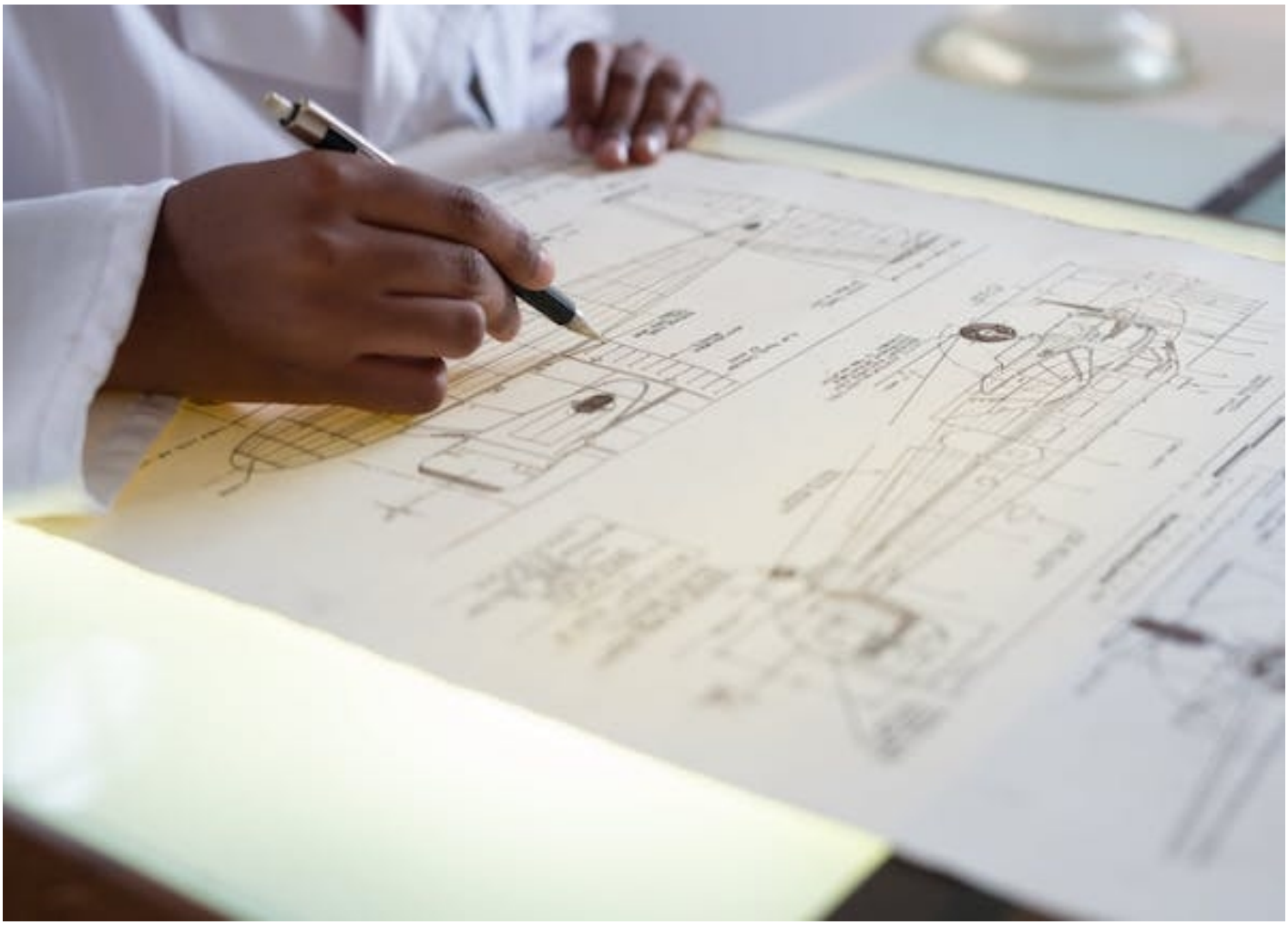
NEW ARGUS PRICE AS EUROPE MOVES TOWARDS SUSTAINABLE AVIATION FUEL

News / Airlines



Legislation in Europe is pushing airlines to use more environmentally-friendly fuels, creating a need for transparent pricing in this emerging market. Global energy and commodity price reporting agency Argus has launched prices for sustainable aviation fuel (SAF) in Europe.

SAF is made from waste products, such as used cooking oil, and has a lower carbon footprint than petroleum-based jet fuel. Pressure on airlines to reduce the carbon footprint of their operations continues despite the economic uncertainty the sector has faced since the Covid-19 pandemic shattered passenger demand. Some airline bailouts by governments, notably those of Air France and SAS, have been explicitly linked to requirements to reduce carbon emissions.

Before the pandemic, SAF prices were typically between three and five times higher than those for conventional petroleum jet fuel. But the collapse in air travel has seen petroleum-based jet fuel prices plummet worldwide, and has increased the SAF premium. In northwest Europe, Argus assessed conventional jet fuel at $329.25/t on 18 September, more than six

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times lower than SAF, which was valued at $2,124.47/t.

The new prices will be published on a weekly basis in the Argus Biofuels and Argus Jet Fuel reports.

As the aviation sector addresses increasingly stringent decarbonisation goals, airlines and their fuel suppliers are looking for transparent pricing for SAF, as well as an objective, representative index that they can use for physical contracts and for risk management. Argus' deep understanding of emerging SAF markets and extensive experience in covering renewable fuels globally will satisfy these needs.

Argus Media chairman and chief executive Adrian Binks said: "Argus has been a forerunner in renewable fuels market reporting globally. We continue to work closely with the industry to develop appropriate pricing and hedging solutions as the industry seeks the best way to value this product."

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