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2<sup>nd</sup> of April 2026

By email to [lowcarbonfuel.consultation@dft.gov.uk](mailto:lowcarbonfuel.consultation@dft.gov.uk)

### **SAF RCM: Indicative Heads of Terms and approach to contract allocation**

Dear Sir or Madam

Fuels Industry UK represents the six main oil refining and marketing companies operating in the UK. The Fuels Industry UK member companies – bp, Essar, Esso Petroleum, Phillips 66, Shell, and Valero – are together responsible for the sourcing and supply of product meeting over 85% of UK inland demand, accounting for over a third of total primary UK energy<sup>1</sup>.

The refining and downstream oil sector is vital in supporting UK economic activity. It provides a secure supply of affordable energy for road and rail transport, aviation, and marine applications, as well as for commercial and domestic heating. It also supplies base fluids for use in lubricants, bitumen for use in road surfacing, and graphite for use in electric vehicle batteries and as electrodes in steel and aluminium manufacture.

Fuels Industry UK welcomes the opportunity to respond to the consultation on Sustainable Aviation Fuel Revenue Certainty Mechanism Indicative Heads of Terms and approach to contract allocation

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<sup>1</sup> Based on the Department of Energy Security and Net Zero Digest of UK Energy Statistics 2024

Our responses to the consultation questions are given in Attachment 1.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Gould', is displayed within a light blue rectangular background.

Chris Gould

Energy Transition Lead, Fuels Industry UK

## **Attachment 1: Fuels Industry UK Response**

### **General Introductory Comments**

We welcome the further details in the consultation on how the revenue certainty mechanism could work. However, we note that many details remain unclear. This includes a confirmation of the SAF volumes that are to be covered under the Revenue Certainty Mechanism (RCM). This information is essential for projects within and outside the UK to evaluate their options as regards the UK market and will be required as soon as possible.

We remain concerned that the RCM may give rise to market distortions, such as the ability of non-supported plants to compete on a level playing field with those that are supported and strongly ask that this is addressed as part of the policy development.

Given the fact that different aspects of the RCM have been subject to separate consultations with many details yet to be determined, it is difficult for Fuels Industry UK to provide full feedback in many areas. We would expect, and strongly ask, that a further consultation is published prior to the enabling Statutory Instrument (SI) being passed by parliament. This should also include the design of both the levy collection and SAF project funding in a holistic manner rather than only focusing on single and specific aspects of the scheme.

A fundamental requirement of the success of new UK SAF plants will be access to the existing aviation fuel supply infrastructure. This must be addressed through the contract negotiation process in order to ensure that SAF plants are not supported, installed and commissioned without access to market for their product.

We also note that the modelling for this consultation suggests a start date of 2030 for RCM-supported projects (which is already a tight timetable for projects seeking FID by 2027). Given the HEFA cap under the SAF mandate will come into force in 2027, there is a significant risk that buy-out and levy payments will apply at the same time for several years. The risk of buy-out may therefore need to be addressed in due course as the availability of qualifying non-HEFA based SAF becomes clearer.

**Q1. Do you agree or disagree with the proposed contract term length of 15 years?  
Please provide your rationale and suggest an alternative duration if appropriate.**

**No Firm View**

Government needs to clearly articulate the rationale and desired outcomes of the RCM before we can provide a full response to this question, in order for us to better understand it's context.

The consultation documents describe the need for a 15-year term to enable project financing. However, project financing alone may not be the barrier to unlocking investment in UK SAF production. There are other costs, such as high energy <sup>2</sup>, carbon <sup>3</sup>, and labour <sup>4</sup> costs which place UK manufacturing at a disadvantage relative to international competitors. These also need to be addressed, to encourage the UK to be an attractive place for investment, regardless of whether a SAF RCM is in place or not.

The need for longer term project financing also largely exists to enable a financial platform for Final Investment Decisions (FIDs) to be made in the absence of a fungible market <sup>5</sup>. We would expect that as the market develops, so too will a fungible market for advanced SAF with clear and transparent market pricing, eroding the need for the RCM. This should be addressed in the design of the indicative heads of terms (iHoT) and contract allocation process.

We are also concerned of the risk of market distortion for UK SAF supply with the introduction of the RCM. There should be a level playing field for all participants, regardless of whether they are supported in the RCM or not, allowing fair competition.

The DfT should consider differing ownership or control structures in their design of the SAF RCM scheme. Producers may be owned by obligated suppliers, or airlines, amongst others. This could impact the normal commercial decision drivers that would be expected to occur if the parties were not linked.

A fundamental requirement of the success of new UK SAF plants is that access to the existing Jet Fuel supply infrastructure has been duly considered and the required arrangements (including for example storage, transport and blending) are in place. This must be addressed through the contract negotiation process in order to ensure that SAF plants are not supported, installed and commissioned without the access to market for their products that they need.

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<sup>2</sup> <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/theimpactofhigherenergycostsonukbusinesses/2021to2024>

<sup>3</sup> <https://rpc.blog.gov.uk/2025/12/15/carbon-valuation-why-it-matters-for-regulatory-policy/>

<sup>4</sup> [https://www.theglobaleconomy.com/United-Kingdom/labor\\_cost/](https://www.theglobaleconomy.com/United-Kingdom/labor_cost/)

<sup>5</sup> <https://www.investopedia.com/terms/f/fungibles.asp>

There should be a harmonised approach to the three of the most significant aviation decarbonisation policies currently in place, namely the SAF mandate, the SAF RCM and the UK ETS. If there are inconsistencies between the schemes, then there is a risk of policy objectives not being met; for example, SAF plants supported by the RCM being unable to supply SAF that meets the needs of the UK SAF mandate, or the UK ETS scheme. The DfT should work closely with DESNZ to ensure that this occurs as the policies develop over the next few years.

## **Q2. Are there any SAF-specific considerations that should inform the design of the Initial Conditions Precedent, Milestone Requirement and Operational Conditions Precedent?**

SAF specific considerations that should inform the design of the conditions and requirements include:

- The technology pathway needs to be approved for use under the relevant standards (ASTM/Defence Standard, DefStan 91-091 <sup>6</sup>) by the time the plant becomes operational.
- Projects need to have a clear sourcing strategy for feedstocks and other key inputs (e.g. CO<sub>2</sub>), including feedstock agreements, as these will be fundamental to project delivery. While not specific to SAF, projects will also need to have secured their energy requirements and connection to utilities.
- The fuel should be able to comply with key government criteria for the fuel to be eligible under SAF Mandate. This includes e.g. compliance with sustainability criteria for biofuels or temporal correlation rules for e-fuels.
- Projects should be able to demonstrate that they have fully considered the logistics and are able to deliver the fuel into the UK aviation fuel supply infrastructure, using third parties as appropriate.

