

Globalising Net Zero Aviation

Leveraging London to meet Paris

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THE RIGHT HONOURABLE THE LORD MAYOR
ALDERMAN PROFESSOR MICHAEL MAINELLI

Green Aviation Task Group: *our UK-China objectives*

- (1) Demonstrate the potential of apolitical cooperation** in advancing the aviation industry's transition to a sustainable, net zero future
- (2) Set a global standard for cooperation**
- (3) Scope an asset-orientated green aviation finance “ecosystem”** offering solutions for fleet acquisition, improving efficiency and connecting to a robust carbon market
- (4) Explore ways to minimise investment risk while maximising returns** in a carbon-efficient manner
- (5) Position aviation as a leader in the energy transition**



**Aviation is an
indicator of deeper
challenges that the
world faces**

**Green Energy
Availability**

**Technology
Readiness**

**Carbon Market
Integrity**

**Taxonomies &
Indices**

**Slow Market
Penetration**

**Myopic National
Interests**

**Capital
Requirements**



The Global Perspective is vital: a severe global green energy shortage

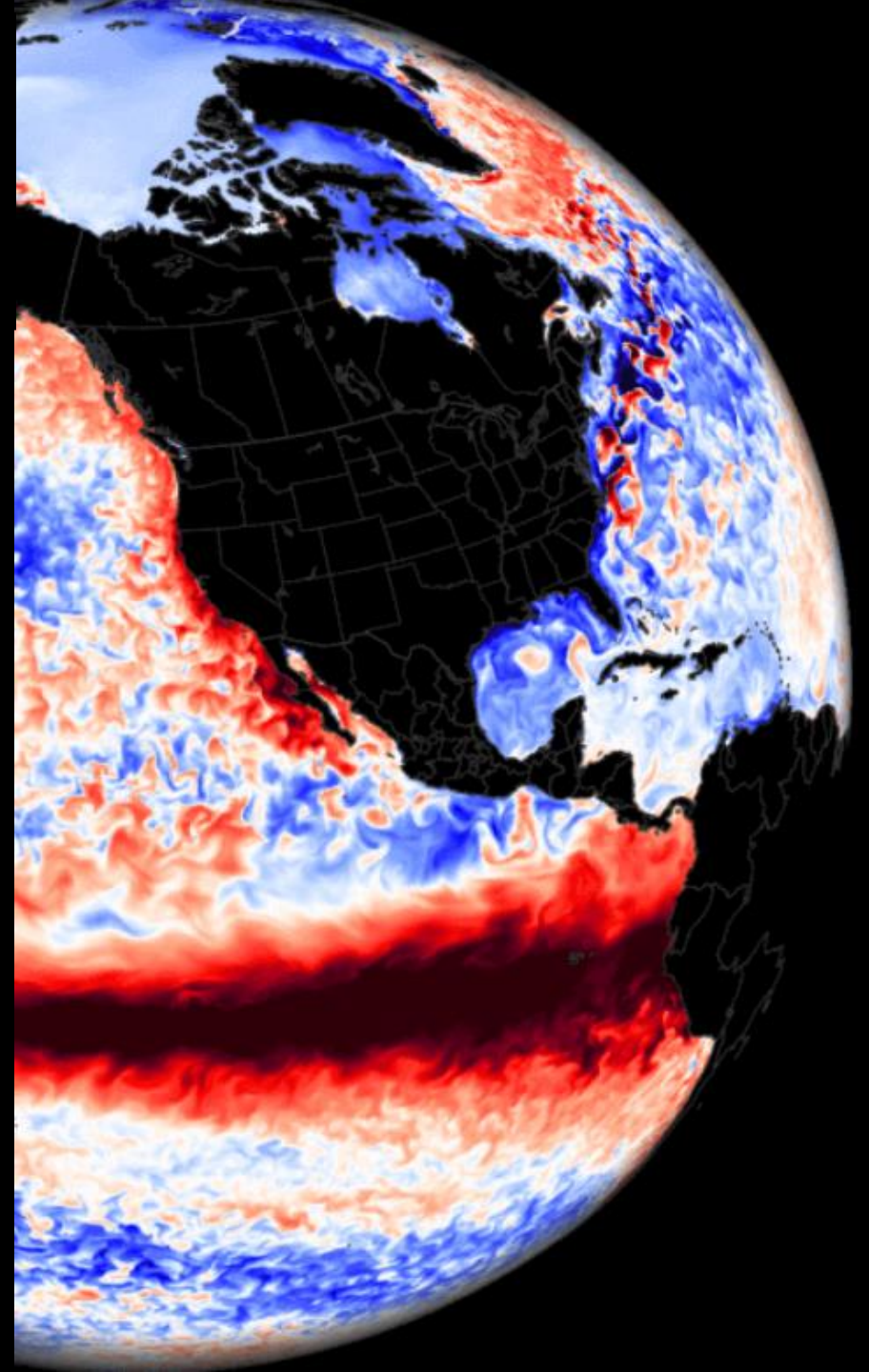
- Aviation will require more than double the world supply
- Critical step before in-sector solutions like SAF & H₂ are delivered

