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## SUSTAINABLE AVIATION FUEL

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# Accelerating the Aviation Industry's Path to Net Zero

An Overview from Delta Government Affairs



# TOP LINE MESSAGES

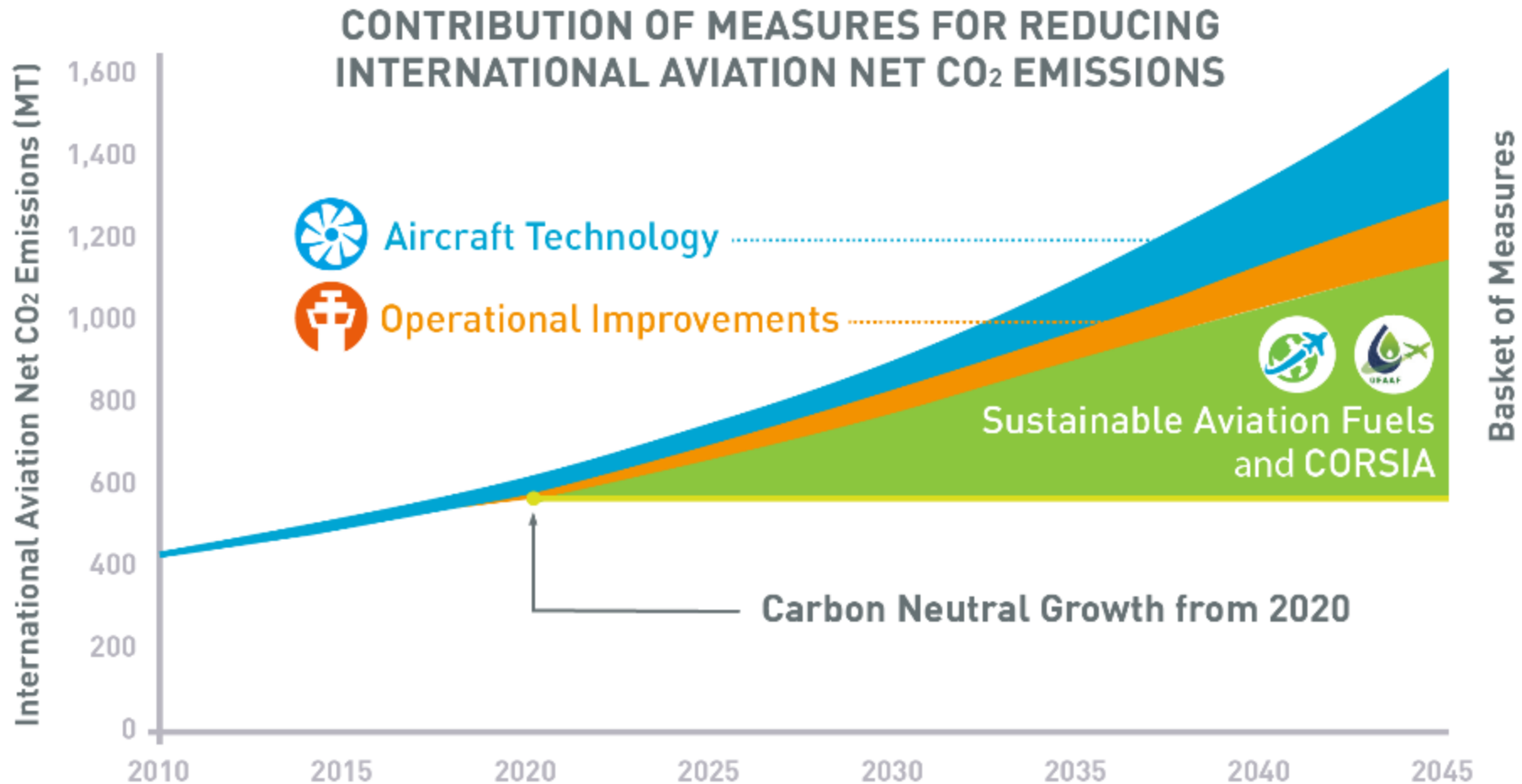
1. The aviation industry is committed to net zero
2. Industry climate commitments require collaboration
3. SAF deployment requires robust public support (incentives over mandates)
4. Cross-border collaboration is essential to global SAF success





# REACHING NET-ZERO BY 2050

In 2022, the International Civil Aviation Organization (ICAO) Assembly adopted a long-term global aspirational goal for international aviation (LTAG) of net zero carbon emissions by 2050, consistent with the science underpinning the Paris Agreement.