With regards to the final point, as we describe in more detail in Q29 of our response to the recent consultation on SAF RCM levy design <sup>7</sup>, the UK aviation fuel infrastructure is complex. It typically involves pipelines (which may be multi-product) and may already be operating at capacity. The addition of the need to store, blend and batch fuel to accommodate new SAF sources may be challenging and could impact the overall logistical efficiency or supply system capacity.

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<sup>6</sup> <https://www.jig.org/documents/defstan-91-091-issue-18/>

<sup>7</sup> <https://www.fuelsindustryuk.org/media/zwtbywbo/saf-rcm-levy-fuels-industry-uk-response-final.pdf>

We note that feedstock agreements are not included in the “initial conditions precedent” under the iHoT. These will be fundamental to the SAF project delivery using biomass or municipal waste as a feedstock and may be difficult to establish. Appropriate feedstock agreements or memoranda of understanding for at least the initial 5 years and a long-term sourcing strategy should be included under these requirements. For other projects sourcing agreements of other inputs may be equally important (e.g. CO<sub>2</sub> or intermediates such as ethanol or methanol) while for energy-intensive projects (e.g. e-fuels) energy connection and security (including project on project risk for new power generation being built) will be essential.

We note and welcome the inclusion of off-take agreements in the initial condition precedent in the iHoT. However, we also note that there is an assumption that offtake agreements would necessarily be long-term, whereas current jet supply contracts are typically in place for a year. Long-term agreements have a disadvantage in locking both producer and buyer into a specific agreement that may become uncompetitive without a chance for either party to renegotiate and come closer to market. Having a dynamic, liquid market with many transactions in the spot market or at short-term will also facilitate the creation of price indices (allowing for a market-based reference price). We would therefore challenge the notion that all offtake agreements necessarily will have to be long-term. We also note and welcome the need for compliance with sustainability requirements under the operational conditions precedent.

The DfT should consider how the RCM works with the SAF Mandate in more detail. For example, the mandate allows for free allocation of attributes, which can result in the volume of physical SAF delivered into UK airports differing significantly from that being claimed. There needs to be clarification on whether the SAF RCM allows this as well, or whether producers and off takers need to demonstrate that physical SAF, that falls under the RCM, is fully delivered to UK aviation.

The reporting and verification requirements for compliance with the SAF mandate are complex and onerous for aviation suppliers, including the SAF producers who are linked to obligated suppliers through the off-take agreements. One option to consider is that compliance with the sustainability requirements is at least checked and confirmed as part of the Initial Conditions Precedent. It may be that this is included in item 2.3 a) *The producers entry into certain key project documents*, but we would welcome confirmation of this.

The sustainability requirements vary over time, with detailed guidance issued on an annual basis and subject to review. We note that section 7 includes a number of options for addressing these.

Option 1 would appear to suggest that criteria will get more onerous over time and may need renegotiation; however, it is unclear what happens if the sustainability requirements become less onerous. Will SAF producers have to comply with more onerous requirements to receive RCM support than say imported material? This issue should be addressed in the development of the RCM.

Option 2 would appear to suggest that changes can be addressed under a qualifying change in law clause. However, the DfT SAF compliance guidance is not set in law directly, so changes to it may not be covered as a qualifying change in law. We would encourage the DfT to consider the legal position of this as it decides whether to pursue Option 2.

### **Q3. Do these SAF-specific considerations vary between different SAF technological pathways?**

Yes, as per Q2, depending on technology pathway, cost and risks of sourcing different inputs and requirements to comply with different government-set criteria for the fuel to qualify under the SAF mandate may vary. Some consideration may also need to be given to hybrid projects (i.e. projects that seek to produce e.g. both SAF from biomass and eSAF).

However, with more established pathways such as the Hydroprocessed Esters and Fatty Acids (HEFA) pathway being excluded, we would expect the element of technical risk with the pathways being supported to be similar.

We would encourage a technology neutral approach to support under the RCM, in order to avoid “picking winners” in SAF technology. In this regard, the government should minimise differences across pathways as far as possible. Initial conditions precedent and milestone requirements should only vary in so far as to ensure that varying risks of different technology pathways are adequately captured, and the same timelines should apply to all projects.

### **Q4. What timescales should apply for meeting the Initial Conditions Precedent and Milestone Requirement (from contract signing)? Should it vary by technological pathway? If so, how should it vary?**

We note the intention that the initial conditions precedent should be met by the producer “immediately” following the date of the agreement. This suggests that the timeframe is very short, and due to establishing the correct paperwork. We consider the requirement for projects to meet the initial conditions precedent no later than 20 business days after signing the contracts feasible under these circumstances.

We note that the proposed eligibility criteria asks for projects to have completed the Front End Loading<sup>8</sup> 1 (FEL-1) stage. However, to be able to become operational within 18 months, projects will need to have completed FEL2 and started FEED/ FEL-3 by the time the contract is signed (which would also match with requirements for projects to have progressed on planning permission and other permits). Progress to that stage should therefore be part of the initial conditions precedent. This should include a Class 3 estimate of project costs. Projects should also have secured land for the projects and submitted planning and permitting applications and be able to demonstrate progress on the SAF-specific considerations referred to in Q2.

We note Section 2.2 on commencement and the impact of events such as electrical or connections on the target commissioning window and longstop date. We agree that these should be included but it may also be prudent to mention that these could also impact the timescales of the initial conditions precedent and milestone requirements as well.

We would encourage a technology neutral approach to support under the RCM, in order to avoid “picking winners” in SAF technology. In this regard, the government should minimise differences across pathways as far as possible. Initial conditions precedent and milestone requirements should only vary in so far as to ensure that varying risks of different technology pathways are adequately captured, but the same timelines should apply to all projects.

#### **Q5. How long should the Target Commissioning Window and Longstop Period be? Should it vary by technology pathway? If so, how should it vary?**

We believe the suggested timelines of 12 months + 12 months are reasonable for the first allocation round given the force majeure provisions and the timelines that the RCM is working towards.

