

Presentation of the report 'How to make Spain the European SAF leader: Roadmap to accelerate the decarbonization of air transport'

Cepsa, Iberia, Iberia Express, Vueling, and BIOCIRC promote SAF as a national project to lead sustainable air transport

- **The new industry for the production of sustainable aviation fuels (SAF) could originate investments of more than 22 billion euros in Spain, generate 270,000 direct and indirect jobs, and contribute 56 billion to GDP by 2050.**
- **The report sees the need to build more than 30 SAF production plants to ensure the energy independence and decarbonization of the Spanish aviation sector in 2050.**
- **Among the 16 measures proposed in the report, the first to bring together players from across the value chain, is the creation of a fund of over 300 million euros annually to boost the use of SAF.**
- **Iberia, Iberia Express, Cepsa, Vueling, and BIOCIRC advocate for the adoption of a national pact between the government and the sector to establish a national SAF strategy that places this energy vector among the priorities of the energy and industrial policy agenda.**
- **SAF allows the reduction by more than 80% of CO₂ emissions compared to kerosene throughout the life cycle, which would mean avoiding 14 million tons of CO₂ annually in Spain by 2050, promoting its energy transition and circular economy through the use of new renewable energies such as biofuels or green hydrogen.**

Madrid, September 16, 2024.- Cepsa, Iberia, Iberia Express, Vueling, and BIOCIRC (Spanish Association of Biocircularity) presented a report today outlining 16 economic, regulatory, and public-private collaboration measures aimed at boosting the production and consumption of Sustainable Aviation Fuels (SAF) -an alternative fuel that helps reducing the aviation sector's environmental impact by cutting CO₂ emissions- with the goal of positioning Spain as a European leader in this emerging technology and in sustainable tourism.

The conditions available in Spain for SAF production represent a great opportunity for the national economy. For this reason, the four entities suggest making SAF development a national priority, positioning Spain as a European hub and placing it at the forefront of sustainable tourism and the energy transition

The **report 'How to make Spain the European SAF leader: Roadmap to accelerate the decarbonization of air transport'** points out that the new industry for producing this sustainable fuel will require an investment of 22 billion euros to build facilities and generate 270,000 direct, indirect, and induced jobs by 2050. The development of this industry could thus contribute 13 billion euros to Spain's GDP just

from the construction of the plants, with an additional 42.851 billion euros from their operation until 2050 (along with the corresponding investment and jobs for this phase).

The report highlights the need to establish a regulatory framework that provides safety to the agents involved, allowing them to invest with confidence in this emerging industry. It also notes the importance of jointly assuming the necessary investments and cost increases for SAF to be a sustainable and viable solution in the short term, as its price is between 3 and 5 times higher than fossil-origin kerosene. Likewise, the development of innovative technologies for its production, as well as the deployment of industrial facilities with the appropriate capacity to meet the demand for SAF, is essential to take advantage of the potential of the raw material existing in the national territory.

The study indicates that, although the announced production capacity of SAF with the most commonly used technology today, HEFA, could cover the needs for 2030, it would fall short of meeting the demand for 2040 and the needs for synthetic fuels e-SAF (obtained from green hydrogen).

To guarantee the energy independence and decarbonization of Spain's aviation sector and access to aviation fuels until 2050, it would be necessary to build three HEFA biofuel plants, five synthetic fuel plants, and at least 24 SAF AtJ (Alcohol to Jet) and FT (Fischer-Tropsch) biofuel plants. The report also highlights the importance of locating SAF production plants near raw materials, contributing not only to decarbonizing the economy but also to the social and economic development of rural territory. Therefore, it is essential to establish a legal framework that facilitates the necessary investments, as well as incentivizing the development of new technologies for the production of SAF, key to achieving the goals beyond 2030.

The presentation was attended by **Rosario Sánchez Grau, Secretary of State for Tourism**, who highlighted as one of our greatest challenges the promotion of sustainable and competitive energy so that companies can focus all their efforts on advancing decarbonization and competitiveness. "Spain's industrial policy, which also includes tourism, needs, more than ever, to advance in its decarbonization and undertake an energy and sustainable transition as the basis of the economic growth of our country," Sánchez highlighted.

