



SASOL

13 April 2022

European Commission
President Ursula von der Leyen
Rue de la Loi 200
1049 Brussels
Belgium

RE: UNLOCKING LARGE-SCALE SUSTAINABLE AVIATION FUEL PRODUCTION

Dear President von der Leyen,

We are writing to you today as a consortium of Sustainable Aviation Fuel (SAF) producers to raise concerns related to an upcoming Delegated Act (DA) to the European Union (EU) Renewable Energy Directive (RED).

Sasol, Linde, Enertrag and Hydregen are pursuing the HyShiFT project to produce synthetic SAF at Sasol's world-scale Fischer-Tropsch (FT) facility in Secunda, South Africa. HyShiFT plans to transition an existing fossil fuel asset from predominantly using coal to progressively integrating sustainable feedstocks to produce SAF for the EU and German markets. In a first step, we will use 200 MW of electrolysis capacity and 400 MW of renewables to produce approximately 50 000 tons of synthetic SAF annually, with production expected to commence in 2025. The project is expected to avoid up to half a million tonnes of CO₂ per annum and supports the establishment of the just energy transition between the EU and South Africa.

HyShiFT forms part of the proof-of-concept transition projects that will move South Africa from a coal-based to a low carbon economy, while prioritising much-needed socio-economic imperatives. The Secunda site is the world's largest FT facility and contributes significantly to job creation in the mining, chemicals and liquid fuels sector in South Africa, necessitating a phased and orderly introduction of sustainable feedstocks to ensure a just transition. Transitioning the Secunda facility to an end state where no fossil-based feedstocks are required will ultimately result in the reduction of over 50 million tons of CO₂ per annum. The repurposing of this asset thus offers a unique opportunity to provide synthetic fossil-free fuels and chemicals to the global market. We see the HyShiFT project as the first step in this transition.

Sasol Limited 1979/003231/06
Sasol Place 50 Katherine Street Sandton 2146 South Africa | Private Bag X10014 Sandton 2196 South Africa
Telephone +27 (0)10 344 5000 | Facsimile +27 (0)11 788 5092 | www.sasol.com

[Redacted contact information]

In this regard, we require the upcoming DA to incorporate the requisite flexibility to allow all prospective SAF producers to participate, particularly those using existing FT assets. Utilising existing FT assets to produce synthetic SAF is critically important as it will allow the nascent SAF market to benefit from the economies of scale already achieved at existing facilities.

The upcoming DA aims to specify the rules for the sustainability certification of Renewable Fuels of Non-Biological Origin (RFNBOs) and Recycled Carbon Fuels (RCFs), which includes synthetic SAF. SAF plays a critical role in decarbonising the hard-to-abate aviation sector, with the production of synthetic SAF via the FT process recognised by the EU. The FT process is feedstock agnostic, making it possible to produce SAF faster and more cost-effectively in existing facilities relative to other production routes or greenfield projects.

It is therefore critical that the proposed DA on RFNBOs and RCFs encourage participation of existing FT assets which can be achieved through:

1. Recognising allocation of greenhouse gas (GHG) benefits to a specified product or product line in FT facilities co-processing fossil fuel and sustainable inputs (flexible allocation methodology);
2. Recognising process CO₂ emissions from FT facilities as an unavoidable source of CO₂ for the production of synthetic fuels; and
3. Allowing energy from sustainable biomass to be eligible for the production of RFNBOs, to the extent that the hydrogen in the RFNBO originates from renewable electricity.

Flexible allocation methodologies are recognised by global certification bodies, including the Roundtable on Sustainable Biomaterials (RSB) and the International Sustainability and Carbon Certification (ISCC). Recognition under the proposed DA will maximise the production of synthetic SAF in existing FT facilities and support the transition to a fossil fuel free end-state.

We are of the view that process CO₂ from FT facilities are produced as an unintentional consequence in the production of liquid fuels and fall within the definition of unavoidable CO₂ under EU RED. CO₂ produced from the Secunda facility should therefore be recognised as unavoidable in the proposed DA for the time period over which the facility transitions to a lower-carbon configuration. This would allow the utilisation of CO₂ emissions that would otherwise have been emitted to the atmosphere to produce sustainable products that incentivise the transition.

Recognition of these provisions in the upcoming DA will thus accelerate the transition of existing FT facilities and lead to new investments. It will unlock the large-scale production of synthetic SAF to meet the demand of initiatives such as the ReFuelEU Aviation proposal and contribute to energy security in the EU.

A discussion has taken place with Germany's Federal Ministry for Economic Affairs and Climate Action on the recognition of the flexible allocation methodology under EU RED. We believe that they have been in contact with the European Commission to express support on behalf of the Federal German Government.

We have also provided a copy of this letter to Executive Vice-President Frans Timmermans, Commissioner for Energy Kadri Simson, as well as to Director for Policy Development and Coordination at the European Commission's DG Research and Innovation, Kurt Vandenberghe.

We look forward to continuing this dialogue with you and the Commission and remain at your disposal for further discussion.

Kind regards,



Sasol Ltd



Linde plc



ENERTRAG SE



Hydregen Energy Pty Ltd

About Sasol:

Sasol is an international integrated chemicals and energy company. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively to create superior value for our customers, shareholders and other stakeholders.

We develop and commercialise technologies and build and operate world-scale facilities to produce a range of high-value product streams, including liquid fuels, chemicals and lower-carbon electricity. We employ 28 949 people working in 23 countries.

About Linde:

Linde is a leading global industrial gases and engineering company with 2021 sales of \$31 billion (€26 billion). We live our mission of making our world more productive every day by providing high-quality solutions, technologies and services which are making our customers more successful and helping to sustain and protect our planet.

The company is involved in the production, processing, storage and distribution of hydrogen. It has the largest liquid hydrogen capacity and distribution system in the world. The company operates the world's first high-purity hydrogen storage cavern plus pipeline networks totalling approximately 1,000 kilometres globally, to reliably supply its customers. Linde is at the forefront in the transition to clean hydrogen and has installed over 200 hydrogen fuelling stations and 80 hydrogen electrolysis plants worldwide. The company offers the latest electrolysis technology through its world class engineering organization, key alliances and partnerships.

About Enertrag:

ENERTRAG is a renewable-energy company based in Brandenburg, Germany. We develop, build, own and operate utility-scale integrated energy plants in ten countries globally. Our plants produce reliable electricity and green hydrogen exclusively from wind and sun. We have extensive experience in providing long-term perspectives through job-creation and local value-add in structurally weak or structurally changing regions. Our role in the HyShiFT consortium is to build all solar, wind and transmission facilities.

About Hydregen:

Hydregen Energy is a South African green energy development and investment company that has played a leading role in the development of the South Africa's green hydrogen strategy and projects that will contribute towards the country's just transition to a lower carbon intensive economy.