We note Section 2.2 on commencement and the impact of events such as electrical or CCUS connections on the target commissioning window and longstop date. We agree that these should be included as these may be outside the control of the SAF producer.

We would encourage a technology neutral approach to support under the RCM as far as possible, and this should include the initial conditions being consistent between pathways. However, in practice, there may be differences between pathways; for example, some projects connected to CCUS infrastructure may take longer to develop and commission with full access to decarbonisation infrastructure. Equally, some projects with larger electrical requirements may also take longer to gain appropriate grid connections. Therefore, pragmatic technical requirements (including application of force majeure clauses) may give rise to natural variations between pathways.

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<sup>8</sup> <https://www.hm-ec.com/blog-posts/front-end-loading-project-management-planning-for-success-hm>

**Q6. Do you agree or disagree that as part of the Operational Conditions Precedent, the producer should have to meet a minimum installed capacity as a percentage of the facility's total estimated installed capacity? What percentage installed capacity would be appropriate, and should it vary by technological pathway?**

**No firm view**

At this stage of the process, projects should be advanced enough that the difference between estimated and installed capacity should be no more than 10% (see previous comment of projects having completed FEL-2 at least and started Front End Engineering Design (FEED) <sup>9</sup>. In case a project cannot meet the targeted installed capacity for a specific reason, this should lead to the contract being renegotiated; otherwise, projects should be disqualified.

If government is to set a minimum installed capacity, this should be no more than 10% lower than the estimated installed capacity. However, we would welcome clarification on the duration over which the minimum installed capacity applies; for example, has the plant operated at this level for an hour, a day or a week.

Given the technology risks involved, it may be reasonably expected that, at least in the early commissioning phases, SAF plants will operate in a stop-start manner, rather than in a steady continuous manner. Shorter durations for this may increase the risk of producers claiming that they have reached the requirements, when in fact they have not been met over a reasonable duration which shows that the plant has been effectively started.

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<sup>9</sup> <https://www.blackridgeresearch.com/blog/what-is-feed-front-end-engineering-design>

**Q7. Do you agree or disagree with the type of indicative termination provisions that have been included in the iHoTs? If disagree, please explain why?**

**Agree, with one exception**

These would appear to be an appropriate list of provisions to meet defined risk, and are built on the learnings from other sectors, such as the Low Carbon Hydrogen Agreement (LCHA)<sup>10</sup> and low carbon electricity CfDs<sup>11</sup>. However, we would question if in case of some of the reasons quoted (e.g. evidence of fraud) this should lead to the termination of contract. While we appreciate that the counterparty may need to be given some scope to account for the specific circumstances of each individual case, there should be clear guidance as to when termination is required.

We note the inclusion of metering in the provisions; while it should be included for completeness, we note that liquid fuel metering technology is already well established and has no technology risk. The same technology is used at a fiscal level to determine volumes of liquid fuel leaving bonded warehouses under the Hydrocarbon Oil Duty Act (HODA)<sup>12</sup>. As such we would reasonably expect that the same technology is used in metering SAF by competent producers.

We would welcome clarification on the provision *“the SAF production technology deployed by the Facility is not or ceases to be the agreed SAF production technology”*. This suggests that RCM support can be withdrawn at any time, should the government change its view on the pathway. This may give little comfort for investment to SAF producers, given that the support can be withdrawn at any time for reasons totally out with their control. This provision needs to be carefully considered to ensure that it does not significantly undermine the case for investment in UK SAF plants.

Further consideration may also need to be given how decisions by the counterparty in these cases will be communicated to the market in a transparent manner.

**Q8. What, if any, additional termination provisions do you think should be considered?**

We note that there is no mention of feedstocks in the list of provisions. We suggest that there should be a provision to remove support if available feedstock agreements do not materialise, are altered, or are unable to meet the relevant sustainability requirements to allow the SAF to comply with the SAF mandate.

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<sup>10</sup> <https://www.gov.uk/government/publications/hydrogen-production-business-model>

<sup>11</sup> <https://www.neso.energy/what-we-do/energy-markets/electricity-market-reform-emr-delivery-body/contracts-difference-cfd>

<sup>12</sup> <https://www.gov.uk/hmrc-internal-manuals/oils-technical-manual/hcoteg31000>

### **Q9. What principles should govern termination payment calculations?**

The principles of fairness, transparency and the responsibility or ability of the SAF producer to comply with the principles would seem to be reasonable places to start.

For example, if the producer becomes insolvent, or commits manifest fraud, a termination payment may not be appropriate. However, if the producer has acted in good faith, and the government has changed its view on a certain pathway regulatory changes leading to a SAF technology being no longer compliant, then a payment may be justified, reflecting the investment that has been made. Clarification of this may be useful in mitigating potential investment concerns raised through this provision as we outline in our response to Q7.

It is likely that any payments for termination would be charged back to aviation fuel suppliers through the SAF RCM levy. This could result in some very high costs needing to be charged through the scheme. One option for the government to consider is that these termination charges could come from general taxation, or the charge recovered through levy fees over a longer period of time than usual scheme costs.

### **Q10. Which Reference Price option should be taken forward for the first RCM contracts? Please explain.**

#### **Option 2**

We believe that the achieved sales price with a HEFA SAF fuel price floor will strike the best balance for an initial phase, with HEFA representing the most likely alternative.

Please note, as a general comment, we do not believe that the guaranteed strike price should be based on the value of SAF certificates as the typical SAF producer will not be directly involved in the generation and trading of SAF certificates (which are only generated further down the supply chain).

There are alternative ways to ensure the strike price takes into account the carbon intensity of a fuel (which may influence what offtakers are willing to pay). One approach would be to mirror what is already common practice for price indices referenced in supply contracts, i.e. the strike price would assume a standard GHG saving, with the price then adjusted for the actual GHG savings of the product supplied.

However, any final option selected needs to consider and address market distortion and circumvention risks in order to allow a level playing field for all participants in the UK SAF market.

**Q11. What potential impacts could each of these Reference Price options have on producers' ability to secure long-term offtake agreements and finance? Please explain.**

Option 1 is deliverable in the current market, with Option 2 becoming available as an option as a market for HEFA under the SAF mandate is being established. Price indices required for Option 3 do not exist yet but are likely to develop over time.

