

Insights

SAF: IS SUSTAINABLE AVIATION FUEL ABOUT TO TAKE OFF?

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Speaking on 29th January 2025, Chancellor Rachel Reeves announced the Government's commitment to modernising UK airspace and the transition to greener aviation through the use of Sustainable Aviation Fuel. Described by Reeves as a "game-changer," Sustainable Aviation Fuels, or "SAF", are fuel types which reduce greenhouse gas emissions from aviation, in comparison to standard jet fuel. Currently, three main pathways to create SAF exist: **HEFA**, which is a fuel developed from oils or fats; **Non-HEFA SAF**, which includes the production of advanced fuels from water and residues; as well as **Power-to-liquid**, which involves the creating of synthetic fuels using low carbon power sources.

In April 2024, the Government announced hopes to become "*a global leader in the development, production and use of SAF.*" This vision has now been supported by the UK's SAF Mandate. The SAF Mandate, which came into force as of January 1 2025, is the UK Government's key policy aiming to decarbonise aviation fuel.

The Mandate introduces mandatory aviation fuel supply targets for the SAF content of jet fuel supplied in the UK. In practice, the Mandate has two obligations. Its primary obligation is to set the overall SAF requirement at 2% of the total jet fuel supplied in the UK in 2025. This obligation increases on a linear basis, reaching 10% in 2030 and 22% in 2040. The introduction of the Mandate brings the UK in line with the European ReFuelEU Aviation Regulation, which requires 2% of the fuel made available at EU airports to be SAF from 2025, with this eventually reaching a share of 70% SAF in all EU airports from 2050.

The secondary obligation of the SAF Mandate is a specific power-to-liquid obligation, set to be introduced in 2028, whereby power-to-liquid fuel (with a fuel production pathway from renewable sources, water and carbon dioxide) must make up 0.2% of total jet fuel demand, reaching 3.5% in 2040.

It has now been a month since implementation of the UK's SAF Mandate, which, alongside Reeves' recent commitments to support the UK's green aviation industry, has sparked increasing focus on the fuel type.

The aviation industry itself is broadly supportive of the introduction of SAF, with the CEO of Airlines UK noting that *“UK airlines support the SAF Mandate as both a powerful and practical tool for driving down aviation carbon emissions and a clear signal that the industry is fully committed to a net zero future.”*

However the realities of implementation have always presented challenges. Investment in SAF production has risks, being dependant on trade flows and feedstock availability, where feedstock supply may be volatile. The potential for investment has also been deterred by pricing and uncertainty, with a recent series of high profile global cancellations of SAF projects due to challenging market conditions.

To support the UK’s ambitious SAF targets, the Department for Transport has now pledged to provide £63 million over the next year for the Advanced Fuels Fund, in order to support domestic SAF production. This funding will help support producers across the UK. Examples include LanzaJet’s ‘Project Speedbird’ (a collaboration with British Airways and Sembcorp), an ethanol to SAF plant located in the Teeside Wilton International site, part of the East Coast Cluster.

Alongside the Government’s commitment to enhance funding for SAF, the Department for Transport has now published its response to the consultation on the [Revenue Certainty Mechanism](#). Notably, the Government has confirmed the introduction of a Guaranteed Strike Price, which requires a private law contract between the SAF producer and counterparty appointed by the Government, with an agreed strike price set, in order to deliver greater price certainty. It is the Government’s hope that the Revenue Certainty Mechanism will drive *“investment into the nascent UK SAF industry”*. Although only Non-HEFA SAF projects will be eligible for the first tranche of signed contracts under the Revenue Certainty Mechanism, due to the supply, availability and maturity of HEFA-based SAF.

Whilst the success of the Revenue Certainty Mechanism remains to be seen, with the Government promising that the next steps *“will be set out imminently”*, it is clear that momentum towards SAF is continuing to grow. BCLP will continue to monitor how the UK’s commitment to sustainable aviation is shaped by SAF.

This article was written with trainee solicitor Hannah Fraser.

MEET THE TEAM



Hansy Shore

London

hansy.shore@bclplaw.com

+44 (0) 20 3400 3042

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