

## Pathway to net zero aviation: Developing the UK sustainable aviation fuel mandate

A response by The Chartered Institute of Logistics and Transport (UK)

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- 1 The Chartered Institute of Logistics and Transport (CILT) is a professional institution embracing all transport modes whose members are engaged in the provision of transport services for both passengers and freight, the management of logistics and the supply chain, transport planning, government and administration. Our principal concern is that transport policies and procedures should be effective and efficient, based on objective analysis of the issues and practical experience, and that good practice should be widely disseminated and adopted. The Institute has a number of specialist forums, a nationwide structure of locally based groups and a Public Policies Committee which considers the broad canvass of transport policy. This submission draws on contributions principally by the Aviation Policy Group.
- 2 Our response to this consultation begins from the basic principle that the aviation sector is committed to achieving net zero by 2050 and that it will do everything it can to meet this target. As such, it is prepared to meet any target or mandate that is aligned with 2050 net zero, **no matter the cost**. Thus the sector is prepared to accept increased costs and will pass these on to passengers and shippers, accepting the reduction in demand that will inevitably result. It is also important to note that this consultation does not refer to the costs of SAF, or any particular type of SAF. Although the costs of net zero will undoubtedly be higher than not meeting the target, other measures will impact on the costs of SAF, in particular the costs of offsetting. If offsetting is less costly than SAF, it may reduce the size of the SAF market, in turn affecting the mandate.
- 3 A particular concern about any of the measures mandated to assist in achieving 2050 net zero is unintended consequences. The consultation notes this in relation to tankering but, given the international nature of aviation, it is possible, indeed probable, that other nations which do not have the same mandates will be able to obtain a competitive advantage. The UK Government must therefore do all in its power to negotiate the alignment of international regulations with those proposed for the UK.

**For each of the following questions, please set out the reasons for your answers, including the impacts of any alternative that you may propose and any anticipated implications. Please also provide any supporting evidence you may have.**

### Targets and price support for SAF

**Call for evidence:**

**1. We welcome any further evidence on feedstock availability for SAF production. In particular, any evidence which takes into account:**

- The feedstock availability worldwide required to meet planned SAF production, and competing demands with other sectors
- The need for feedstocks in other sectors and the GHG emissions savings and cost impact that any displacement could have
- Evidence from producers on any feedstock agreements they have and the amount of feedstocks they may have access to.

4 We have no further evidence, but our experience of the Whittle Laboratory is that they are objective in their analysis and therefore their evidence should be considered as reasonable as upper estimates of the availability of feedstocks. In particular, we note that the vast majority of feedstock is from forestry residues and municipal solid waste which are currently readily available.

**Q1: Which 2025 target option strikes the right balance between ambition and deliverability? Do you have any evidence to support your position?**

5 Given the importance of resolving as soon as possible the uncertainties around the level of contribution SAF can make to zero net climate impact by Aviation we would support Option 3.

**Q2: Would you find it acceptable if the trajectory from 2025 to 2030 was set at an ambitious level and this led to high levels of buy-out and increasing costs to consumers?**

6 Yes.

**Q3: Do you have any comments on the post 2040 proposal to legislate for targets continuing at the 2040 level, with the plan to update these when better data is available?**

7 We agree with the proposal to set targets up to 2040 and to review these every 5 years.

**Q4: What increasing trajectory to 2040 do you think strikes the right balance between ambition and deliverability? Do you have any evidence to support your position?**

8 Given the importance of resolving as soon as possible the uncertainties around the level of contribution SAF can make to zero net climate impact by Aviation we would support Option 3.

**Q5: Do you have an alternative trajectory option you would prefer to see, and do you have evidence to support this?**

9 We do not have an alternative trajectory option.

**Q6: Would you find it acceptable if the trajectory from 2030 onwards was set at an ambitious level and this led to high levels of buy-out and increasing costs to consumers?**

10 Yes.

**Q7: Do you agree with where we have set our HEFA cap upper and lower bounds (upper bound is highest HEFA uptake modelled under the mandate, lower bound is no HEFA in the mandate)? Do you have any evidence to support this?**

11 Yes.

**Q8: Do you agree that we should try to limit the diversion of feedstocks from difficult-to-decarbonise road transport modes, as much as possible?**

12 Yes.

**Q9: At what level do you think a HEFA cap should be set to balance mandate deliverability with road transport decarbonisation?**