Option 1 offers higher levels of support for SAF producers, which may make it easier to acquire finance agreements. It also makes it easier for aviation fuel suppliers to evaluate, making them more likely to enter into long-term off-take agreements. However, this will need to be balanced against higher levels of support required and consequently higher levels of levy to be collected and passed through to the aviation users. In the round, Option 2 may therefore offer the better balance.

As a general comment, we would question whether long-term offtake agreements will be required, or are even desirable, in all cases. While producers should need to prove a route to market, in a functioning market, projects should be able to sell the majority of their product in the more standard one-year contracts. Long term offtakes carry the risk that they lock both producer and buyer into a specific agreement that can quickly become uncompetitive without a chance for either party to renegotiate and come closer to the market.

**Q12. If we adopt Option 1 – Higher of Achieved Sales Price and a Jet A-1 Fuel Price Floor – do you agree or disagree with adding a premium to the Jet A-1 Fuel Price Floor to account for the economic value of carbon savings? If you agree, how should this be measured?**

If government were to adopt Option 1, we agree that some further adjustments may be required (hence our preference for Option 2). However, we also agree that this will add significant complexity to the support methodology and may not be helpful at this time.

A simple approach is preferred as far as possible and additional complexity should not be used unless absolutely necessary.

We would therefore ask the DfT to justify the need for a more complex approach, and whether the potentially small benefits of this outweigh the additional complexities involved.

**Q13. What are your views on transitioning from a proxy to a market-based Reference Price part way through the first RCM contracts? Is this feasible? Please explain.**

We believe that is feasible. As sales of the product start, the price will develop and indices will become available. For this to happen it is essential that the market making mechanism ensures the conditions for liquid transactions (see also the discussion on the price discovery mechanism in Q15).

The transition from a proxy to a market-based reference price is to be welcome and builds on the intention of the SAF RCM to be an initial approach to “kick-start” the UK SAF production industry. There should also be suitable government clauses in place to cover the eventuality that the case for SAF RCM support no longer exist.

It is feasible and can be considered as part of rational contract negotiations between the SAF producer and the counterparty. It could also be made clear in the contract that the difference amount would be based on the indices, however, in the absence of these an interim solution applies. Similar discussions can take place with the SAF producer offtakers, which would normally be expected as part of routine contract reviews in any event, particularly when they are of lengthy duration.

A more market-based approach allows UK SAF plants not supported under the RCM to compete on a level playing field with those receiving support.

**Q14. If it is feasible, how should this transition be implemented? Please explain.**

It could be made clear in the contract that the difference amount would be based on indices but in the absence of these, Option 2 would be applied in the interim.

We would expect that this would be dealt with through normal contract negotiations, which are routine in the fuel supply industry.

This includes negotiations between the counterparty and the SAF producer, and the SAF producer with its offtaker(s).

**Q15. Which option(s) for a Price Discovery Mechanism should be taken forward for the first RCM contracts? Please explain.**

Option A appears to be relatively straightforward and easier to implement but further thought may need to be given how this would be defined.

Option B may sound more complex to deliver but, assuming that the RCM only covers a set percentage of each tonne delivered (with the remaining percentage to be covered by the market price), might work in effect very similar to the bonus offered under Option A. Please note that in our understanding the “supported” and “unsupported volumes”

could not be sold on as two separate fuel batches, but each batch sold would necessarily contain “supported” and “unsupported” volumes.

Option C is complex and does not recognise the complexities of the aviation fuel supply chain. In theory an auction may have a number of interested buyers, in practice due to the system logistics there will be a more limited number of offtakers who can access the aviation fuel supply system. So, the option may not have the desired policy outcome.

Option D is also a possibility; however, it has the potential for the counterparty to become a market regulator, rather than a market enabler which is undesirable.

However, any final option selected needs to consider and address market distortion and circumvention risks in order to allow a level playing field for all participants in the UK SAF market.

**Q16. What, if any, other options for a Price Discovery Mechanism should we evaluate?**

We do not have a response to this question.

**Q17. What potential impacts could each of these Price Discovery Mechanism options have on producers’ ability to secure long-term offtake agreements and finance?  
Please explain.**

Offtake agreements require negotiation between the SAF producer and potential offtakers. We would expect that government intervention in this should be as minimal as possible, to allow the market to function effectively.

Some of the options presented, such as Option C regarding auctions do not lend themselves well to inclusion in long term offtake agreements. Option D, with commercial arm’s length agreements is in theory more attractive; however, we remain concerned regarding the role of government in these, with a potential for the agreement not to be truly commercial in nature.

**Q18. What else should we consider when designing and implementing a Price Discovery Mechanism(s)?**

We do not have a response to this question.

**Q19. Do you agree or disagree that the full Strike Price should be indexed to CPI inflation? Please explain.**

**Disagree**

Different input costs will be subject to a varying degree to inflation as expressed by CPI. As a consequence, cost impacts could vary significantly by project, and some may benefit more than others from an indexation.

At the same time, exposure to market prices should also provide projects with some protection against inflation, with the RCM simply covering the difference between strike price and market price.

**Q20. Should anything else be considered when indexing the Strike Price to CPI inflation? Please explain.**

Contracts can be renegotiated, including an update to the strike price, which properly reflects UK SAF producer costs.

**Q21. Do you agree or disagree with adjusting the Strike Price based on carbon intensity? Please explain.**

**No Firm View**

The strike price could be agreed on a set Carbon Intensity (CI) with price escalators / de-escalators built in if the SAF produced has a different CI. We note that this will add significant complexity to the support methodology and may not be helpful at this time, in particular as the SAF mandate will also help drive greater GHG savings over time and other measures (e.g. consideration of GHG savings as part of the selection process and contracts) are also available to government.

A simple approach is preferred as far as possible and additional complexity should not be used unless absolutely necessary. We would therefore ask the DfT to justify the need for a more complex approach, and whether the potentially small benefits of this outweigh the additional complexities involved. In any event the Strike Price should not act as a deterrent to future investment; for example, if further decarbonisation options such as CCUS become available to a project.

There are alternative ways to ensure the strike price takes into account the carbon intensity of a fuel (which may influence what offtakers are willing to pay). One approach would be to mirror what is already common practice for price indices referenced in supply contracts, i.e. the strike price would assume a standard GHG saving, with the price then adjusted for the actual GHG savings of the product supplied.

**Q22. If you agree, what other factors should we consider when designing and implementing an adjustable Strike Price?**

We do not have a response to this question.