Maarten Wetselaar, CEO of Cepsa, said: "The development of SAF is the main lever for the decarbonization of the aviation sector, but at the same time it can generate a new Spanish industry that promotes economic growth, job creation, and greater energy independence. We at Cepsa are delighted to join forces with Iberia, Iberia Express, Vueling, and BIOCIRC to propose measures that will make Spain a European hub for SAF and a benchmark for sustainable air mobility. There is a global competition to enter this new market, therefore we must accelerate the implementation of all necessary measures so that Spain does not miss this opportunity."

Iberia's Chairman and CEO, Marco Sansavini, said: "We must not let this great opportunity for the country pass us by. We call on the central government and other public administrations to join forces in a national SAF strategy. We believe it is time for the government to implement a strong incentive policy, just as it successfully did with green

hydrogen. We have the perfect opportunity to drive Spain's reindustrialization, create jobs and wealth, and decarbonize a challenging sector like aviation."

President and CEO of Vueling, Carolina Martinoli, said: "We must value the role that the aviation sector has in connectivity, integration and accessibility to multiple destinations; in addition to its social contribution and its impact on the economy and employment. Therefore, SAF is a key tool in the decarbonization of this sector. But we need incentives to create a more competitive environment that allows production to scale and reduce costs."

Margarita de Gregorio, CEO of BIOCIRC, concluded: "The message we send today is unequivocal: Spain can be a leader in SAF production. The ambitious European objectives of REFuelEU Aviation open a window of opportunity to a country like ours, with so many renewable resources (both biomass and energy) to manufacture SAF in our territories and great scientific-technical and industrial capacity. The added value could not be more strategic, as it will allow us to industrialize, replace fossil aviation fuels with renewable fuels, and address the demographic challenge. It is also inclusive, involving participation across the value chain, from primary and secondary sectors to public and private agents at all levels: national, regional, and local. We urgently need a framework strategy for the country that establishes the regulatory, political and incentives scenario that facilitates the viability of the projects. This is not about the future; we're talking about our most immediate present."

The report emphasizes the importance of coordinating agreements among players across the value chain, including public administrations, to ensure the sustainable development of this industry. Therefore, it calls for the streamlining of permits and authorizations, the development of airport infrastructures, as well as the establishment of a European mechanism for the traceability of SAF. The report also mentions the challenges of accessing the various types of waste used as necessary raw materials due to their high dispersion, and the lack of a centralized body that facilitates their management, as well as the absence of incentives or obligations that support this effort.

A fund of over 300 million euros annually to boost the consumption of SAF

Among the proposed measures is the creation of a fund of over 300 million euros annually to finance the development of production plants and encourage their consumption, using the revenues obtained by the State through the auction for emission rights.

The report predicts that, with the current roadmap, the incorporation of SAF in Spain will entail an extra cost of 5.045 billion euros in 2040, with progressive increases from 68 million euros in 2025 to 678 million euros in 2030. If this additional cost cannot be avoided through measures such as the proposed roadmap, it would need to be absorbed by the aviation sector and end consumers. In Spain, one third of the NextGen Funds (more than 70 billion euros) have been allocated to the "Green Deal", however, there is no specific budget for decarbonizing the aviation sector or the SAF industry.

Additionally, the report includes a set of supporting measures that address the enhancement of the entire value chain, aiming to establish a comprehensive support

strategy that encompasses economic, fiscal, regulatory, and cross-cutting measures. Thus, the companies promoting the report request from the government a national pact for the opportunity that SAF represents for the country, which should be materialized in a national strategy that places this new energy vector as a priority in energy and industrial policies in Spain.

International commitment to SAF to accelerate the decarbonization of the aviation sector

The new renewable fuels play a key role in achieving the targets set out in the Fit for 55 package, which the European Commission has established to reduce greenhouse gas emissions by 55% in 2030 (compared to 1990) and achieve climate neutrality by 2050. The package includes initiatives such as ReFuelEU Aviation, which requires aviation fuel to progressively incorporate SAF, from 2% starting next year to 70% by 2050. IATA, the International Air Transport Association, sees SAF as critical for the industry to meet its sustainability goals. In 2016, only 500 flights had tested the use of SAF. By 2025 there are expected to be 1 million flights using this sustainable fuel.

