

2.1. Electricity provision to aircraft on stand helps reduce the burning of kerosene by aircraft Auxiliary Power Units (APUs). ACI EUROPE therefore **supports the introduction of targets for electricity supply** to stationary aircraft – related technologies already exist, and their deployment should be promoted.

2.2. Depending on the technology used, **airport operators are not the only stakeholder to ensure compliance** with the target. While airport operators usually provide fixed electrical ground power to aircraft, ground handling companies in most cases operate mobile Ground Power Units (GPUs) which may be leased from dedicated suppliers.

2.3. To ensure the highest sustainability benefits from the provision of electricity to stationary aircraft, ACI EUROPE **proposes a stronger incentive** to make use of already existing and emerging technologies allowing the provision of electricity without generating any direct CO₂ emissions on the airport site.

Apart from fixed electrical ground power units, those can be **electrical or hydrogen-powered GPUs**, as well as possibly other future solutions. In addition to reducing CO₂ emissions, their deployment helps improve air quality by also reducing local pollutant emissions.

We therefore recommend amending Article 12, paragraph 2. in such a manner that the **provision of electricity to stationary aircraft does not entail any direct CO₂ emissions on the airport site**. This would also be in line with Destination 2050, which for APU substitution relies only on the implementation of fixed electrical ground power units and electrical GPUs.

To support achievement of such a more ambitious target, the acquisition, operation and maintenance of such zero direct CO₂ emissions equipment,

as well as the provision of related ground infrastructure should be included into the EU Taxonomy for sustainable investments.

- 2.4.** In a similar vein, it is important to recognise that the benefits of using grid electricity highly depend on the source of that electricity. It is thus **critical that a high level of grid decarbonisation is pursued by Member States**, in line with the Renewable Energy Directive.
- 2.5.** On average, APUs are estimated to account for 1% of fuel burned during a flight. Given that for some operations, such as the main engine start, APU use is unavoidable, and that many European airports already provide electricity to aircraft on stand, the EU-wide CO₂ emissions reduction potential of the proposed targets can be estimated to overall 0.3% (as per Destination 2050).

Against this background, we advocate for a **de minimis threshold to exclude airports with less than 10,000 scheduled aircraft movements per year** from the scope of the target, as the costs of acquiring and operating related equipment are likely to exceed the associated emissions reduction potential at these airports. The airports concerned are mostly situated in peripheral regions and thus only serving a small number of short-haul flights with medium or small size aircraft. Based on 2019 traffic data, they only account for 16% of the passenger traffic in the TEN-T comprehensive network. That's roughly 3% of the passenger traffic within the TEN-T core and comprehensive networks taken together. A de minimis threshold of 10,000 scheduled aircraft movements would thus still allow covering 97% of the air passenger traffic within the TEN-T networks by the obligation to provide electricity to stationary aircraft.

- 2.6.** ACI EUROPE **welcomes the proposal for Member States to develop deployment plans** for infrastructure for hydrogen-powered and electrified aircraft operations (Article 13, paragraph 1 (l)).

It is important to support airport operators in preparing infrastructure and operations accordingly as early as possible, bearing in mind that airport infrastructure is built for decades – new projects launched today should ideally already anticipate the needs of future aircraft and be designed with tomorrow's energy demands in mind. Access to financing mechanisms, including public funding, will be instrumental in achieving this objective.

3. Regulation on ensuring a level playing field for sustainable air transport (ReFuel EU Aviation)

Key contents of the proposal of relevance to airports

- **Obligation on fuel suppliers** to supply the following SAF shares:

	2025	2030	2035	2040	2045	2050
All SAF vs. total fuel supply	2%	5%	20%	32%	38%	63%
Synthetic fuels vs. total fuel supply	NA	0.7%	5%	8%	11%	28%

- Mandate to be met **at every EU airport** with more than 1 mio pax/100,000 t cargo per year as of 2030; between 2025 and end 2029 compliance can be demonstrated at the aggregated, EU level.
- **Obligation on aircraft operators** to uplift at least 90% of total fuel required at EU airports.
- **Obligation on airport operators** to provide the necessary fuel supply infrastructure.

3.1. ACI EUROPE **supports the overall ambition level** of the proposed mandates, recognising that they are broadly in line with the projections on SAF availability included in Destination 2050.

Based on the latter, we however **recommend increasing the SAF mandate for 2030 from minimum 5% to 6%.**

3.2. ACI EUROPE **supports the principle of dedicated sub-targets for synthetic fuels**, as these fuels have the highest sustainability potential if produced from green hydrogen and electricity and do not have the same limitations in terms of feedstock availability as biofuels.