# OUR FLIGHT TO NET ZERO

**Core to Delta is the belief that no one better connects the world – now, we embark to connect people to a more sustainable future.**

To do so, we are organizing around two critical pillars to:

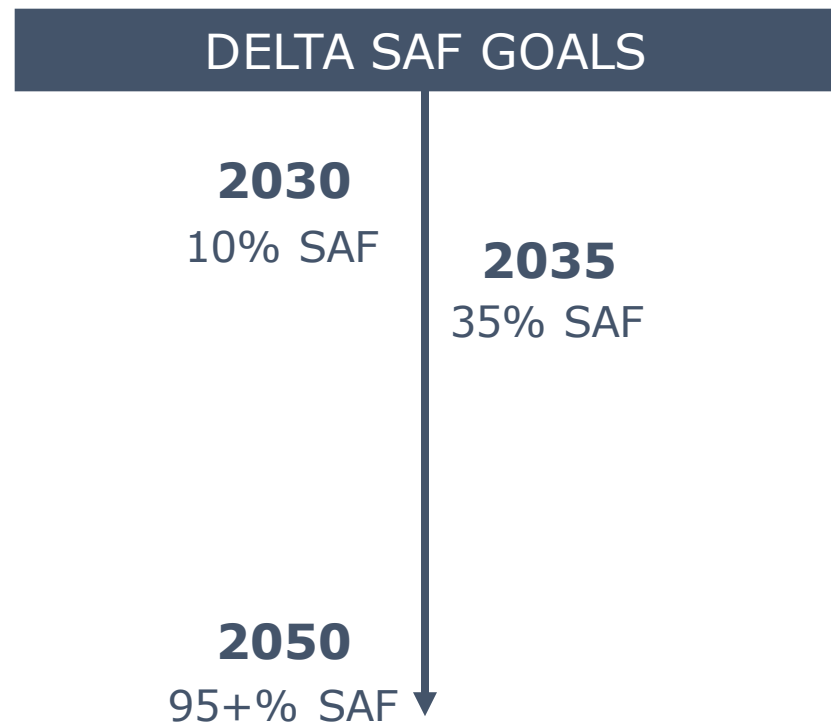
**Eliminate our climate impact from flying:** the core of our business – flying – accounts for 98% of our carbon footprint. Taking a data-driven approach, we are operating with a laser focus on the three highest impact levers: our fleet, our fuel, and our contrails.

**Embed sustainability in everything we do:** across our global network, we have thousands of employees working with hundreds of suppliers to connect millions of customers around the world every day. For everyone we touch, we're working to create a sustainable, eco-friendly travel and work experience.



# OUR FLIGHT TO NET-ZERO

Currently, SAF represents our most significant lever for GHG emissions reductions.



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# UNITED STATES SAF GRAND CHALLENGE ROADMAP

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The SAF Grand Challenge, announced on September 9, 2021, sets a 3 billion gallon-a-year SAF goal by 2030 and a target for a fully zero-carbon aviation sector by 2050.

- **Partnership** between DOE, DOT, USDA, and other federal government agencies
- A comprehensive strategy for scaling up new **technologies** to produce SAF on a **commercial** scale
- Represents a **whole-of-government** approach and **best practice** for other countries looking to responsibly scale SAF



# FEDERAL LEGISLATION

## THE INFLATION REDUCTION ACT

### Blenders Tax Credit

2023 – 2024

\$1.25/gallon base credit for SAF producers/blenders whose products are sold to or used in the US

Base credit is increased by \$0.01 for each percentage point by which the lifecycle greenhouse gas emissions reduction compared to conventional jet fuel exceeds 50%, which is capped at \$0.50.

Must achieve GHG reduction of a minimum of 50% compared to conventional jet fuel; coprocessing disallowed

### Clean Fuels Production Credit

2025 – 2027

\$1.75/gallon bonus credit for SAF that meets prevailing wage and apprenticeship requirements. Otherwise, credit is worth \$0.35/gallon.

