



Department
for Transport

UK Incentives for SAF Production

Getting projects to final investment decisions

Elliot Spindler – Department for Transport, Sustainable Aviation Fuels

Date 20/05/2025

OFFICIAL – FOR PUBLIC RELEASE

Why is the UK interested in Sustainable Aviation Fuel (SAF)?

The [Plan for Change](#) sets out the ambitious – but achievable – milestones the government aims to reach by the end of this Parliament.



Strong Foundations



Break Down Barriers to Opportunity



Safer Streets



An NHS Fit for the Future



Kickstarting Economic Growth



Make Britain a Clean Energy Superpower



Why is the UK interested in Sustainable Aviation Fuel (SAF)?

The [Plan for Change](#) sets out the ambitious – but achievable – milestones the government aims to reach by the end of this Parliament.



Strong Foundations



Break Down Barriers to Opportunity



Safer Streets



An NHS Fit for the Future



Kickstarting Economic Growth



Make Britain a Clean Energy Superpower

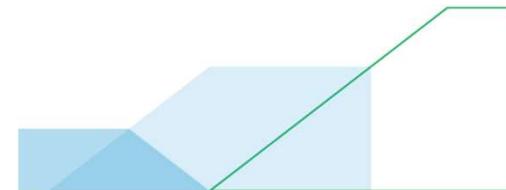


The challenge

1. UK has legally binding net zero targets and carbon budgets.
2. Transport accounted for 34% of UK GHG emissions in 2022 inc. international aviation/shipping.
3. Aviation 2nd largest contributor but overtakes road vehicles by 2040.
4. Variety of measures but some technological solutions are in relatively early development.

Why is the UK interested in SAF?

1. SAF is one of the most effective ways to reduce aviation emissions right now.
2. Available as a 'drop-in fuel' that can be blended with fossil aviation fuel and does not require modifications to existing aircraft fleets.
3. Associated greenhouse gas emissions from SAF are on average 70% less than fossil aviation fuel on a lifecycle basis.
4. A thriving domestic SAF industry can increase investment and growth, support jobs and improve the UK's fuel security.



What challenges do SAF projects face in the UK?

Making the leap from lab to commercial scale is difficult as demonstration facilities are capital intensive and unprofitable. Commercial plants can cost £600m to £2bn to reach economies of scale.



Technology risk



Feedstock security risk



Construction risk



Revenue certainty risk



Policy Objectives

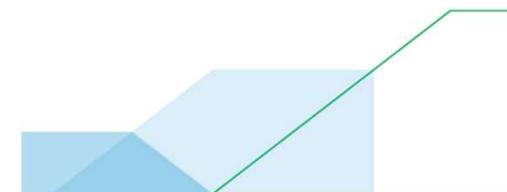
Create secure and growing demand for SAF

