

Response to consultation - Sustainable aviation fuels revenue certainty mechanism: revenue certainty options



Aviation Environment Federation 20.06.24

1. Q1: Do you agree with this rationale for implementing a revenue certainty mechanism? If not, why not?

AEF has, alongside other environmental NGOs, already submitted a joint response to this consultation arguing that a RCM should not use taxpayers money, and that industry-funded should exclude the use of revenues from the UK ETS or Air Passenger Duty. AEF is submitting this additional response in relation to the proposed design options. There should be no additional funding for a pre-mechanism.

2. Q2: Do you agree or disagree that HEFA-based SAF should not be covered by the proposed revenue certainty mechanism? Please provide supporting evidence.

We agree that HEFA-based SAF should not be covered for the same reasons highlighted in the consultation, namely that: 'We consider HEFA-based SAF production to have overcome many of the technical and commercial challenges that other technologies face'. Additionally, HEFA-based SAF doesn't face the same level of pricing uncertainty that could otherwise act to limit investment.

We continue to have reservations about the use of HEFA fuels in general, including the sustainability claims made in some instances, and the fact that supply is likely to be limited and/or better used in, or already in demand from, other transport sectors and industries.

3. Q3-6:

We agree with the explanations provided.

4. Q7-10:

We agree that the MAR and MFP are not favourable options as they provide less certainty for investors and can't be targeted specifically at UK SAF production. For the same reasons we also agree that certainty is best achieved through a private law contract. We are inclined to support using the GSP mechanism as it follows an existing, working design and has limited disadvantages beyond timing issues for implementation.

5. Q15: Do you agree that this is the most appropriate way to administer a revenue certainty mechanism? Q16: Do you have any views on the most appropriate counterparty?

We agree that the airline sector and fuel producers are not suitable administrators. An LCCC appears to be the most credible approach.