Aviation can take the lead in energy through finance, investment and trading



Decarbonising early has more carbon impact than future solutions

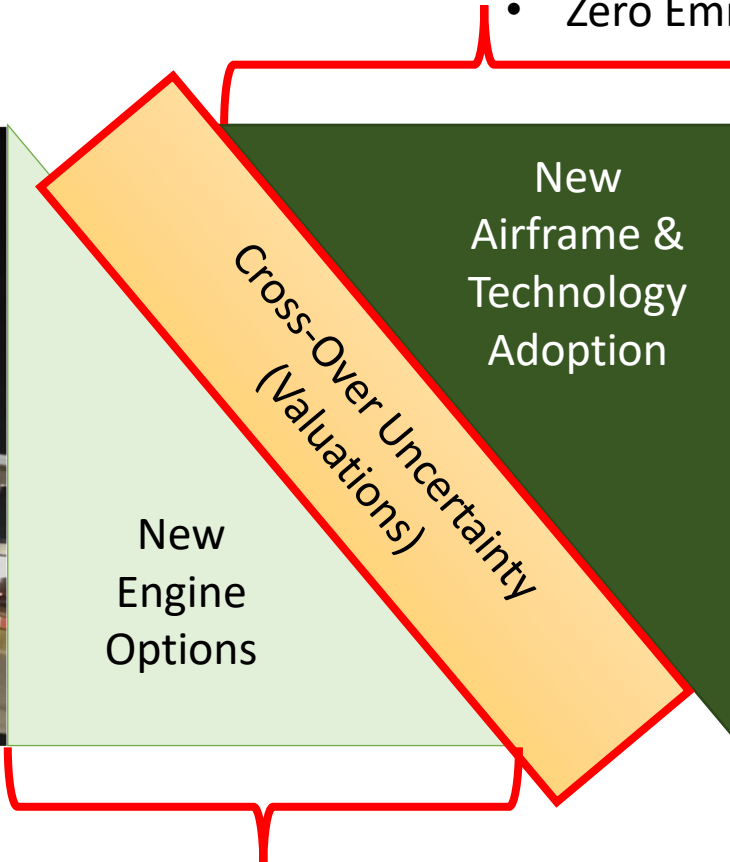
- 80-88% global fleet is old
- Next gen aircraft + airspace => 25-36% CO₂ reductions
- 900-1800MCO₂ (UK Aviation 35MCO₂)
- Private finance required to unblock supply chains





A cross over impacting second sale values and transition

- Technology Readiness Level (TRL)
- Zero Emission Energy Infrastructure



- Supply Chain Components
 - Private Investment
- Manufacturing capability/capacity

A likely equilibrium (slowing transition) resulting from OEMs influenced by their customers and investors



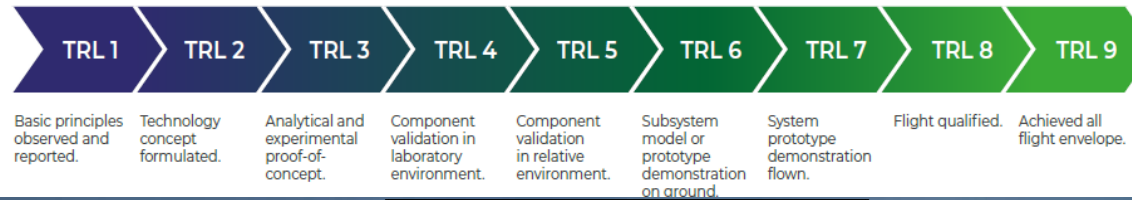
Sustainable Aviation Fuel (SAF) could preserve second sale values, but we do not know full impact on nature and return of investment

