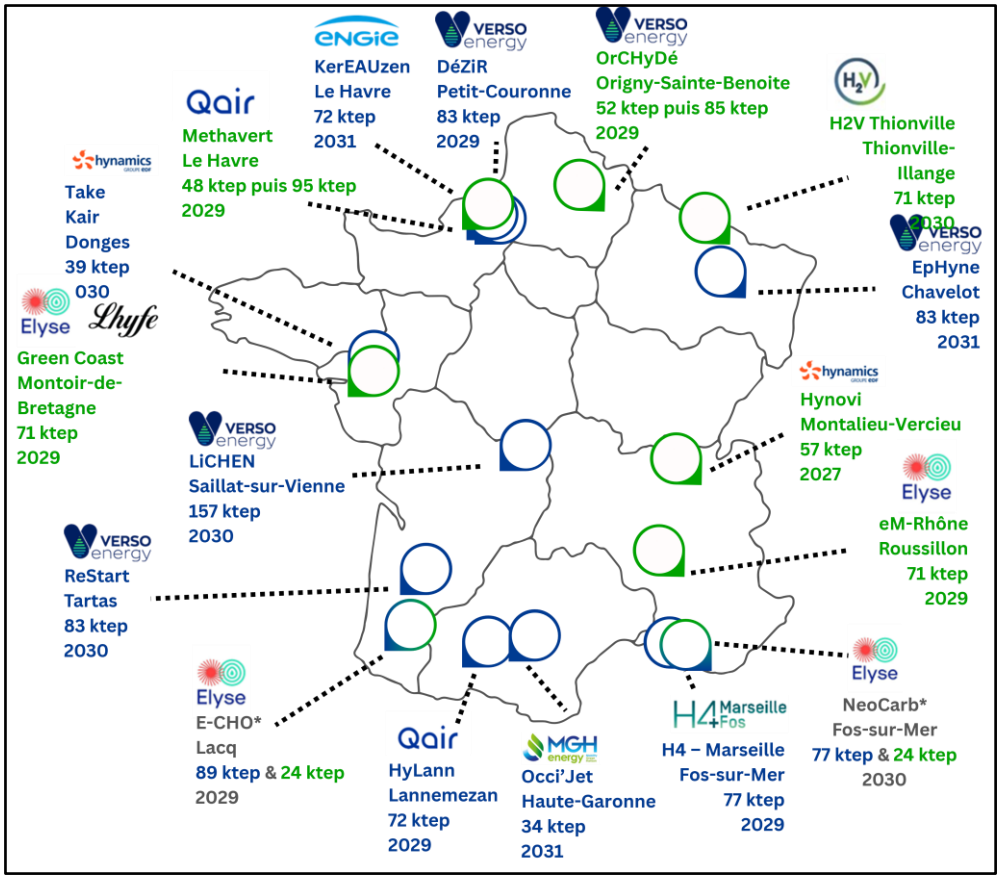
September 2025

Consultation response on Sustainable Transport Investment Plan (STIP)

Bringing together nearly 400 members (industrialists, research centres, local authorities, etc.), France Hydrogène is the association representing the French hydrogen and its derivatives sector.

The French hydrogen sector welcomes the Commission's willingness to complete, with the Sustainable Transport Investment Plan (STIP), the decarbonization framework for air and maritime transport driven by the Fit for 55 package. Alongside the control of energy demand in these sectors, the deployment of synthetic fuels will be the main lever for achieving our objectives. French industry is fully committed to their development, as illustrated by the map of projects below.



Legend:

e-SAF Projects

E-methanol projects *(excluding methanol-to-jet, included in e-SAF)*

France Hydrogène makes several recommendations in this regard:

- **Ensure the integrity of the obligations of the Fit for 55 package**. Any backsliding on the targets would do strong and lasting damage to industrial confidence in European climate policies.
- Ensure fair treatment between renewable and low-carbon e-fuels.
- Extend the offsetting of indirect carbon costs (ICC) post-2030, clarify the eligibility of any production of electrolytic hydrogen, including for the production of e-fuels (see details here).

- **Provide ReFuelEU Aviation with an international component**, possibly via the Industrial Decarbonisation Accelerator Act: for any third country, **the possibility of exporting e-SAF to the EU (which agrees to pay an additional cost to decarbonise) must be conditional on the adoption of obligations symmetrical to ReFuel at the airports of the third country**.

- **Ensure the signing of the first e-fuel offtake contracts, either by setting up a public market intermediary** (min. 12-year contracts for producers, 4-5 years for offtakers) **or a counterparty system for private commitments with a duration >12 years, for example**.
  In both options, the same issue is covered: ensuring that the volumes of the first projects remain competitive over their lifetime (are sold), while new, more competitive projects will undoubtedly have emerged. A form of CfD, therefore, with two distinct strike prices:
  - Aviation sector: given the effectiveness of the ReFuelEU Aviation mandate, the only remaining costs would be to finance **the possible cost delta between the FOAK 2030 e-SAF project, and the 2035 e-SAF strike price**.
  - Maritime sector: if the IMO agreement is adopted in October, compliance with the new targets (higher than FuelEU Maritime) would imply a strong use of e-fuels. The persistent risk will be the low level of carbon price / associated penalty, which could encourage players to choose the *pay to comply option*. It would therefore be necessary to be able to ensure the financing of the **delta between the strike price of maritime e-fuel and the level of *pay to comply* for the first projects**.

  Obviously, only the most competitive projects that would allow them to meet the needs (volume) anticipated over different time horizons, would be admitted to these schemes (donations, call for tenders system to be put in place).

  In both options, we also face the same problem (reinforced in the case of maritime since the initial delta would be larger than the air transport): how can we not make of this scheme an additional cost for public finances? While the negotiations on **the Energy Taxation Directive** have stalled and the Danish Presidency is now proposing a 10-year excise exemption for the aviation and maritime sectors, we call on the Commission to try to break this deadlock from the top: **propose that the minimum taxation on these sectors should be partially and temporarily returned to the EU, with exclusive earmarking on the fund to ensure these forms of CfD, which are essential for the first projects**. Any unused revenues (for example linked to an increase in the level of *pay to comply* during future IMO negotiations) would be returned to the States. The establishment of a link between taxation and the development of e-fuel projects located in Europe (exclusively), via an ad hoc vehicle and fund created by the STIP, could open up a way of compromise.

- **For the e-fuel projects that won the call for tenders mentioned in the previous point, lower the level of the weighted average cost of capital (WACC),** which weighs heavily on the economics of e-fuel projects. The objective should be to **bring both gearing and the debt financing rate back to a level close to that of projects**. This will have to be done through the EIB, either through direct intervention of loans at lower rates (benefit of simplicity, but with a higher base rate or sovereign spread than in some States), or through guarantee and/or mezzanine loan schemes. On these winning projects of the call for tenders, we recall that **the EU will have a direct financial interest in taking risks to leverage the lowering of production costs: this reduces the possible delta to be financed by the above-mentioned CfD.**