**Q23. Do you agree or disagree with the proposed definition of Qualifying Volumes in the iHoTs? If disagree, what changes would you recommend?**

**Agree in principle**

This would appear to be a reasonable initial definition for qualifying volumes.

However, we would ask for clarification on how the definition of qualifying volumes changes in the event of a change in SAF mandate sustainability criteria. It would appear to be unfair for SAF producers to be penalised for changes in these criteria that they cannot meet or reasonably foresee at the time of starting the SAF project.

A fundamental requirement of the success of new UK SAF plants will be access to the existing Jet Fuel supply infrastructure and this includes the definition of “Qualifying Volumes”. This must be addressed through the contract negotiation process in order to ensure that SAF plants are not supported, installed and commissioned without access to market for their products.

Further detail is also required on how non-qualifying volumes are treated as there could be a difference between fuel batches that are non-compliant (i.e. do not meet GHG criteria, were not properly metered) and potential additional volumes that companies produce (e.g. for export).

**Q24. What types of entities should be classified as a Non-Qualifying Offtaker, and why?**

It would be helpful to understand why the consultation proposes to classify non-qualifying offtakers, rather than seeking to identify qualifying offtakers, which may be the simpler approach.

A key criterion for qualifying offtakers should be their ability to physically deliver the fuel to UK aviation fuel supply infrastructure. The companies involved will typically be the obligated parties under the SAF mandate that bring the product over the duty point. Other entities could potentially be added to the list of qualifying offtakers if they can demonstrate their ability to physically deliver the fuel (e.g. through an agreement with an obligated party). Allowing for a wider range of intermediaries without such an ability could increase costs and price volatility given the potential for speculation.

This includes companies with no interest in the physical supply of aviation fuel to aircraft, including financial institutions and speculators who may seek to gain solely financial advantage from market fluctuations.

We also note and welcome the comment regarding the export of SAF RCM supported material outside of the UK.

**Q25. Are safeguard mechanisms necessary to ensure that Qualifying Volumes are not subsequently sold to Non-Qualifying Offtakers? If so, what safeguards can be used?**

**Yes**

Safeguards are necessary to ensure that market distortions do not occur.

These can include the inclusion of appropriate legal requirements in SAF supply contracts through the supply chain, including auditing rights and financial penalties. In the approach suggested under Q24, additional safeguards would be provided through existing SAF Mandate audits, i.e. obligated parties should be able to prove that they have brought specific batches over the duty point as well as who they sold the fuel to, if applicable.

However, due care must be taken to consider the timeframes in which data will become available and to apply appropriate mass balancing rules, to allow the aviation system to operate, particularly with comingled storage.

**Q26. What information should the counterparty use to verify volumes?**

As we discuss in our response to Q7, liquid fuel metering technology is already well established and has no technology risk. The same technology is used at a fiscal level to determine volumes of liquid fuel leaving bonded warehouses under the Hydrocarbon Oil Duty Act (HODA)<sup>13</sup>. As such we would reasonably expect that the same technology is used in metering SAF by competent producers.

We suggest that appropriate auditing of these volumes can be carried out, in the same way as is carried out by obligated fuel suppliers under the requirements of the SAF mandate. This is consistent with section 1.88 of the consultation document, and section 6.3 of the iHoT. This uses an established approach and ensures a level playing field for participants in the aviation fuel market.

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<sup>13</sup> <https://www.gov.uk/hmrc-internal-manuals/oils-technical-manual/hcoteg31000>

**Q27. Do you agree or disagree with the inclusion of a Total Aggregate Sales Cap and an Annual Sales Cap? If disagree, please explain why.**

**Agree**

This approach ensures that support is not open ended and follows broadly similar principles to the LCHA.

However, we would suggest that the aviation market is consistent and ratable through the year (outside of macro-economic events such as the COVID-19 pandemic) so variations may be less than expected. This means that the need for these mechanisms is not as material as outlined in the consultation.

Equally, as the SAF mandate targets increase year on year, SAF demand is unlikely to fall from one year to the next but is likely to grow (again outside of macro-economic events such as the COVID-19 pandemic<sup>14</sup>).

As a general comment, the name of 'sales cap' may be misleading as the cap should relate to the supported volumes rather than sales. Producers should still be free to produce additional volumes above the cap (e.g. for export) for which they would however not receive any RCM payments.

At this point, the risks are more downside risks on SAF production volumes, rather than upside risks.

**Q28. Should flexibility in the Annual Sales Volume Cap be permitted to account for operational variability and changes in market fluctuations? If so, at what percentage should this be set?**

**No.**

We understand the cap to be on volumes that can benefit from the RCM rather than total sales. If producers can and want to produce above this cap, they should be allowed to place this on the market or export. While they would not receive any RCM payments for these volumes, they would still receive the market price for the product, hence we see no need to adjust the cap to market fluctuations. At this point, it is also more likely that fuel producers cannot produce the required volumes rather than that they will produce significant additional volumes.

**Q29. What else do we need to consider when setting these caps?**

Noting our response to Q27 and Q28, we have nothing further to add.

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<sup>14</sup>[https://assets.publishing.service.gov.uk/media/5f6b3b09e90e077c9b87dfd7/Supply\\_and\\_demand\\_of\\_transport\\_fuels\\_during\\_COVID-19.pdf](https://assets.publishing.service.gov.uk/media/5f6b3b09e90e077c9b87dfd7/Supply_and_demand_of_transport_fuels_during_COVID-19.pdf)

**Q30. What percentage of installed capacity should the annual sales volume floor be set at?**

As we note in our response to Q27 and Q28, the risks would appear to be more related to downside risk on SAF production volumes at this point.

Given the nascent nature of the technologies involved, we cannot comment on where the annual sales volume should be set at. However, there should be at least some production within 3 years of promised delivery.

**Q31. What, if any, consequences should apply if the Annual Sales Volume Floor is not met?**

The consequences should depend on the ability of the SAF producer to control them and the degree to which producers keep missing the volume floor.

Some consequences may be under the control of the SAF producer, such as incorrect maintenance or human factors.

However, some may not be, such as a lack of feedstock or utilities such as electrical supply (noting that UK electricity demand is increasing year on year and at times of lower generation capacity industrial plants may be asked to turn down production to prevent domestic users being affected).