Government invests in low TRL research

Unappealing for operators

- Low Readiness, High Uncertainty
- No direct impact on current operation
- Policy dependent
- Long Term Investments

Paris Agreement Policy Risks (e.g. CBDR)



Operators & Investors want high TRL

The Dead Zone



Shell PLC

Shell pauses construction at one of Europe's biggest biofuels plants

Work on energy transition project in Rotterdam will be further delayed

JULY 2, 2024



Shell PLC

Shell expects hit of up to \$1bn on stalled biofuel plant

Oil major paused work on Rotterdam project this week amid difficult market

JULY 5, 2024

- High Readiness, Low Uncertainty

- Market Based

- Direct Operational Impact

- Short Term Investments and return



The paradox of Government Policies and Green Taxonomies for aviation

Can we use Sovereign Wealth and non-traditional partnerships to stimulate a terminal market for carbon?

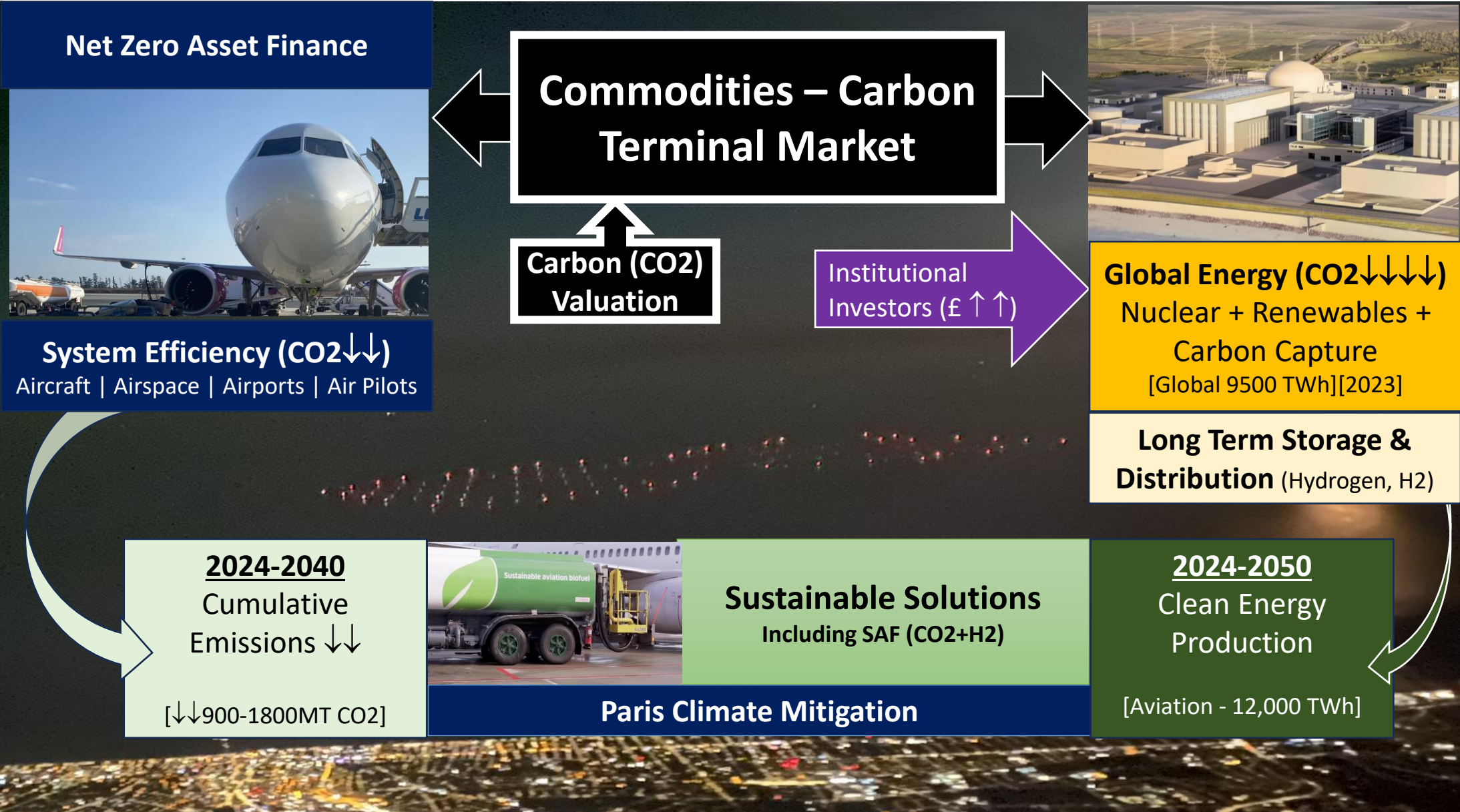
Political



- UK/China Green Finance Centre
- Green Aviation Task Group
- Real Economic Deliverable
- Green (transition) Aviation Finance Ecosystem
- Showcase against context of National Security Concerns
- National ETS systems



