THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG

Results of the Market Consultation on Renewable Aviation Fuel (eSAF)

The market consultation on the Luxembourg eSAF Support Mechanism was open from 29 June 2026 to 29 July 2026. The consultation was jointly organised by the Luxembourg Government and Cluster for Logistics Luxembourg A.s.b.l., the national sectoral association representing stakeholders across the logistics sector in Luxembourg, including the aviation sector. The consultation was distributed to all members of the Cluster, aviation fuel suppliers operating in Luxembourg, and commercial aircraft operators registered in Luxembourg. It was also published on the website of the Cluster for Logistics Luxembourg. All interested stakeholders, including companies, organisations, and members of the public, were invited to provide their views on the proposed design of the scheme, including its necessity, effectiveness, and potential market impacts.

The consultation received five identified stakeholder submissions, as well as several anonymous submissions. Respondents represented different segments of the aviation and fuel value chain, including project developers, energy companies, airlines, industry associations and fuel suppliers. The consultation attracted contributions from both established Luxembourg market actors and international stakeholders with an interest in the future development of the European eSAF market.

The feedback received during the consultation is summarised below and is accompanied by comments from the Luxembourg Government.

Point Raised	Comment
Respondents expressed broad support for the proposed mechanism and agreed that eSAF will play a crucial role in the long-term decarbonisation of the aviation sector. Stakeholders highlighted that eSAF is one of the most credible pathways for achieving deep emissions reductions in aviation while contributing to European energy security and industrial competitiveness. The eSAF support mechanism is necessary to unlock first Final Investment Decisions (FIDs).	No action required. The consultation indicates broad support for the initiative and confirms the perceived need for a support mechanism to facilitate early eSAF projects.

Mechanism should provide long-term revenue certainty. Participant 1: a 15-year duration would enable bids approximately €1,000/t lower and improve post-subsidy competitiveness Participant 2: a duration of 13 to 15 years would likely enable lower bid prices.	While longer contract durations could further enhance project bankability, the current proposal reflects the practical budgetary constraints of participating Member States. The scheme is intended as a market-ramp-up instrument designed to enable the deployment of eSAF until the market reaches a sufficient level of maturity.
Allow substitution with bio-SAF if shortage occurs.	The scheme is specifically intended to support the production and deployment of RFNBO-based eSAF. This approach reflects the view that RFNBO eSAF represents the main long-term scalable and sustainable solution for the decarbonisation of aviation.
Restrict support to EEA production.	This objective is already reflected in the proposed design of the scheme. The eligibility of production located within the EEA has been considered from the outset as a means of supporting European industrial resilience, supply chain security and the development of domestic value chains.
Complement DSA with a CfD mechanism. CfD causes less market distortion according to the respondent.	The consultation focused on the proposed double-sided auction mechanism. Alternative support instruments therefore fall outside the scope of the present consultation.
Require an advanced level of project maturity (FEED engineering, robust cost estimates) before participating in tenders.	This objective is already reflected in the proposed scheme design. The assessment of financial and technical robustness is intended to ensure that supported projects have reached a sufficient level of maturity before participating in the auction process.
Volatility of transportation costs over a 10-year contract period. Mitigation: Allow the delivery of blended eSAF produced in Europe at the point of sale to enable use of existing pipeline networks (CEPS/NATO).	This consideration is already reflected in the proposed design of the scheme. The current design foresees the use of existing fuel transport infrastructure, including pipeline networks where feasible, in order to minimise logistics costs and facilitate efficient market deployment.
Maintain 10-year HPA but introduce delay guarantees.	The treatment of project delays and related contractual safeguards is currently being discussed with the participating Member States as part of the detailed scheme design.

