



## Summary Notes: Roundtable on Scaling Sustainable Aviation Fuel

**Location:** Department for Transport, Great Minster House, 33 Horseferry Rd, London, SW1P 4DR

### Overview:

On Thursday 14<sup>th</sup> March 2024 a select group of businesses, led by AmexGBT and BritishAmerican Business met with Anthony Browne, Minister for Aviation, and Claire Swadkin Deputy Director in the Low Carbon Fuels Team at the Department for Transport, and team, to discuss how vital business travel is in reaching Jet Zero and how industry is working to achieve greater supply and demand of Sustainable Aviation Fuel (SAF). The objective was to understand industry perspectives of how Government can support access to SAF.

### Organisers:

Anthony Browne, Minister for Aviation at the Department for Transport; Claire Swadkin, Deputy Director, Low Carbon Fuels Team at the Department for Transport; Antony Henderson, Head of Sustainable Aviation Fuel, Department for Transport; Phoebe Randell, Senior Policy Advisor, Advanced Fuels, Department for Transport; Andrew Crawley, President of Amex GBT; Martin Ferguson, Vice President of Public Affairs at Amex GBT; Nicole Sautter, Director for Global Sustainability, Amex GBT; Alice Mount, Executive Director at BritishAmerican Business; Sophie Rahemanji, Policy Manager at BritishAmerican Business

**Discussion:** Seven key areas were discussed

- 1. State of play of SAF in UK:** The Government are considering other solutions for sustainable aviation and have committed to SAF as the primary route as shown through the SAF mandate. A domestic SAF industry is being pushed and the revenue certainty mechanism consultation will soon be published. The UK government want to understand how business and government can use mutual interests, leverage the industry's corporate buying power and the Government's ability to invest.
- 2. Business travel and scaling SAF:** - Industry has set travel emissions targets and are exploring SAF in order to meet their pledge. Air travel will remain, so SAF is the best option for aircrafts in the near future. Industry is upscaling SAF purchasing but it is expensive compared to other offsets; the cost challenge must be addressed on the business side. Travel has not recovered yet in a post-Covid19 environment, with business travel only 75% of what it was before so we do not have a true picture of the long-term effects that not producing SAF will have on emissions. There is a long way to go to cut emissions in business travel, but industry is very clear in supporting a UK SAF industry as part of its broader decarbonisation ambitions. Investment now is key in bringing the green premium down for all. Offsets alone will not allow us to reach net zero and an either-or approach is not an option. SAF is an insetting solution. SAF is a solution that can be made available now but currently only 0.04% of fuel is SAF in the UK. It is important that airlines buy it, and wider industry invests into it for the industry to scale up if we are to reduce the price point, as was seen through the example of electric batteries.
- 3. Financing:** - Three funding tools were identified: 1) capital funding, for example, through schemes such as the Advanced Fuel Fund; 2) SAF mandate; 3) Industry investment to support the soon-to-be introduced

government revenue certainty mechanism. Concerns with SAF mandate financing is that the cost is likely to be passed onto airlines and then the consumer, however consumers already pay for Air Passenger Duty (APD) and this is not invested into SAF. Industry inquired whether APD can be used more efficiently towards SAF. Additionally, when the mandate is put in place, some larger purchasers will be unable to support it given the procurement offtakes they have today. Industry emphasised that further investment for power-to-liquid fuels is needed. Private partnerships can help these investments, and others, to drive SAF. The financial institutions present showed a willingness to work with others in their sector. Some potential investors stated that travel contributes to a small proportion of their organisations emissions. In that case, how do we make the case that SAF is important over offsetting for example? Whilst carbon offsets are cheaper than SAF (\$500 a tonne vs \$50 a tonne), SAF is the better solution; to get the SAF industry to work it needs to be seen as a gold standard. Other investors found choosing SAF over carbon offsets was productive.

- 4. Book and claims:** - Industry iterated that there is no internationally recognised book and claim system. Last year, 0.2% of global fuel fix was SAF. A 50x production increase is required to reach the mandated target of 10% - book and claim is needed to bridge this gap. Others voiced concerns that if we only have book and claim SAF will be produced in further afield countries that are cheaper than UK/US, and no large domestic market will build up. Businesses also specified that they want to reduce emissions in own countries/regions. Currently, book and claim is one of the only tangible, feasible ways to aggregate demand, however systems must be transparent and audited to keep investor confidence high. It may not be a long-term solution, but it is an essential financing scheme at this stage to upscale the SAF economy.
- 5. Challenges to SAF access:** - SAF is not subject to challenges seen by 'first of its kind' technologies, but there are practical issues as a newer fuel option. Industry reiterated issues with feedstock availability. UK has limited biofuels, and most are tied up with road vehicle supply chains at present. HEFA supply will flatten from 2030, although forestry waste is a potential filler. Despite SAF production happening, it is not widescale. Assurances, for example through education on what SAF should be improved further to improve confidence in using and investing the fuel options. Industry also briefly mentioned the political uncertainty of the next year with potential US and UK government changes affecting investment decisions, which may affect the UKs SAF market which is reliant on voluntary action at present. Lastly, the SAF green premium continues to be a challenge for industry investment. Given the price point, airlines have trouble signing up for long-term commitments so investors are struggling to find sufficient partners who will share costs. Spot purchasing doesn't lead to new SAF infrastructure being built. SAF producers are also struggling to acquire the capital investment to get to (Final Investment Decision) FID; they are looking for project partners to help them get to FID, such as the International Airlines Group (IAG).
- 6. Opportunities to SAF access:** - Industry recognised that there are a lot of refineries already in the UK that could be used for SAF operations. With the right policy support and drivers in place there is an opportunity UK SAF production export market longer term. Industry noted that providing assurances to customers through external auditors and block chain, and additionality, will increase investor confidence. Industry also recognised that SAF is an important remedy to Scope 3 emissions, and other technologies in the same field are much less advanced, for example green hydrogen, whereas SAF is technologically sound. Licenses for alcohol-to-jet are no different to oil and gas and licence operators are in place and

ready to be used. Lastly, there is a heavy reliance on voluntary action at present, which signals that there is motivation from companies to drive SAF upwards.

- 7. Policy landscape:** - Industry and government agree to work through existing government structures to rectify these concerns. For example, through the Jet Zero Council workstreams and future roundtables. UK and US governments are well placed to lead the SAF discussion internationally. No modifications are required to engines to use SAF, it is safe to use in current vehicle fleets. Difficulties lie in collaboration and discussions with regulators. For example, the first 100% commercial transatlantic flight saw long approval times with UK regulators, and separations between US and UK regulators. Industry also emphasised that the UK must create policy conditions to enable existing industries to pivot to SAF. Using the EU and US as case studies, where the EU has used more of a stick approach, and the US which has used incentivisation, the UK must find a balance and consider incentivisation to prevent the doors being opened to cheaper imports. There needs to be a voluntary space for industry to build beyond the mandate. There is not a policy post-2025 to drive supply from a producer perspective.

*The discussion concluded that Industry wants to support SAF uptake, but there remains a cloud of uncertainty to tackle. Business travel remains important when it comes to reaching net zero and updates to the policy landscape domestically, and globally must occur. The topics of financing and book and claims provide some key drivers on how businesses and government can work together to drive SAF uptake.*