Projects that cannot meet the annual sales volume floor for multiple years should not continue to receive RCM funding. However, given the First of a Kind (FOAK) character of many of the plants, the volume floor could be phased-in, e.g. not apply in the first few years and then slowly ramp up. There would also need to be some exemptions in case of a force majeure. For projects that fail to meet the required production volumes (but are producing) renegotiation of supported volumes may also make sense.

To prevent speculative projects, further sanction such as an exclusion of projects from participating in future RCM rounds for a fixed number of years could also be considered.

The consequences need to be carefully considered to take these factors into account. A "one size fits all" approach is unlikely to be appropriate.

**Q32. How should the design of the Total Aggregate Sales Cap, Annual Sales Cap and Annual Sales Volume Floor adapt if government were to support only a share of total production to encourage price discovery (see 1.60)?**

We do not see these proposals as mutually exclusive. The volume caps and floor should apply to the total volumes of product that can qualify for RCM support, whereas the price discovery mechanism would set out for each volume batch the share covered by the RCM and the share not covered.

Given the lack of detail on what the share of total production would be, we cannot respond further to this question at this time.

We would ask government to reconsult on this question once the plans for SAF RCM support are more established, so that we can provide a more detailed response.

**Q33. Do you agree or disagree with the proposed Change in Laws provisions within the iHoTs? If disagree, please explain why.**

**Agree in principle**

However, the DfT SAF compliance guidance is not set in law directly, so changes to it may not be covered as a qualifying change in law. We would encourage the DfT to consider this issue further to ensure that any changes in sustainability guidance are included as an appropriate change under the change in law provisions.

We would also need to understand better what form the compensation would take and how it may be paid for.

There may be a need for some very widely drawn general termination options, including ones linked to market conditions. The DfT should clarify whether it intends to become the buyer of last resort where no replacement customer can be found. This last point could be mitigated by ensuring that producers at the RCM evaluation phase have to demonstrate that their SAF can be delivered to several different logistics blend locations, rather than relying on a single location.

**Q34. What SAF specific factors need to be considered with regards to representations, warranties and undertakings?**

Given the fact that the RCM supports novel technologies, a further item to include in the representations and warranties could be that the SAF producer has the appropriate Intellectual Property (IP) rights and approvals to access the technology pathway concerned. This could include, for example, a warranty that they are not infringing patents or 3<sup>rd</sup> party IP rights without appropriate authorisation. It is unclear whether this is included in “required authorisations” in section 6.2 b), and this should be clarified.

Producers should warrant that the Synthetic Paraffinic Kerosene (SPK) <sup>15</sup> meets approved ASTM or DefStan specifications that can be used to meet jet fuel specifications.

We agree that the DfT need to consider feedstocks in the list of undertakings.

**Q35. What challenges, if any, relating to metering SAF production volumes do you think we need to consider?**

As we discuss in our response to Q7, liquid fuel metering technology is already well established and has no technology risk. The same technology is used at a fiscal level to determine volumes of liquid fuel leaving bonded warehouses under the Hydrocarbon Oil Duty Act (HODA) <sup>16</sup>. As such we would reasonably expect that the same technology is used in metering SAF by competent producers.

We suggest that appropriate auditing of these volumes can be carried out, in the same way as is carried out by obligated fuel suppliers under the requirements of the SAF mandate. This is consistent with section 1,88 of the consultation document, and section 6.3 of the iHoT. This uses an established approach and ensures a level playing field for participants in the aviation fuel market.

The metering for more bespoke products such as CO<sub>2</sub> may not be as well developed; however, it is being progressed, notably as part of the CO<sub>2</sub> cluster developments. We would encourage consistency with the requirements for this under the SAF RCM and the LCHA as the CCUS industry develops.

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<sup>15</sup> <https://www.caafi.org/glossary>

<sup>16</sup> <https://www.gov.uk/hmrc-internal-manuals/oils-technical-manual/hcoteg31000>

### **Q36. Which of these options is most preferable?**

#### **Option A:**

The options outlined in the consultation document, including a potential “re-opener” clause would seem to be the most pragmatic approach. This certainty for investment while allowing sensible discussions to be had between the counterparty and the SAF producer to manage the inevitable change that arises.

The consultation suggests that certain options can be addressed under a qualifying change in law clause. However, the DfT SAF compliance guidance is not set in law directly, so changes to it may not be covered as a qualifying change in law. We would encourage the DfT to consider this issue further to ensure that any changes in sustainability guidance are included as an appropriate change under the change in law provisions

### **Q37. If there are changes to the sustainability criteria during the contract, which criteria are likely to be most difficult for SAF producers to adjust to? And does this change by technology pathway?**

There should be consistency in requirements between the SAF RCM, and the SAF Mandate on an ongoing basis. This ensures that the SAF produced by UK SAF plants remains eligible for recognition under the UK SAF mandate and so has access to the UK market. Any off taker is likely to demand a contract break clause from their supplier, that can be triggered following a material change in circumstances.

There will be differences by technology pathways but also by single plants. Changes that affect feedstock/ input eligibility or add significant administrative burden and cost to evidencing their eligibility, can have a significant impact. However, that impact may vary by plant depending on the degree to which alternative feedstock supplies or inputs can easily be accessed in a cost-neutral manner.

Similarly, changes to accounting rules (including e.g. the counterfactual for recycled carbon fuels) could be very difficult for plants to adjust to. For example, for a plant using municipal waste may struggle to adapt if an advanced recycling technique is developed which offers better overall GHG savings on an LCA basis.

Increases in minimum qualifying GHG savings may be difficult to achieve for a plant in operation; for example, if the minimum changes to require access to CCUS storage, then this may lead to increased costs to access the sequestration infrastructure, particularly if it does not have access to a suitable pipeline network. However, for changes to GHG thresholds grandfathering is already a common practice, so assuming the approach remains the same, the impact may be more limited.

**Q38. What, if any, provisions should be implemented alongside your preferred option?**

The provisions outlined in Option A would seem to be appropriate at this stage, noting that the consultation includes reference to a “re-opener” clause to allow discussions to take place in the event of a significant change in sustainability requirement.

Government may want to consider the plant’s ability to react to potential changes to sustainability criteria as part of the selection criteria, e.g. in how risks such as dependency on a specific feedstock are reflected in its sourcing strategy.

**Q39. What, if any, other options should be considered?**

We are not aware of any other options that should be considered at this stage.

**Q40. What, if any, specific reporting requirements pre and post start date should be required for SAF producers?**

We are unable to provide a response to this question.