3.3. ACI EUROPE **does not support the provision according to which Union airports shall be responsible for the provision of infrastructure for the delivery, storage and uplifting of SAF** for two reasons:

- Many airport operators are not owning nor operating the fuel supply infrastructure on their sites. Responsibility for the provision of such infrastructure can thus not be placed on airport operators only, but needs to reflect the varying and in some cases shared responsibilities between different parties in this area.
- The key advantage of drop-in SAF is that it can be used with the infrastructure already in place for fossil kerosene.

3.4. ACI EUROPE **does not support the obligation for fuel suppliers to meet the mandate through physical SAF supply at each Union airport.**

This would require additional logistics in terms of storage capacity and fuel delivery upstream the airport, which could potentially be associated with additional CO₂ emissions.

We **welcome the transitional period** established until end 2029 which will allow fuel suppliers to demonstrate compliance at the aggregated level (i.e. across all EU airports in scope taken together, see Article 13).

- 3.5.** It will be critical to **explore how flexibility in the physical SAF supply chains can be ensured beyond the transitional period**, allowing for the most cost-effective logistics - minimising associated CO₂ emissions, while still promoting the development of SAF production capabilities in a diversified manner across all Member States.

One such option could be a **book and claim system**,⁵ whereby the supply of SAF would lead to the issuance and trading of energy attribute certificates (similar to the accounting of green electricity) – such a system is supported within Destination 2050. It would allow lifting the proposed de minimis threshold of 1 mio passengers/100,000 tonnes of cargo per year and ensure that at all Union airports, SAF use can be claimed.

A book and claim system would also remove the need for additional obligations on physical aircraft refuelling, as per Article 5, to avoid tankering. A level playing field between all aircraft operators would be ensured by requiring them to purchase and surrender SAF certificates at each Union airport in line with the applicable mandate level.

This would avoid additional safety and environmental risks at airports that might be created by increasing the number of refuelling events due to the physical refuelling obligation as per proposed Article 5.

- 3.6.** In spite of the provision to limit tankering, the introduction of a SAF mandate entails a **risk of competitive distortion** between EU and non-EU hubs for flights to destinations outside the EU – due to projected higher fuel costs at EU hubs arising from the use of SAF. This could also entail carbon leakage. This risk should be further assessed and mitigation mechanisms explored, without compromising the overall ambition of the proposed policy framework.
- 3.7.** To meet the proposed SAF mandate levels, it will be critical to establish **dedicated funding instruments and other incentive programmes** to de-risk investments into SAF production and support the SAF uptake. Related activities should also be included into the EU Taxonomy so as to help aviation access private financing sources.

⁵ Book and claim is a system whereby airlines would be able to purchase SAF certificates (similar to Guarantees of Origin for renewable electricity) and only airlines that have purchased such SAF certificates could claim the use of SAF and the associated emission reductions. These certificates would be issued for supplied SAF, but any airline, regardless of whether it effectively tanks SAF or not, would be able to buy them.

4. Revision of the EU Emissions Trading System

Key contents of the proposal of relevance to airports

- **EU ETS is maintained on intra-EEA flights**, and introduced for flights from the EEA to the UK and Switzerland.
- Aircraft operators will have to **purchase 100% of their allowances** as of 2027 (whereas currently, 85% of the allowances under the aviation ETS emissions cap are allocated for free).
- **The emissions cap is reduced annually by a linear reduction factor of 4.2%** for all sectors.
- **CORSIA is introduced on extra-European flights**. However, depending on the implementation modalities of CORSIA, ETS might also apply on some extra-European routes.
- Revenues from the auctioning of allowances will have to be earmarked for decarbonisation.

4.1. ACI EUROPE has been a long-standing advocate for the EU Emissions Trading System as an effective carbon pricing mechanism, including for aviation. **We support the proposed progressive tightening of the overall ETS emissions cap** based on an annual linear reduction factor of 4.2%, as it is in line with the guidance defined by the Science-Based Target initiative to implement the IPCC 1.5°C scenario. While Destination 2050 does not propose such a new reduction factor, and instead relies on the one currently in force (i.e., 2.2%) until 2030, it assumes that aircraft operators will purchase an increasing amount of emissions allowances from other sectors to such an extent that any gap between their emissions and the EU target of minus 55% net GHG emissions by 2030 can be closed. Destination 2050 thus also relies on the assumption that the ETS will evolve in a way which matches the EU climate goal for 2030.