A green financial ecosystem – commodities – a turnkey solution





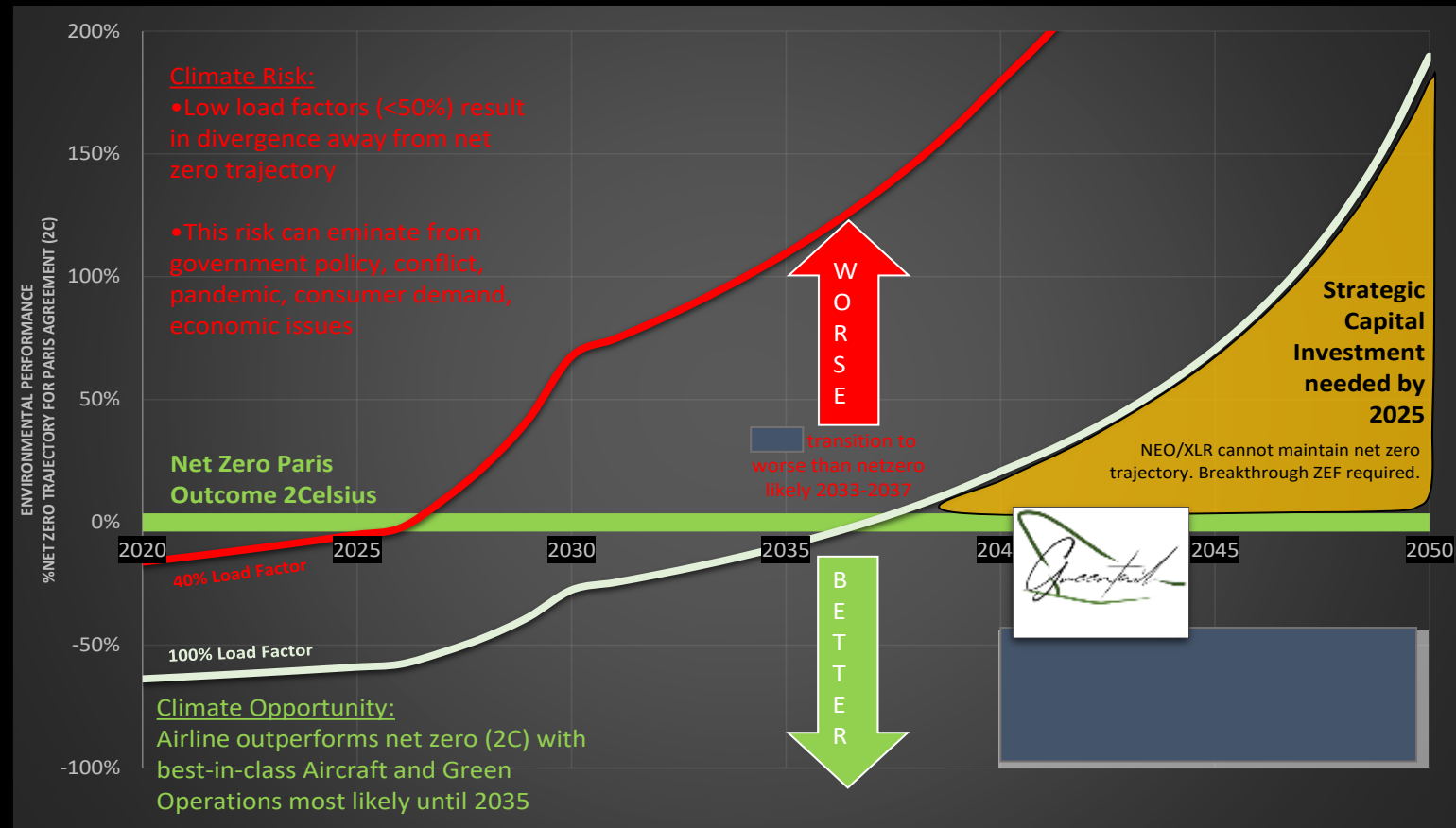
World Trade Organization

Global carbon pricing needed to avert trade friction, says WTO chief

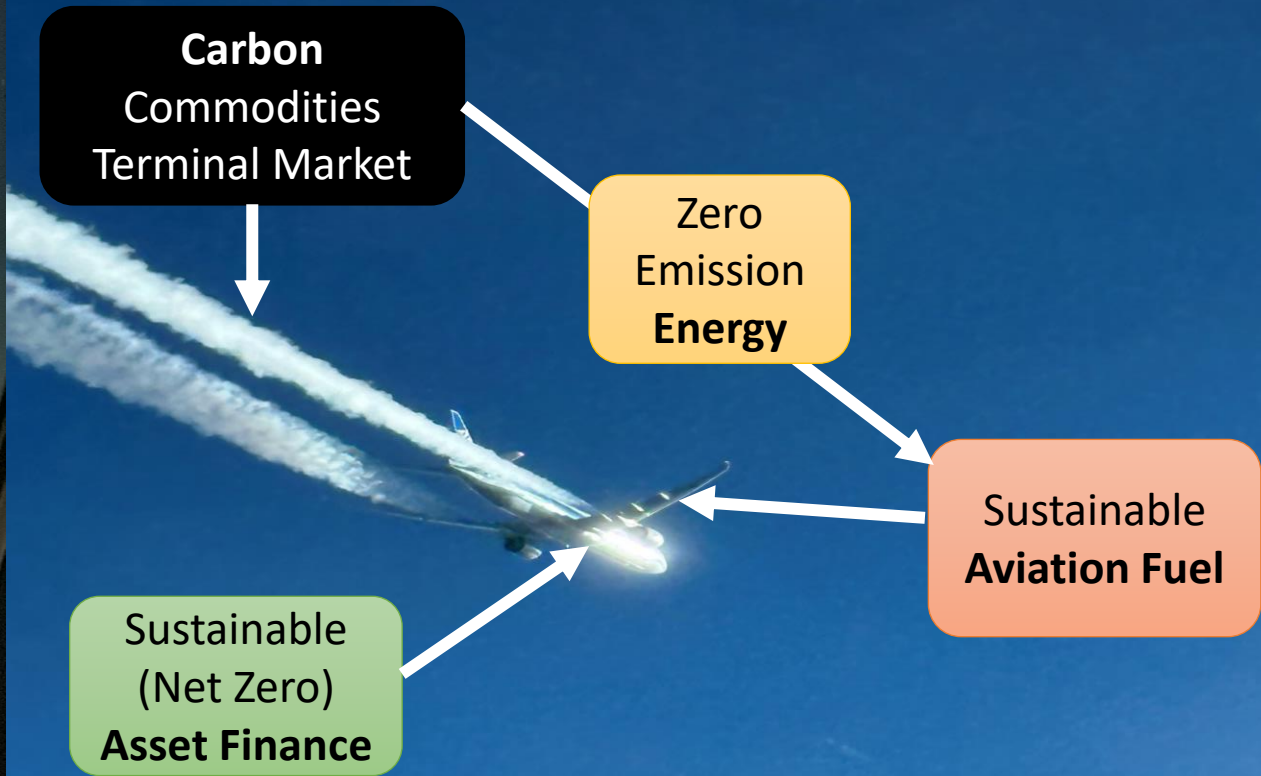
Ngozi Okonjo-Iweala warns of disruption to commerce from EU and other unilateral green taxes



Workshop: how do we value carbon and create a terminal market?



A Leading edge of opportunity





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- Thank you, Questions & Suggestions