**Q41. What, if any, SAF specific considerations to the dispute resolution procedures in other CfD schemes should be required for the SAF RCM?**

We note that the approach is similar to that used in the LCHA, CCUS and Low Carbon electricity schemes, and welcome the consistent approach.

We note the comment in the iHoT regarding metering. As we discuss in our response to Q7, liquid fuel metering technology is already well established and has no technology risk. The same technology is used at a fiscal level to determine volumes of liquid fuel leaving bonded warehouses under the Hydrocarbon Oil Duty Act (HODA)<sup>17</sup>. As such we would reasonably expect that the same technology is used in metering SAF by competent producers and that the need for dispute escalation on SAF will be minimal.

We would welcome clarification on what is meant by “senior representatives” in the iHoT. Is this for example, senior representatives of the SAF producer, the offtaker, the counterparty or the DfT, or any combination of these. Similarly, who is the “expert” involved in a determination. Further clarity on these would be beneficial and provide comfort for future investors.

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<sup>17</sup> <https://www.gov.uk/hmrc-internal-manuals/oils-technical-manual/hcoteg31000>

**Q42. Do you agree or disagree with the proposed provisions in the 'Force Majeure and Other' section (see 1.103 –1.109)?**

**Agree**

These provisions seem pragmatic at this stage, and in line with other schemes such as the LCHA, CCUS and Low Carbon electricity schemes. We welcome the consistent approach.

In terms of reporting, the government should also consider potential negative impacts on competition should commercially sensitive information be made public.

**Q43. What, if any, other provisions should be included in the iHoTs?**

We are not aware of any other provisions at this time.

**Q44. Do you agree or disagree with the proposed allocation approach of a tendered bid process with bilateral negotiations for SAF AR1? If disagree, please explain why.**

**Agree**

This seems to be a well-structured approach. It also considers strategic and scale up issues, as well as having appropriate checks throughout the bidding process. This will ensure that the RCM will deliver actual volumes in the near term, with the tendered bid process providing scrutiny.

The use of a bilateral negotiation approach is the best one to take. We would encourage sufficient government resources to be put in place to manage the higher workload that this will create and note plans for a delivery partner. It will be important to have personnel with sufficient technical knowledge, and negotiation experience in place to have reasonable and pragmatic contract discussions. A failure to provide this could mean delays in negotiations reaching conclusion, as well as contracts that are not fit for purpose and do not represent value for money.

In the longer term, when there is a more established market, moving towards an auction process where price is driving the volume should be considered.

**Q45. Do you agree or disagree with the proposed bid process structure for SAF ARI? If disagree, please explain why.**

**Agree**

This seems to be a well-structured approach. It also considers strategic and scale up issues, as well as having appropriate checks throughout the bidding process.

As with our response to Q44, assessors must have sufficient technical knowledge to make competent assessments of the weighted evaluation criteria. We support that these assessors have the right to request further information if required.

While we support the “open book” approach to due diligence, we suggest that the government may need to give due consideration to commercial confidentiality, especially given the novel nature of the pathways being considered. Potential SAF producers may be less willing to engage in the process if there is a danger that their intellectual property may be divulged into the public domain. Clarification on this would be appreciated and give assurance to potential investors.

**Q46. Should bidders be permitted to submit more than one application, and if so, how many? This refers to both distinct projects and variations of the same project. Please explain your answer.**

Yes, in principle. We see no issue with allowing bidders to submit more than one application for distinct projects. However, should more than one project be considered for selection, government should carefully assess if the bidder has the required resources to deliver on more than one project.

Variations of the same project should only be allowed if each variation is sufficiently advanced (i.e. at FEED/ FEL-3 stage) in its own right. Projects under the SAF ARI should be ready to invest and subject to limited changes.

Government may want to consider capping the number of applications at a reasonable number to avoid spurious applications being made, taking up valuable time and resource. It also encourages potential suppliers to prioritise their own projects before approaching the bidding process and avoids a potentially monopolistic approach developing.

**Q47. Do you agree or disagree that supported volumes under a contract should be agreed upon in the Agreeing an Offer stage to support price discovery? If disagree, please explain why.**

Agree – projects should be sufficiently advanced at this stage that any difference between estimated and actual capacity will be limited (i.e. no more than 10%). Given the lack of information on the price discovery mechanism being taken forward, it is difficult to answer this question.

We would encourage the DfT to reconsult on this question once the approach to a price discovery mechanism is determined.

**Q48. What, if any, additional considerations would you like to raise on the proposed allocation approach?**

There is necessarily a tension between the three strategic objectives of scaling FOAK production with a wide range of technologies, value for money and speed of deployment. For each allocation round, government may therefore want to carefully consider which of these objectives may be the priority and how these objectives might be best served in consecutive allocation rounds.

The eligibility criteria outlined in Table 3 include, amongst others, access to key items such as power supply and grid connection. It also mentions project location, but only to suggest that the plant be located in the UK.

**Q49. Do you agree or disagree with the proposed eligibility criteria for SAF ARI? If disagree, please explain which criteria you disagree with and why.**

Agree.

The eligibility criteria outlined in Table 3 include, amongst others, access to key items such as power supply and grid connection. It also mentions project location, but only to suggest that the plant be located in the UK. It does not currently include access to markets and a requirement for projects to have fully considered the logistics to physically deliver the fuel to the airfield.

The project location also needs to consider how the project will access the existing, substantial UK aviation fuel supply infrastructure. Some locations may be located in areas of significant renewable electricity (such as the north of Scotland) but face significant transportation issues to reach demand centres such as Heathrow and Gatwick located in the south. This issue needs to be addressed in the eligibility criteria assessment as well.

This should include considerations such as where the fuel is to be blended and stored and – depending on factors such as location, volumes, demand centres targeted and infrastructure available – how the fuel is to be transported (e.g. rail, pipeline, vessels).

**Q50. Should technologies that do not yet have ASTM Certification, but are currently engaged with the ASTM D4054 evaluation process, be considered as eligible technologies for SAF ARI? Please explain why.**

**Yes, but on the basis that ASTM approval is not expected to be unreasonably withheld.**

There needs to be a reasonable expectation the technology could be approved under the ASTM or DefStan in time for the plant operation to start.

However, we note that the ASTM D4054 process is robust, lengthy and designed to ensure the safety of aviation users as a key priority. There is therefore no guarantee that the SAF pathway will meet the detailed criterion to be accepted as a qualifying aviation fuel.

