

Statement of
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Subcommittee on Aviation
Committee on Transportation and Infrastructure
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Chairman Larsen, Ranking Member Graves, and Members of the Aviation Subcommittee: Good afternoon. My name is John Plaza, and I'm CEO of SkyNRG Americas. Thank you for holding this important and timely hearing. I'm excited to discuss the opportunities and challenges associated with U.S. airports' efforts to address climate change — and the key role that sustainable aviation fuels (or "SAF") can play in decarbonizing aviation and enhancing energy independence. I also want to thank this committee and you, Chairman Larsen, for your continued leadership in support of domestic renewable fuels production.

At SkyNRG, we are a dedicated team of industry-leading professionals who develop and execute commercial scale SAF production projects. Our planned production facilities in North America seek to increase SAF supply for a global network of aviation fuel users, including airlines and civil aviation, as well as national defense needs.

Critically, SkyNRG is committed to sourcing SAF from waste-based feedstocks that uphold the highest sustainability standards and achieve, at a minimum, an 80 percent reduction in greenhouse gas emissions.

We are particularly excited about the recent partnerships we've formed — with some of the leading global innovators in sustainability — including Alaska Airlines, Boeing, Microsoft, and Bank of America. These agreements advance our overarching aim: to create sustainable, scalable, and cost-competitive solutions that will lead to the commercialization of SAF production and drive the aviation industry's transition to clean energy.

As we all know, aviation is essential to modern life. Flying has been my lifelong passion since the age of five. I was a commercial airline pilot for more than 20 years and have flown everything from bush planes in Alaska to Boeing 747's.

My time as a pilot provided me with some key insights in how aviation can grow sustainably. The amount of fuel required to power an aircraft is immense, as are the greenhouse gas emissions that result from burning fossil-based jet fuel. In fact, without timely action, the aviation sector's emissions footprint could grow from 3 percent to 27 percent of the global carbon budget by 2050.¹ We must find creative ways to decarbonize aviation, and we must do so in a way that supports fuel quality, aircraft

¹ See International Civil Aviation Organization. *ICAO Environmental Report 2016*. (available here: <https://www.icao.int/environmental-protection/Documents/ICAO%20Environmental%20Report%202016.pdf>)

safety, and cost-effectiveness, all while creating good-paying domestic jobs and an energy resilient economy.

After retiring from commercial flying in the early 2000s, I founded a biodiesel production company based in Seattle called Imperium Renewables. We built one of the largest commercial scale biodiesel production facilities in the United States. This facility, at 100 million gallons per year of biofuel production, was built in a rural community in Washington state that continues to benefit significantly from these new energy transition jobs and investments. Notably, Imperium was also the first producer of SAF used in a landmark demonstration flight by a Virgin Atlantic Airlines Boeing 747 in 2008.

The market and political landscapes around SAF are much different today than they were 14 years ago. Demand for SAF has skyrocketed, as aviation-centric companies across the U.S. economy seek to reduce their greenhouse gas emissions and achieve sustainability objectives. Additionally, I am both thrilled and thankful for the attention that U.S. policymakers — and this subcommittee in particular — have focused on our nascent industry. We are on the cusp of a historic growth opportunity.

With the right federal policies in place, the U.S. SAF industry can achieve scale quickly enough to meet several key goals of this Subcommittee. A robust North American SAF industry would:

- (i) reduce emissions from flights by as much as 80 percent relative to fossil-based jet fuel;

- (ii) attract substantial private sector investment and create high-tech jobs, especially in rural communities across the country, including Washington state;
- (iii) meet the substantial consumer demand for low-carbon fuels while ensuring flight safety and reliability;
- (iv) promote U.S. innovation, leadership, and jobs in an industry with vast global potential;
- (v) ensure nationwide energy security by creating clean, domestic fuel supply chains to power commercial and defense-related aviation; and
- (vi) help stabilize aviation fuel prices by reducing U.S. reliance on global oil markets that have increasingly faced price volatility and supply disruptions.

To be clear, SAF is not only a means to achieve net zero by 2050 — it is also a tool for fostering job growth and energy security today.

Congress can champion three key policies to support SAF and capture its economy-wide potential. First, Congress should advance the bipartisan *Sustainable Skies Act*. The Act would create a blenders tax credit starting at \$1.50 per gallon for SAF that achieves a 50 percent or greater lifecycle emissions reduction in greenhouse gas emissions, as compared to fossil-based jet fuel. This legislation represents a pragmatic way to help the SAF industry attract greater private sector investment and realize price-parity with fossil-based fuels. This initiative also maintains broad industry support, including from others on this panel today, like Alaska Airlines.

Second, Congress should formulate an infrastructure grant program dedicated to projects that will produce, transport, or store SAF. The Senate's *Aviation Emissions Reduction Opportunity (AERO) Act*, for example, would provide \$1 billion over five years for infrastructure and technology grants. As many airports nationwide lack essential SAF infrastructure, these public investments would help accelerate and de-risk investments across the supply chain by making SAF more available to airlines and bringing efficiency to the market.

It is my hope that both of these crucial policies can be enacted this year.

Finally, Congress should support the Administration's SAF Grand Challenge and identify ways to collaborate with federal agencies in this initiative. The SAF Grand Challenge is the result of DOT, DOE, USDA, and EPA launching a government-wide Memorandum of Understanding (MOU) that aims to reduce the cost and expand the supply of SAF. The administration's central target is to reach a SAF supply sufficient to meet 100 percent of aviation fuel demand by 2050.

The SAF Grand Challenge is a recognition of the fact that any serious national effort to address climate issues must incorporate ambitious strategies to put downward pressure on aviation emissions. The Grand Challenge also offers the nation an opportunity to develop an entirely new energy industry that meets the needs of this critical sector. The U.S. must have an ambitious, whole-of-government plan in place to help guide successful policy and industry outcomes for the future of American aviation.

One key element of the MOU is DOT's commitment to "collaborating with EPA . . . on steps to expedite regulatory approvals of new SAF feedstocks that achieve significant lifecycle GHG reductions."² For the past decade, regulatory backlogs have plagued SAF industry innovation, expansion, and long-term capital investment, so this will be a critical step in achieving industry goals. This Subcommittee can play a key role — through collaboration and oversight — in DOT's implementation of this and other elements of the Grand Challenge.

Lastly, it is important to note that SAF represents only .0005 percent of total aviation fuel consumption in the U.S. today, a small drop in the sea of existing fossil jet fuel supply. Thoughtful, targeted policies are needed for the SAF industry to scale quickly enough to meet our nation's energy challenges. The return on investment, in the form of energy security, jobs, and environmental benefits, will be well worth it.

I look forward to working with all members of this Subcommittee and the broader House Transportation and Infrastructure Committee to make sure this innovative American industry is successful. Thank you.

² The White House, *FACT SHEET: Biden Administration Advances the Future of Sustainable Fuels in American Aviation*, Sept. 9, 2021 (available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/09/fact-sheet-biden-administration-advances-the-future-of-sustainable-fuels-in-american-aviation/>)