Recycle surplus HSA revenues.	The principle of recycling surplus revenues is already reflected in the current design considerations. In particular, the possible use of optional volumes is being explored. Under this approach, producers could commit to supplying additional volumes beyond the contracted baseline volume when revenues generated by the offtake auctions exceed the amount required to support the contracted volumes. While this feature is regarded as a desirable way to maximise the deployment of eSAF within the available budget, it is not currently envisaged as a mandatory element of the scheme.
Introduction of electricity price escalation mechanisms.	The current design does not provide for a specific electricity price adjustment mechanism. Electricity price exposure is considered part of the commercial risk profile of eSAF production and is expected to be managed by producers through their project and bidding strategies.
One stakeholder recommends aligning all HPA prices with the highest price among the accepted bids (pay-as-cleared), rather than a pay-as-bid system, in order to maximise the fairness and attractiveness of the mechanism.	A pay-as-bid approach is currently preferred, as it is expected to make more efficient use of available public funding while maintaining a competitive allocation process.
Dual certification under RED III and CORSIA should be required to ensure maximum usability of volumes —without confusion with double counting, which remains prohibited.	The consultation focused on the design of the support mechanism. Questions relating to RED III and CORSIA certification requirements are governed by separate regulatory frameworks and are therefore outside the scope of the present consultation.
Participants in the consultation expressed concerns that the following requirements may be too restrictive for capital-intensive projects. “Financial and technical capacity Applicants or, in the case of a consortium, at least one company must have a ‘good’ credit rating or an equity ratio of 20% and be liable for the consortium. “	The current design seeks to ensure adequate financial robustness while avoiding unnecessary barriers to participation. In particular, consortium-based projects are eligible in order to broaden access to the scheme and accommodate different project development structures.

Ensure criteria do not disadvantage SMEs.	The scheme design seeks to minimise administrative burdens and facilitate participation by a broad range of market participants, including SMEs.
Allow cumulation with EU funding.	The interaction with other public funding instruments remains under assessment and will be considered in accordance with the applicable State aid framework.
Evaluate bids on more than subsidy per tonne. It should also consider avoided emissions per euro of support, project maturity, security of supply, and the reliability of the purchase commitment.	The auction is intended to allocate support through a transparent and objective bidding process. Additional evaluation criteria were considered during the development of the scheme but are not currently envisaged.
The time window between the start of the auctions and the beginning of deliveries in 2030 is considered particularly tight. Auctions must be completed by H1 2027.	This concern is addressed by the flexibility measures currently being considered regarding delivery timelines (see below).
Allow delivery start dates in 2031 or 2032 to increase participation.	Additional flexibility regarding delivery start dates is being assessed. At the same time, the scheme must remain compatible with the budgetary and implementation constraints of the participating Member States.
Stakeholders had different views on minimum pricing. Majority supported a minimum price based on HEFA-SAF market prices to avoid very low bids and make better use of public funding. Minority did not support a public minimum price, saying it could reduce participation and increase risks, and instead preferred a non-public reserve price.	The potential use of a floor price has been considered during the design phase, including approaches linked to prevailing SAF market prices such as HEFA-SAF. Any such mechanism would need to be designed in a manner that supports market participation while ensuring that total public expenditure remains within the budget available to the scheme.
Expand eligibility to low-carbon synthetic e-SAF.	The scheme is specifically intended to support the production and deployment of RFNBO-based eSAF. This approach reflects the view that RFNBO eSAF represents the main long-term scalable and sustainable solution for the decarbonisation of aviation.
Extend support architecture to bio-SAF.	The scheme is specifically intended to support the production and deployment of RFNBO-based eSAF. This approach reflects the view that RFNBO eSAF represents the main long-term scalable and sustainable solution for the decarbonisation of aviation.

Introduce a dynamic pricing model that adjusts support levels over time to reflect changes in fuel prices.	The current design does not envisage an adjustment mechanism linked to future fuel price developments. Price uncertainty is expected to be reflected in participants' bids and managed through the competitive auction process.
Update aviation emission factor. The emission factor for aviation fuel should be updated to 3.16 t CO_2e/t of fuel, corresponding to the value applicable under the EU ETS since 2024.	Luxembourg notes that its calculations were based on the assumptions used in the German initial documentation. This issue is not expected to materially affect the auction design.
Use an EU content quota (minimum share of European manufacturing) aligned with the NZIA, combined with a weighted scoring approach to balance production costs and European content.	The proposal is being assessed in the context of the scheme's resilience objectives and ongoing discussions regarding European industrial policy and supply-chain security.

Conclusion

The Luxembourg Government thanks all stakeholders for their valuable contributions to the consultation process.

The feedback received confirms broad support for the objective of accelerating the deployment of eSAF and highlights the importance of providing sufficient investment certainty to enable early commercial projects. Stakeholders also provided valuable input regarding eligibility criteria, contractual arrangements, implementation timelines and the interaction of the scheme with wider European policy objectives.

The comments received will be taken into account in the further development of the Luxembourg eSAF Support Mechanism and in ongoing discussions with the partner Member States participating in the joint initiative.