Accelerate development of UK projects

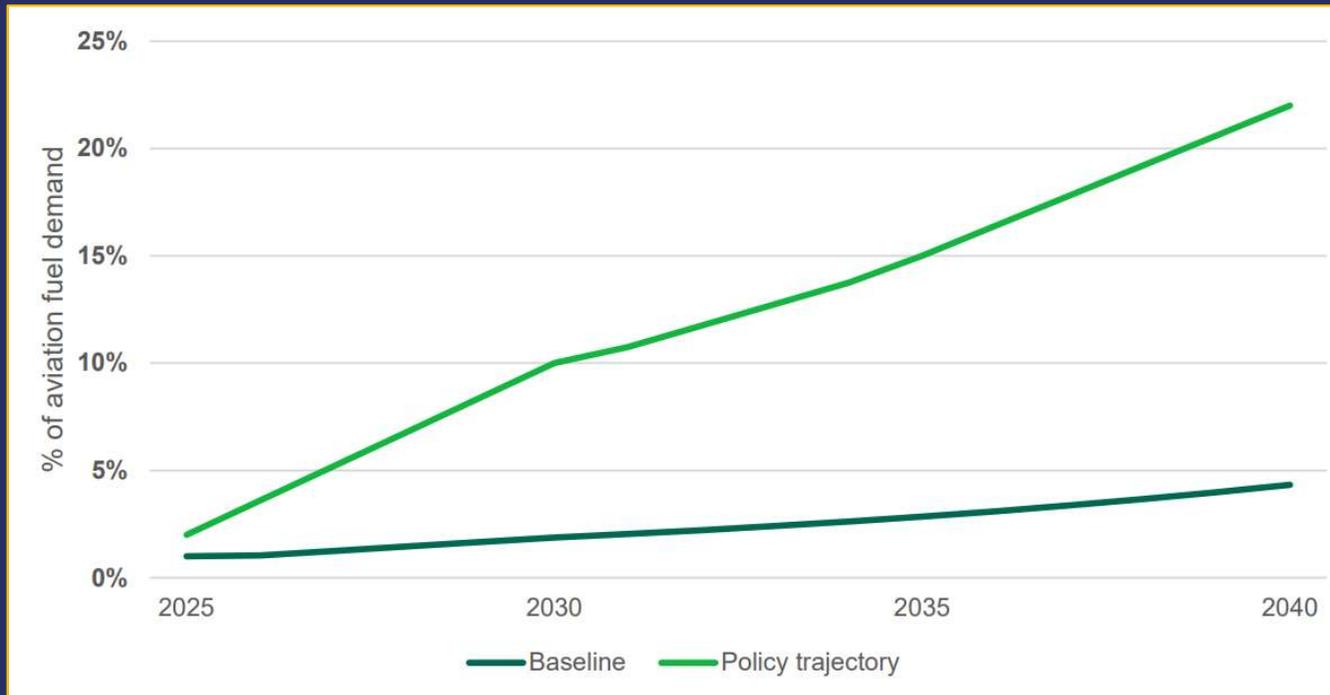
Secure investment in UK projects

Policy interventions

1. The SAF Mandate is the UK's key policy to secure demand for SAF.
2. It sets a legal obligation on fuel suppliers in the UK to supply increasing proportions of SAF over time (2% in 2025, 10% in 2030 and 22% in 2040).
3. GHG-based scheme that could deliver up to 6.3mt of carbon savings per year by 2040.
4. Separate obligation for power-to-liquid fuels to accelerate their development (0.2% in 2028 and 3.5% in 2040).
5. HEFA cap from 2027 so its maximum contribution is 71% in 2030 and 35% in 2040.



SAF Mandate Trajectory: 2025-2040



From SAF Mandate final stage cost benefit analysis found [here](#).

Policy Objectives

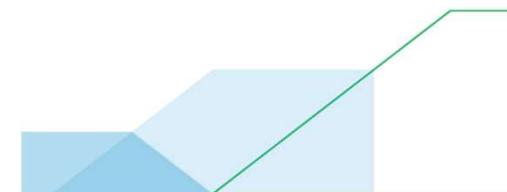
Create secure and growing demand for SAF