13 We think that a HEFA cap should be set at zero so that HEFA derived fuel can be used for road transport.

**Call for evidence:**

**2. The Department would welcome data from respondents to improve the evidence base used to calculate the appropriate HEFA cap level, such as data on the availability of feedstocks for HEFA and the rate of deployment of technology globally.**

14 He have no evidence on this issue.

**Q10: At what level do you think a PtL mandate should be set to strike the right balance between ambition and deliverability? Do you have any evidence to support your choice, in particular considering low carbon electricity and hydrogen production, as well as carbon capture requirements?**

15 We have no evidence on this issue but recognising the uncertainty of feedstocks,, we would prefer the highest level option.

**Q11: In which year do you think it would be most appropriate for a PtL mandate to start and how quickly do you think ambition should ramp up?**

16 No response.

**Q12: Do you agree or disagree with the proposed use of the medium buy-out price of £2 per litre or £2,567 per tonne for the main mandate, and do you have any evidence to support your response?**

**Call for evidence:**

**3. The Department would welcome data from respondents to improve the evidence base used to calculate the appropriate buy-out price, such as price data and/or projections of cost per tonne of SAF produced for different technologies.**

**Q13: Do you agree or disagree with the proposed use of the medium buy-out price of £2.75 per litre or £3,525 per tonne for the PtL mandate, and do you have any evidence to support your response?**

**Q14: Do you agree or disagree with the proposal that a buy-out mechanism should be a permanent feature of the mandate?**

17 No response.

**Q15: Do you agree or disagree with the information we could include in our reviews? Is there anything you feel we haven't considered but should?**

18 In addition to the points noted, we suggest that the amount of tankering should be noted (see also Q58).

**Q16: Do you agree or disagree with our proposed flexible approach to review timelines?  
Eligible fuels and sustainability criteria**

19 No response.

**Eligible fuels and sustainability criteria**

**Q17: Do you agree or disagree that low carbon avgas, low carbon ammonia and low carbon hydrogen aviation fuel, should be eligible for incentives without being subject to obligation providing they meet the sustainability criteria?**

**Q18: Do you agree or disagree that the definition of aviation fuels should include relevant technical specifications?**

**Q19: Do you agree or disagree with the proposed definition of HEFA? If not, please provide an alternative definition.**

**Q20: Do you agree or disagree with the proposed definition of fuels that will be eligible for PtL certificates to be redeemed against the PtL obligation?**

**Q21: Do you agree or disagree that the SAF mandate should adopt the criteria concerning additionality for RFNBOs that aligns with the RTFO?**

**Q22: Do you agree or disagree that additionality rules should be introduced for nuclear power that follow the same principles as those currently applied to RFNBOs in the RTFO?**

**Q23: Do you agree or disagree that, where hydrogen is used as a feedstock, eligibility should be limited to biohydrogen derived from wastes or residues and electrolytic hydrogen derived from renewable and nuclear power (when legal powers allow)?**

**Q24: Do you agree or disagree that the contribution of energy content from hydroprocessing should be calculated?**

**Call for evidence:**

**4. The Department would welcome evidence on the use of blue hydrogen in SAF production: - Existing industry plans to use blue hydrogen in SAF production - How the capital and operational costs of blue hydrogen compares to proposed eligible hydrogen production routes and the impact this would have on the price of SAF - How the use of blue hydrogen versus proposed eligible hydrogen production routes will impact production capacity and whether eligibility of blue hydrogen is required to meet UK SAF targets - How the use of blue hydrogen versus proposed eligible hydrogen production routes will impact lifecycle carbon intensity of resultant SAF**  
**Q25: What level should the maximum carbon intensity threshold be set to maintain high sustainability credentials while ensuring enough flexibility to allow a wide range of SAF to be developed? Please provide evidence to support your answer.**

**Q26: Do you agree or disagree that the minimum carbon intensity reduction should be increased over time? If so, how should it evolve?**

**Q27: Do you agree or disagree that the GHG methodologies used in the RTFO should be adopted in the SAF mandate?**

**Q28: Do you agree or disagree that only disaggregated default values will be provided for downstream emissions while the rest of the SAF lifecycle will require the use of actual GHG values?**

**Q29: Please provide evidence to inform which default values should be provided by DfT for downstream emissions.**

**Q30: Do you agree or disagree that upstream and operational emissions should be included for nuclear power generation at the point of delivery? If yes, please provide evidence of what figure could be used for the default value.**

20 No response.

### Involved parties

Q31: Do you agree or disagree that the Secretary of State should be the Administrator, with responsibility delegated to a DfT administration unit?

