

# **Expression of Interest for Sustainable Aviation Fuel Support Program Milan Linate and Milan Malpensa Airports Guidance for Airlines**

## **Premises**



SEA, operating the Milan Linate and Milan Malpensa airports (the “**Airports**”) pursuant to “Convenzione per la disciplina dei rapporti relativi alla gestione e allo sviluppo dell’attività aeroportuale degli aeroporti di Milano Linate e Milano Malpensa” entered into by SEA and Ente Nazionale Aviazione Civile (“**ENAC**”) on 4 September 2001, expiring on 2043 (the “**Concession**”), is introducing a /Support Program for the refuelling and use of Sustainable Aviation Fuel (“**SAF**”) at Milan Linate and Milan Malpensa Airports from April 3<sup>rd</sup> 2023.

This guidance regulates the SAF Remuneration Scheme deriving from the participation in the SAF Support Program together with the the specific “Agreement” each airline could enter with SEA in connection thereto.

This document shall be updated from time to time, at SEA discretion, for developments regarding SAF.

## **1. MILAN AIRPORTS SAF SUPPORT PROGRAM: THE ROLE OF SEA FOR AVIATION DECARBONISATION**

### **Making aviation more sustainable**

SEA in order to make the use of cleaner aircraft more attractive is introducing a remuneration plan for the use of SAF for Airlines that fill up their planes with it in both Milan Airports.

The aim of SEA in this initiative is to accelerate the transition to a more sustainable aviation industry, strongly supporting the policies and initiatives for the decarbonisation of the aviation sector, in line with the global Net Zero 2050 objective and with the specific sector programs at international and national level, including the Italian National Airport Plan (“**PNA**”) assessment (October 2022 version) and EU Fit for 55.

The PNA provides that “the air transport system, a fundamental element of the country’s broader economic and social system, is involved and called, as a protagonist, to do its part to achieve the sustainability targets, most recent-



ly strengthened by the implementation of the PNRR; since it is a structured system of functions and players involved in various capacities, the responsibility and commitment to achieve these targets are necessarily shared”.

Among the environmental sustainability issues recognized, as characterizing values for defining the quality of airport growth, the commitment of the air transport sector to reduce its carbon footprint is expressly mentioned, as well as the commitment of the sector to ensure important mitigating actions and the introduction of best practices.

In anticipation of these indications, SEA has joined the ACI Airport Carbon Accreditation program since its creation in 2009 and in 2021 was among the first airport operators in the world to achieve level 4+ “Transition” for both Milan Airports.

This certification is primarily based on the commitment to reduce in absolute terms the emissions of the Milan Airports which depend directly on the operator (Scope 1 and 2) on the basis of a specific “Carbon management plan”.

With reference to the initiatives for the reduction of Scope 3 emissions, SEA has also adopted a “Stakeholder partnership plan” and in line with this it has taken steps to implement, and anticipate with respect to the European deadlines (Refuel-EU Regulation active from 2025), the supply of SAF at its Airports, considering – among others – the World Economic Forum’s Clean Skies for Tomorrow suggesting the acceleration of the adoption and use of SAF as a priority for the industry.

In this scenario SEA believes that working together with airlines airports can play an important role in reducing greenhouse gas emissions and promoting sustainability in aviation.

Today SAF is significantly more expensive than fossil kerosene and also the general supply is at low levels, even if an increase in production is under development.

That’s why SEA, in order to lower the cost of SAF at its Airports and to sustain the development of its use at Milan Airports:

- In December 2022, signed an agreement with ENI in order to refill with SAF the Milan Airports refueling deposits.



- Propose this Remuneration Scheme to partially offset the higher cost of SAF compared to traditional jet fuel and encourage airlines to increase their use of sustainable fuels operating in its Airports.

## **2. SAF DEFINITION**

SAF stands for Sustainable Aviation Fuel. It is a type of biofuel that is produced from sustainable sources such as waste materials or non-food crops, and has a lower carbon footprint than traditional jet fuel. SAF can be blended with traditional jet fuel in varying ratios, and is seen as a promising way for the aviation industry to reduce its greenhouse gas emissions and meet sustainability goals.

SEA in order to make the use of cleaner aircraft more attractive is introducing a remuneration for the use of SAF for Airlines that fill up their planes with it in both Milan Airports.

Qualifying SAF must meet these minimum requirements:

- produced in European factories, preferably from materials of European origin (countries of the European Economic Area);
- consistent with EU certification standards (RED II Directive Annex IX, Part A or B).