Accelerate development of UK projects

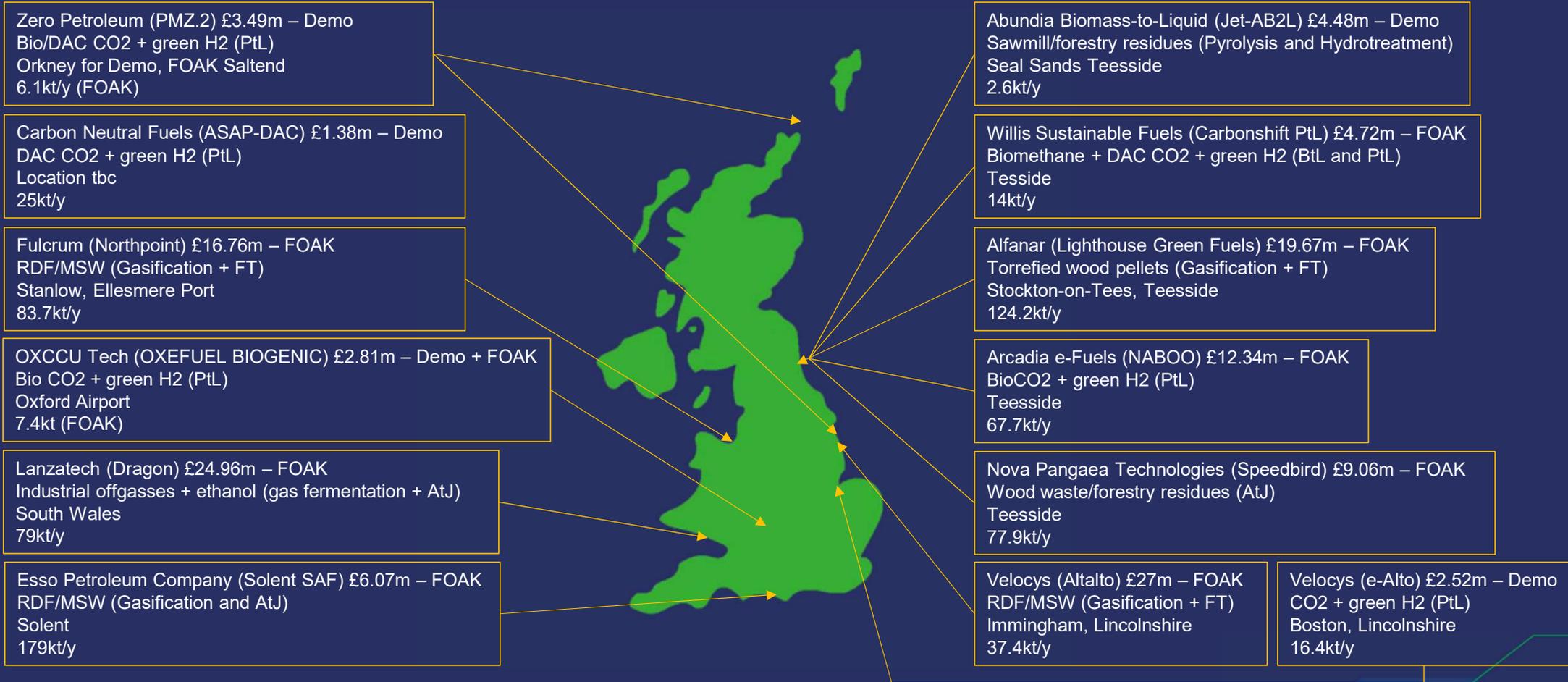
Secure investment in UK projects

Policy interventions

1. UK SAF Clearing House was launched to provide coordination and grant support for the testing and certification of new production pathways.
2. The Advanced Fuels Fund was launched in 2022 to provide grant support to demonstration and first-of-a-kind commercial projects in the UK.
3. Aims to crowd in private investment, accelerating projects through development stages and towards final investment decisions.
4. £135m already awarded to 13 projects with a further £63m available in the third application window.



Advanced Fuels Fund Window 1 and 2 Projects



Policy Objectives

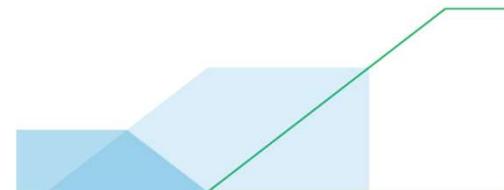
Create secure and growing demand for SAF

Accelerate development of UK projects

Secure investment in UK projects

Policy interventions

1. Mandate alone may not provide revenue certainty to secure investment in first-of-a-kind projects.
2. Projects face revenue certainty barriers in the UK because there is:
 - No clear UK or global market price for non-HEFA SAF.
 - Perceived policy and regulatory uncertainty.
 - Competition for finance with other low carbon technologies.
3. The Revenue Certainty Mechanism will mitigate these risks to investors by guaranteeing a price for a producer's SAF.



Policy Objectives

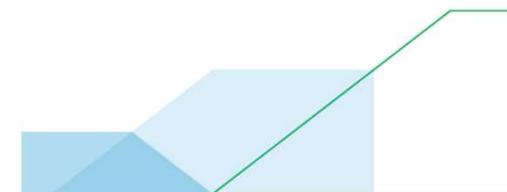
Create secure and growing demand for SAF

