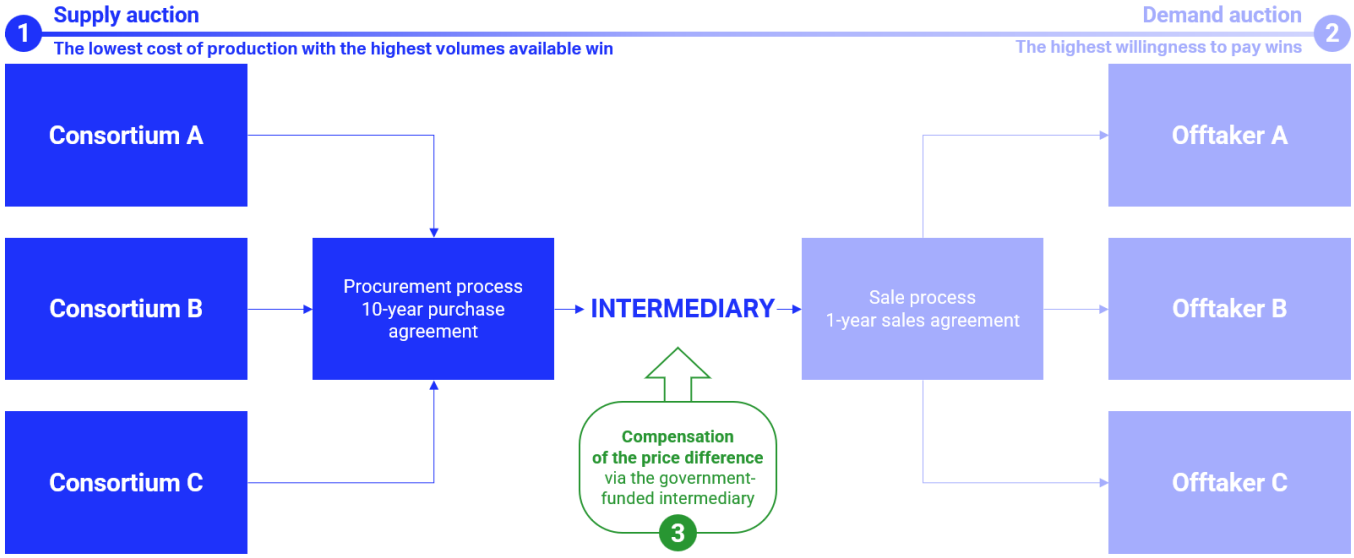
Chart of the Week

6 November 2026

Can Double-Sided Auctions Boost the e-SAF Market?

The proposed e-SAF double-sided auction framework design



Source: IATA Sustainability and Economics

- With production of renewable electricity-powered sustainable aviation fuels (e-SAF) still negligible, and the EU e-SAF sub-mandate due to take effect in 2030, substantial system-wide investment in new production capacity is urgently required. Recognizing this challenge, Germany, Austria, and Luxembourg have launched a joint double-sided auction (DSA) under the e-SAF Early Movers Coalition. Public support is critical to overcoming e-SAF's significant cost premium and commercialization barriers. However, its success will ultimately depend on whether it can accelerate supply while maintaining a competitive and efficient market.
- Under the DSA model, a government-backed intermediary connects the supply and demand sides of the market. Producers compete for long-term purchase agreements through a supply auction (1), while fuel buyers bid for shorter-term contracts through a demand auction (2). Public funding covers the gap between the intermediary's purchase and resale prices (3). By combining long-term revenue certainty for producers with greater contractual flexibility for buyers, the mechanism aims to unlock investment, support Final Investment Decisions (FIDs) and accelerate project deployment.
- While the objective is sound, the current DSA design raises several concerns. As airlines typically do not blend or physically supply fuel, buyers in the demand auction are likely to be fuel suppliers or traders. This creates a risk that intermediary margins and compliance costs will be passed through to airlines, as is already the case with HEFA-based SAF, thereby diluting the impact of public support. Additional concerns relate to extremely ambitious implementation timelines to secure production by 2030 and restrictive point-of-sale requirements, that adds to double whammy of increased costs and reduce market flexibility.
- As more countries, including the European Union, consider similar schemes, policymakers should ensure that public support is deployed efficiently, reaches the intended beneficiaries, and promotes a competitive market. Ultimately, success should be assessed against three criteria: the volume of additional production delivered, the amount of public funding required and the resulting cost to airlines.

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