Allowing fuel pathways that have only entered the ASTM process, rather than being accepted as fuels meeting the relevant quality criterion, therefore carries risks that need to be carefully considered in the selection process. Otherwise, it could divert attention and the limited available resource into potential options which may not be viable, rather than concentrating on accepted technologies.

**Q51. Do you agree or disagree that projects should require a grid connection offer, or equivalent evidence to demonstrate access to power supply by the Target Commissioning Date, to be eligible for SAF AR1? If disagree, please explain why.**

**Agree**

Grid connections are a fundamental requirement for SAF pathways supported under the RCM.

As we note in our response to Q50, attention and focus of the limited resources available should be on plants which can deliver the SAF required.

Allowing projects that do not have a grid connection offer introduces a significant risk into the SAF RCM process. It diverts attention and the limited available resource into potential options which may not be viable, rather than concentrating on those that have a more certain route to delivery.

We recognise that this may lead to delays in some pathways being supported under the SAF RCM scheme. However, at this stage attention is better spent focusing on projects with a clearer route to delivery rather than those that may never come to fruition.

As set out in Q52 below, electricity is also only one of several key inputs and utility connections that should be considered – others include e.g. gas, CO<sub>2</sub>, feedstocks or water. While there may be some variations among technologies as to the importance of each of these, for all key inputs producers should demonstrate their ability to access those.

**Q52. What, if any, additional considerations would you like to raise on the proposed eligibility criteria?**

The eligibility criteria outlined in Table 3 include, amongst others, access to key items such as power supply and grid connection. However, a sourcing strategy for all key inputs should be added to the criteria.

The table also mentions project location, but only to suggest that the plant be located in the UK. It does not mention access to markets and the required logistics to deliver the fuels to customers.

The project location also needs to consider how the project will access the existing, substantial UK aviation fuel supply infrastructure. Some locations may be located in areas of significant renewable electricity (such as the north of Scotland) but face significant transportation issues to reach demand centres such as Heathrow and Gatwick located in the south. This issue needs to be addressed in the eligibility criteria assessment as well.

**Q53. Do you agree or disagree with the proposed evaluation criteria and weightings for SAF AR1? If disagree, please explain which criteria you disagree with and why.**

**No Firm View**

We agree in principle with the evaluation criteria. However, we note that a key aspect of deliverability is not mentioned, i.e. access to markets and required logistics. It will be as important to ensure that projects have considered how they will physically deliver to the airfield. This includes considerations such as where the fuel is to be blended and stored and - depending on location, volumes, demand centres targeted and infrastructure available - how the fuel is to be transported (e.g. rail, pipeline, vessels).

The consultation does not articulate the rationale for the weightings in Table 4.

It would be helpful if the rationale for these could be published to allow a more detailed response to be made.

As we note in our response to Q56, the weighting on strike price seems high, given that it does not take account of strategic or technology aspects and the GHG savings at this stage will necessarily be based on a producer estimate (not actual production), carrying a risk that GHG savings could be inflated. Government should set out how this risk is to be addressed.

**Q54. Do you agree or disagree with the proposed deliverability metrics for SAF AR1? If disagree, please explain which metrics you disagree with and why.**

**Agree in principle.**

The criteria seem broadly comprehensive and cover the key aspects of project delivery. However, as set out in Q53 a key aspect of deliverability, i.e. access to markets and logistics is currently missing from the list.

We note at the time of writing, there is limited expertise in delivering SAF projects, particularly of the novel type being supported under the RCM. Equally, experience in CCS enabled hydrogen is also limited. We would therefore question, how this evidence can be provided in practice.

**Q55. Do you think that any other deliverability metrics should be assessed in SAF AR1? Please explain your answer.**

It may also be useful for the government to include information on how the list of deliverability metrics can be updated over time, as negotiations and experience of the RCM develops.

**Q56. Do you agree or disagree with the proposed approach to evaluate projects based on normalising the strike price against GHG emission reductions of the SAF produced? If disagree, please explain why.**

**No firm view.**

We agree in principle with using such a metric as it provides some transparency as to initial cost-effectiveness of the fuels being considered. However, such an approach does not consider other factors such as strategic importance or technology readiness and the value for money proposition over time. A due account of these strategic and technological considerations may offer more cost-effective carbon savings over the medium to longer term.

We are concerned also about the high proposed weighting assigned to this criteria in Table 4 of the consultation, given these figures are necessarily based on estimates.

**Q57. What, if any, additional considerations would you like to raise on the proposed evaluation criteria?**

We have no further comments on the proposed evaluation criteria.

It may be helpful if the government can describe an appeals process if projects disagree with the criteria that they have been described.

**Q58. Do you agree or disagree with the proposed portfolio factors to be used in the shortlisting and agreeing an offer stages? If disagree, please explain why.**

**Agree**

This seems to be a reasonable approach at this stage, in particular if the choice is between projects of the same rating.

However, as we discuss in our response to Q56, the evaluation criteria do not take account of aspects such as technology or strategic factors.

It may be more efficient to understand these factors in the evaluation criteria stage, rather than the shortlisting stage. This may reduce the number of projects in a longlist at an earlier stage, and so the amount of work needed to finalise the number of projects to be taken forward.

**Q59. What, if any, additional considerations would you like to raise on the proposed portfolio considerations?**

It would be helpful if the government could describe processes for reviewing projects in the longlist to see if they can be altered to be more attractive for support.

For example, could projects be put back in time if they initially appear to be delivered too early? Or can the location be moved to better fit in with a distributed approach to economic benefit?

There is also necessarily some tension between the strategic objectives of having a diverse portfolio, quick deliver and value for money. Given the timelines the RCM is working to, the first round therefore may prioritise quick delivery – whereas portfolio considerations may be more appropriately addressed in later rounds.

**Q60. Do you agree or disagree with the proposed work that the allocation strategy will aim to address? If disagree, please explain why and what else should be covered.**

We agree that this work is required. However, government should confirm as soon as possible the volumes it seeks to contract under the RCM as this is essential information for both projects within the UK and outside the UK to assess their access to the UK market. Work on the allocation strategy should not lead to further delays.

Point 2.46 would seem to suggest some form of intervention in the SAF mandate targets to include a portion covered under the RCM. If this is correct, Fuels Industry UK's view is that this approach is wrong, creates winners, does not allow free competition to exist in the market and will increase costs for aviation users.