Accelerate development of UK projects

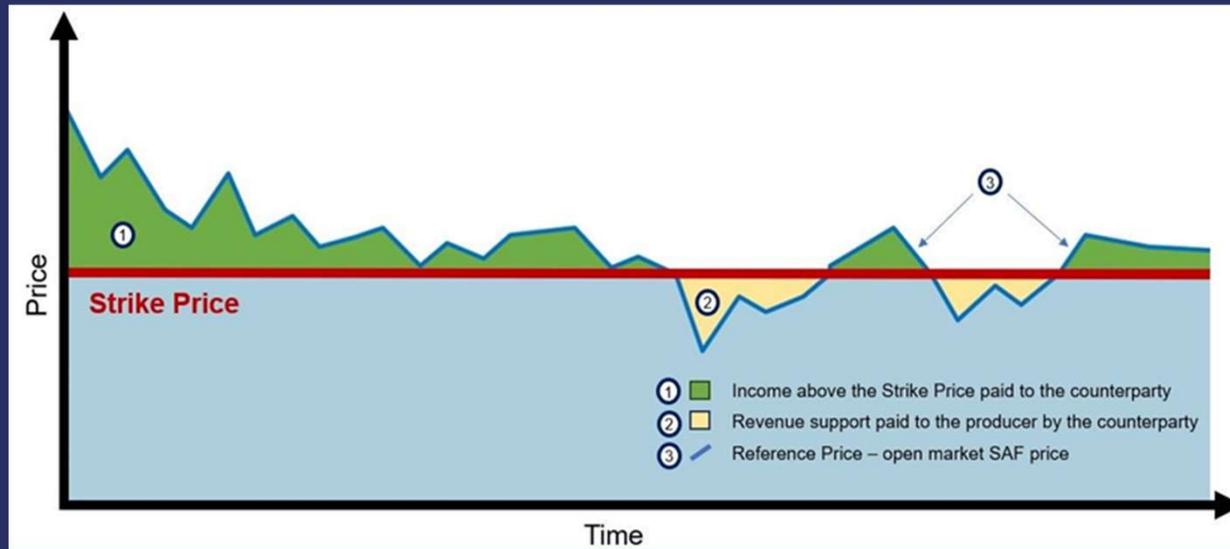
Secure investment in UK projects

Policy interventions

1. On 14 May, the SAF Bill was laid in Parliament to take necessary powers to implement the revenue certainty mechanism.
2. Government will direct a counterparty (it owns) to enter a contract with a producer, guaranteeing a price for eligible SAF over a period.
3. The difference between the contract price (strike price) and the price the producer then sells its SAF for (reference price) determines the payment flow between the parties.
4. The cost of payments to producers and running the scheme will be funded by a variable levy on aviation fuel suppliers in the UK.



The Revenue Certainty Mechanism



Where the reference price (the market price) exceeds the strike price (the contract price), the producer pays the difference to the counterparty. Where the reference price is below the strike price, the counterparty pays the difference to the producer.



Recap: What challenges do SAF projects face in the UK?

Making the leap from lab to commercial scale is difficult as demonstration facilities are capital intensive and unprofitable. Commercial plants can cost £600m to £2bn to reach economies of scale.



Technology risk



Feedstock security risk



Construction risk



Revenue certainty risk



Recap: What challenges do SAF projects face in the UK?

Advanced Fuels Fund supporting project development and **UK SAF Clearing House** supporting testing and certification of new fuels. Portfolio approach to support multiple technologies (also shown in the **SAF Mandate** – HEFA cap and PtL sub-target).



Technology risk



Feedstock security risk



Construction risk



Revenue certainty risk



Recap: What challenges do SAF projects face in the UK?

Advanced Fuels Fund supporting project development and derisking construction.



Technology risk



Feedstock security risk



Construction risk



Revenue certainty risk



Recap: What challenges do SAF projects face in the UK?

Portfolio approach to support multiple technologies – **Advanced Fuels Fund** (single technology limit, PtL sub-pot), **UK SAF Clearing House** (testing for new pathways) and **SAF Mandate** (HEFA cap and PtL sub-target).



Technology risk



Feedstock security risk



Construction risk



Revenue certainty risk



Recap: What challenges do SAF projects face in the UK?

The Revenue Certainty Mechanism providing private law contracts to guarantee producers' a price for selling eligible SAF over a defined period.



Technology risk



Feedstock security risk



Construction risk



Revenue certainty risk



Thank you