SAF allows to reduce CO₂ emissions by more than 80% compared to conventional kerosene consumption (taking into account its entire life cycle, from production to consumption). In this regard, according to the report, it is estimated that CO₂ emissions from the aviation sector in Spain could be reduced by 14 million tons by 2050, which would boost the energy transition and circular economy, through the use of waste that would otherwise end up in landfills.

Spain has the potential to lead in SAF production, but other countries such as Germany, the United Kingdom or the United States are strongly betting on the development of this new energy vector. In fact, to date, all of them have initiated measures through economic and regulatory incentives and set more ambitious goals for SAF supply, far exceeding what is stipulated in European regulation. As Spain may fall behind in a market that will be global, institutional support is necessary to lead this sector.

Cepsa is a leading international company committed to sustainable mobility and energy with a solid technical experience after more than 90 years of activity. The company also has a world-leading chemicals business with increasingly sustainable operations.

Under its Positive Motion strategic plan for 2030, Cepsa aims to be a leader in sustainable mobility, biofuels, and green hydrogen in Spain and Portugal, and to become a benchmark in the energy transition. The company places customers at the heart of its business and will work with them to help them achieve their decarbonization objectives.

ESG criteria inspire everything Cepsa does as it advances toward its net positive objective. Over the course of this decade, it will reduce Scope 1 and 2 CO₂ emissions by 55% and the carbon intensity index of energy products sold by 15-20% versus 2019, with the goal of achieving net zero emissions by 2050.

Iberia has been flying from Spain for 97 years with the aim of generating prosperity by connecting people with the world.

Is the leading airline for flights between Europe and Latin America, offering direct flights to 18 destinations in 16 countries in the region. Together with Iberia Express and Iberia Regional Air Nostrum, it has a fleet of 166

aircraft and offers flights to fifty countries around the world from Madrid airport, where it has developed its hub.

Is part of the IAG airline group, which was the first in the world to commit to achieving net zero emissions by 2050, and to operate with 10% sustainable aviation fuel by 2030.

During the last decade, it has consistently ranked among the most punctual airlines in Europe and the world.

Vueling, a company belonging to the IAG group and celebrating its 20th anniversary this year, is a leading airline in Europe and key to connectivity in Spain.

It is a leader in its main base in Barcelona-El Prat, and in other key markets in Spain, such as Bilbao. It also leads the connections between the mainland and the Balearic and Canary Islands. Internationally, it works to strengthen its presence in bases such as London-Gatwick, Paris-Orly, Amsterdam, Florence, and Rome. This 2024, the company has a network of 250 routes throughout the year connecting 30 countries. It operates over 215,000 flights per year, and in 2023 it has transported 36.8 million passengers.

With more than 4,600 employees, Vueling has become the first European airline to be named a Top Employer. The company is firmly committed to decarbonizing the sector and, as part of the IAG group, has committed to achieve net zero carbon emissions by 2050 through the implementation of the FlightPath Net Zero strategy.

True to its digital DNA, Vueling was the first airline to sell tickets through the mobile application and to have a digital boarding pass with a QR code. Likewise, the airline has the largest innovation hub in the sector in Spain.

The **Spanish Association of Biocircularity (BIOCIRC)** is the spin-off of the Technology and Innovation Platform (BIOPLAT), a national non-profit organization where we have been promoting the sustainable development of biomass and bioeconomy in Spain since 2006. We advance technologies, processes, and solutions for biocircularity through research, innovation, and public-private collaboration.

At the Spanish Association of Biocircularity (BIOCIRC) we drive biocircularity by promoting a regulatory, political, and social framework that provides the necessary conditions to achieve the development of the biocircularity sector in the regions. It is the only business association that encompasses the entire sector providing sustainable solutions in the field of biocircularity: bioenergy, biofuels and synthetics, biogases, and bioproducts.

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