4.2. ACI EUROPE **supports the continued inclusion of intra-EEA flights** (as well as the inclusion of flights from EEA to Switzerland and UK) into the ETS, as well as the **application of CORSIA on flights between the EEA and third countries** (except Switzerland and UK). Such an approach is consistent with Destination 2050.

4.3. ACI EUROPE **supports the proposal to phase out free allocation** for aviation.

However, based on Destination 2050, we recommend **adjusting the timeline so as to reach 100% auctioning by 2030** (instead of 2027 as per the current EC proposal). This will provide more time for the sector to prepare for full auctioning, also recognising the severe economic impacts the COVID-19 crisis has had.

4.4. While we do support a tightened ETS for aviation, we recognise that it **will likely create competitive distortion between the EEA and non-EEA hubs** for flights to destinations outside the EEA, whereby feeder flights to

non-EEA hubs might become less expensive (since not subject to the ETS) than those to EEA hubs. This might also entail a risk of carbon leakage.

To address these risks, we recommend first **quantifying** them, and then **exploring instruments through which they could be mitigated**, such as the Carbon Border Adjustment Mechanism (CBAM). It will be important to ensure that such instruments **do not compromise the proposed increased ambition level and robustness of the ETS as such**.

- 4.5. In order to promote the connectivity and socio-economic development of EU outermost regions, ACI EUROPE **supports the extension of the derogation from the ETS for flights between outermost regions of a Member State and the same Member State until 2030**.

An extension of this derogation beyond 2030 should be considered in due time.

- 4.6. ACI EUROPE **supports the proposal to earmark Member State revenues** from the auctioning of ETS allowances for decarbonisation purposes. Hard-to-abate sectors such as aviation should be the beneficiaries of related funding mechanisms. In particular, **100% of the revenues from the auctioning of aviation emission allowances should be allocated to the decarbonisation of air transport**.

5. Revision of the Energy Taxation Directive

Key contents of the proposal of relevance to airports

- A minimum level of taxation of fuel and electricity used for intra-EU flights (excluding cargo flights) will be introduced over **a transition period of ten years (2023-2033)**, starting with 1/10 of the rate and then linearly increasing.
- The minimum rate applying after the ten-year-transition period will be €10.75 per gigajoule for kerosene (€13.25 when indexed to projected inflation).
- **Alternative fuels** (e.g. advanced biofuels and synthetic fuels) and **electricity** will have a **minimum rate of zero for the transition period**, after which a minimum rate of €0.15/gigajoule would apply.
- Member States will have the possibility to exempt electricity supplied to stationary aircraft at airports (as per new Alternative Fuels Infrastructure Regulation) from taxation.

- 5.1. ACI EUROPE **supports the implementation of the ETS as the most effective carbon pricing mechanism for aviation**. It will deliver greater results to achieve the desired outcome than the blunt instrument of taxation, as it relies on a fixed emissions cap - by design, the emissions reduction target defined through the ETS cap is thus achieved.

In contrast, the contribution of taxation to emissions reduction depends on the elasticity of demand to increased prices of travel, and entails the risk of

suppressing/downgrading air connectivity where it is most needed and thus hampering socio-economic value creation and the EU objective of socio-economic cohesion.

This would be potentially devastating for smaller regional airports and their communities, especially those that can only be reached by air as well as whose air services come with very thin margins.

- 5.2. ACI EUROPE also points out that as per Destination 2050, the implementation of a stricter ETS for aviation, an increased use of SAFs (which remain significantly more expensive than fossil fuels) as well as the deployment of radically new aircraft technologies are already projected to reduce demand for air transport.

Thus, **Destination 2050 projects that due to enhanced decarbonisation measures, the average annual growth rate of European passenger traffic will drop from an estimated 2% to 1.4% between 2018 and 2050.** This is estimated to contribute to **15% of the net CO₂ emissions reductions** that will enable all flights departing from the EU/UK/EFTA to reach net zero CO₂ emissions in 2050.

Conclusion

The European aviation sector is committed to accelerate its decarbonisation in line with global and European climate goals. A range of industry actions and policy measures are needed to make it happen. The Fit for 55 package sets the right level of ambition and offers a solid foundation to do so. With the appropriate refinements and adjustments, it will help aviation provide a fair contribution to the decarbonisation of EU's economy, while still enabling it to offer social and economic benefits that are highly valued by European citizens and indispensable for the overall sustainable economic development of the continent.

For the future evolution of aviation climate policy, it will be important to bear in mind that the assumptions used today to project aviation emissions pathways are subject to many uncertainties – for instance in terms of technological or market developments. Policy mechanisms developed today should thus foresee flexibility so as to accommodate future changes in the context in which aviation operates.