Credit is multiplied by the emissions factor of the product, which is calculated against a baseline emission rate of 50 kgCO<sub>2</sub>e/mmBTU.

Coprocessing disallowed; must not claim 45Q credit for carbon sequestration or 45V PTC for clean hydrogen at the same facility





# US STATE SAF STRATEGY

Delta is actively building coalitions and advocating for state-specific SAF-enabling policies in our hub states and beyond.

## MINNESOTA

- Minnesota has enacted a **\$1.50 per gallon** state tax credit for SAF producers and blenders.
- Minnesota is also considering an **LCFS**, which would require a 20 percent reduction in the “aggregate carbon intensity” of transportation fuel supplied to the state by the end of 2035.

## ILLINOIS

- Illinois enacted a **\$1.50 per gallon** SAF tax credit in February 2023. Before 2028, the credit applies to fuel derived from biomass, waste streams, renewable energy, or gaseous carbon oxides. After that date, eligible fuel must be derived from domestic biomass resources.

## MICHIGAN

- This fall, Michigan will consider a **\$1-2/gal** SAF opt-in tax credit and an **LCFS**.

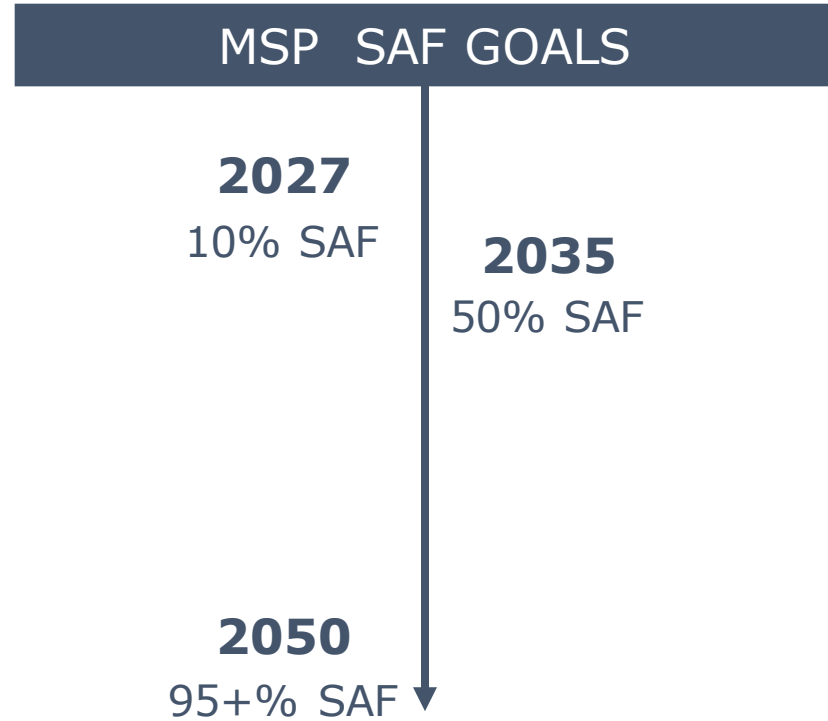
## WASHINGTON

- In addition to an LCFS, WA established a producer credit with a **1.3 LCFS multiplier** and a **\$1-2/gal** end consumer credit for SAF produced and uplifted in WA.



# MINNESOTA SAF HUB

The MN SAF Hub will play a pivotal role in increasing our SAF usage at MSP.



## Anchor Partners



## Supporting Partners



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## INDUSTRY-WIDE COMMITMENT TO SAF

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**For the aviation industry to achieve net-zero by 2050, government incentives and cross border collaboration are a critical building block to facilitate scaling the SAF industry:**

- **Performance-based**, as well as feedstock- and technology-neutral incentives are required to help drive investment toward the development of SAF at a reasonable cost.
- **State level incentives** need to be more widely adopted to bring SAF to other geographic locations beyond the west coast.
- **Mandates** without incentives **will not guarantee** sufficient supply and reasonable pricing. The US encourages adoption of policy incentives to ensure the market has adequate resources to respond to the demand and is a model for **other countries** to follow.



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