Q32: Are there any additional powers or duties beyond those outlined above that the Administrator should be granted?

Q33: Do you agree with the assessment time for avtur being set at the duty point? Please provide evidence to support alternative approaches.

Call for evidence:

5. The Department would welcome evidence of any circumstances in which the proposed assessment time for avtur could cause compliance challenges.

Q34: Do you agree that the duty point is the most suitable assessment time for renewable avgas?

Q35: Do you agree that the point of retail sale is the most suitable assessment time for hydrogen? Please provide evidence to support alternative approaches.

Q36: Do you agree with the end point of the chain of custody being the 'point of no return' of the relevant fuel?

Q37: Do you agree with the use of a 370 tonne (approximately 450,000 litre volume) threshold under which conventional avtur is not obligated within the mandate? If not, please provide an alternative and any evidence to support this.

21 No response.

### Calculating the obligations and certificate reward

Q38: Do you agree or disagree that the obligation period should run for a one-year period and on a calendar year basis?

Q39: Do you agree or disagree with dates for which actions must be completed following the end of the obligation period?

Q40: Do you agree or disagree that the calculation of each supplier's obligation to supply SAF should be determined on the basis of energy?

Q41: Do you agree or disagree with the calculation of certificates set out above?

Q42: Do you consider there to be any potential issues with fraud adopting a continuous approach compared to a banded approach?

Q43: Do you agree or disagree with the calculation of the carbon intensity factor?

Q44: Is 26.7 gCO<sub>2</sub>/MJ an appropriate assumption for the average carbon intensity of SAF? Please provide any available evidence if suggesting an alternative value.

Call for evidence:

6. Please provide evidence of the impact of CCS on lifecycle GHG savings that can be achieved by SAF, including the potential for negative emissions.

Q45: In your view, should GHG reductions from CCS be rewarded under the SAF mandate? If so, should the reward extend to net negative emissions (i.e. less than 0 gCO<sub>2</sub>e/MJ on a lifecycle basis), or should these be supported by an alternative GGR policy or a combination of policies?

Q46: Do you agree or disagree with the steps taken by the Administrator and the supplier to discharge the obligation at the end of a period?

Q47: Do you agree or disagree with the approach to calculating the HEFA cap?

Q48: Do you agree or disagree with the approach to paying the buy-out amount when a supplier does not wholly discharge its obligation?

22 No response.

**Submitting claims, reporting the required data, and fulfilling the SAF obligation**

**Q49: Do you agree or disagree with the approach to creating and closing accounts?**

**Q50: Do you agree or disagree with the approach to submitting claims?**

**Q51: Do you agree or disagree with the approach to reporting, demonstrating compliance with and verifying the carbon and sustainability information?**

**Q52: Do you agree or disagree that the Administrator should validate fuel amount information?**

**Q53: Do you agree or disagree to the powers granted to the Administrator to validate fuel amounts where information is not checkable against HMRC data?**

**Q54: Do you agree or disagree with the approach to transfer of certificates?**

**Q55: Do you agree or disagree that excess certificates can be used to fulfil the obligation in the following period? If so, do you agree or disagree with the proportion of the obligation that the excess certificates can fulfil?**

**Q56: Do you agree or disagree that excess PtL certificates can be used to fulfil the main obligation?**

23 No response.

**Interactions with other domestic and international policy**

**Q57: Do you agree or disagree with the proposed approach to align mandate multiple incentives rules as much as possible with the RTFO?**

24 No response.

**Q58: Does the risk of tankering as a result of the SAF mandate justify the introduction of a minimum uplift requirement? Please provide supporting evidence if available.**

25 Yes. Significant tankering already exists for price reasons and results in additional GHG emissions. A minimum uplift requirement would reduce tankering, not just in relation to SAF, but for all fuels. We are however conscious of the possible unintended consequences of such a measure, which should thus be open to review from time to time.

**Enforcement**

**Q59: Do you agree or disagree with the approach to revoking certificates?**

**Q60: Do you agree or disagree with the reasons for receiving penalties and the approach to issuing penalties?**

**Q61: Which penalty values do you consider to be high enough to be a deterrent but proportionate to the infringement?**

26 No response.

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