## **3. SAF REMUNERATION SCHEME: REGULATIONS**

In line with the rare experiences already existing in other European airports, SEA undertakes to recognize for the obligation deriving from the participation to SAF Support Program a remuneration equal to €500/t of “neat SAF” purchased by the companies and effectively supplied at the Linate and Malpensa airports during 2023. The total fund available for 2023 is €450,000.00.

The SAF Remuneration Scheme will operate between 03/04/2023 and 31/12/2023 and may be closed in advance in case of exhaustion of the economic availability indicated.

The SAF Remuneration/ Scheme is divided into two sub-periods:

- I. 01/05/2023 – 30/08/2023



## II. 01/09/2023 – 31/12/2023

The allocation of the available economic resources is as follows:

- I. 50%
- II. 50%

There are no remunerations for general aviation operators but for commercial and cargo carriers only.

The funds available for each sub-period are divided based on the amounts of “neat SAF” requested by each carrier through the submission of a specific expression of interest.

In the event of excessive requests, SEA will proceed to allocate the available funds proportionally to the amounts of “neat SAF” requested by each carrier.

For the first sub-period, the remuneration paid to each requesting carrier cannot exceed 40% of the available fund, which is €90,000.00.

In the second sub-period, the application of the above limit could be confirmed on the basis of the progress of the SAF Support Program in the first sub-period.

In case the requests for the first sub-period do not exhaust the available funds, the remaining amount will be made available for the second sub-period.

Any funds left over from 2023 will be made available for a similar program scheduled for 2024.

The economic remunerations assigned to the carriers will be actually paid following the transmission to SEA of suitable contractual documentation proving the purchase and delivery of the quantities declared in the support request.

The documentation, issued or signed by the fuel supplier company, must include at least the purchase order, with the evidence of the price of the fuel, the volumes of “neat SAF” purchased, the completed refueling, and the sus-



tainability documentation of the purchased SAF, which demonstrates the origin from sustainable sources and compliance with the following criteria:

- produced in European factories, preferably from materials of European origin (countries of the European Economic Area);
- consistent with EU certification standards (RED II Directive Annex IX, Part A or B).

This communication must be sent within 2 months from the end of each sub-period.

SEA will then make payments within 30 days of the confirmation communication accompanied by the required documentation.

SEA will not pay the remuneration in cases of failure to send the confirmation communication and in cases of absence or inadequacy of the required documentation.

#### **4. SAF REMUNERATION SCHEME: APPLICATION PROCEDURE**

Carriers interested in participating in the SAF support program must apply for access using the form attached to this document (“Expression of Interest Form for the SAF Support Program 2023”) for each sub-period.

The request for access to the program must be sent via email to the address specified in the form.

For the first sub-period, the expression of interest must be submitted from 08:00:00 CET on 03/04/2023 and until, and no later than, 24:00:00 CET on 14/04/2023.

For the second period, the expression of interest must be submitted from 08:00 CET on 14/07/2023 and until, and no later than, 24:00:00 CET on 28/07/2023.

Expressions of interest submitted before or after the above deadlines will not be accepted.



Following the submission of the expressions of interest and the verification of the available funds, SEA will communicate to the companies the confirmation of the eligible /remuneration within 7 calendar days from the deadline for applications, proposing the signing of a specific contract.

In the confirmation communication, SEA declares for each participating carrier the effective availability of the remuneration defined after any allocation, as indicated in the previous chapter.

Following SEA's communication, each carrier must confirm the obligation to purchase the quantities of SAF, in whole or in part with respect to the initial quantity declared in the expression of interest, within 7 calendar days by signing the annexed contract proposal.

SEA will exclude from the program carriers that have not complied with the regulations and/or that have not met the requirements of the program itself.

Annex:

- Draft Contract-type - “Contratto per il riconoscimento al Vettore del corrispettivo spettante per l’adempimento delle obbligazioni derivanti dalla Manifestazione d’Interesse per l’adesione al SAF Support Program presso gli Aeroporti di Milano Linate e Milano Malpensa – promosso da SEA per l’anno 2023”
- EXPRESSION OF INTEREST FORM FOR THE SAF SUPPORT PROGRAM 2023

S.E.A. - Società p.a. Esercizi Aeroportuali  
*Ing. Giorgio Medici*  
DIRETTORE ENVIRONMENT AND FUNDED INITIATIVES

S.E.A. Società p.a. Esercizi Aeroportuali  
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