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By email to corsiaconsultation@dft.gov.uk

Response to “Implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)”

Dear Sir or Madam

Fuels Industry UK represents the eight main oil refining and marketing companies operating in the UK. The Fuels Industry UK member companies – bp, Essar, Esso Petroleum, Petrolneos, Phillips 66, Prax Refining, Shell, and Valero – are together responsible for the sourcing and supply of product meeting over 85% of UK inland demand, accounting for a third of total primary UK energy (based on the Department of Energy Security and Net Zero Digest of UK Energy Statistics 2022).

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 Implementing CORSA.

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

Chapter 1:

1. Do you agree or disagree with the overall approach taken to the implementation of CORSIA offsetting in the UK, through the draft amending SI, which is based closely on the CORSIA SARPs, supplemented by provisions from the UK ETS Order where necessary? Please explain why. Consultation questions on how CORSIA should be implemented alongside the UK ETS are covered in Chapter 2.

Fuels Industry UK has no response to this question

2. Do you agree or disagree with the specific provisions contained in the draft SI and summarised here? Please explain why.

Fuels Industry UK has no response to this question

3. Is there anything that you consider should additionally be included in the draft SI? If so, what?

Fuels Industry UK has no response to this question

4. Is there any additional data reported under CORSIA that you consider the UK should seek to publish, as outlined in Paragraph 1.20? What data on the use of CORSIA Eligible Fuels should the UK seek to publish?

The fuels eligible under CORSIA should be the same as those eligible under the SAF mandate, in order to align the UK approach both within the UK, and with that of international participants.

Dual reporting of these volumes therefore increases the administrative burden on both fuel suppliers and the aviation industry, with no benefit in terms of emissions reductions. Indeed, if the numbers are different and are not reconciled, then this could cause confusion and risk undermining confidence in the respective schemes. We therefore strongly ask that the approach is harmonised to avoid increasing the administrative burden and avoid confusion.

The Renewable Transport Fuels Obligation (RTFO) ¹ creates an obligation for fuel suppliers to supply appropriate levels of lower carbon fuels in their petrol, diesel and gas oil. Data on the supplies of lower carbon fuels is published quarterly by the Department for Transport (DfT) Low carbon fuels unit who administer the scheme ².

The sustainable aviation fuel (SAF) mandate ³ started in January 2025 and is designed to operate in a similar way to the RTFO, albeit focused on aviation. The SAF mandate is also administered by the same low carbon fuels team within the DfT. Due to the obligation starting so recently, no data on the lower carbon fuels supplied under the SAF mandate has yet been published; however, we would expect that similar data to the RTFO will be published through 2025.

We question the need for effectively creating a need for double reporting of fuels in the UK, as this creates additional administrative burden without clear justification or emission reductions.

5. Do you agree or disagree that a deficit notice and corresponding penalty should be applied for CORSIA offsetting requirements, as outlined in Paragraph 1.24? Please expand on your answer.

Fuels Industry UK has no response to this question

Chapter 2:

6. Do you prefer the 'UK ETS only' or 'price-based hybrid' approach to implementing CORSIA alongside the UK ETS? Please expand on your answer.

Fuels Industry UK has no response to this question

7. Are there any other options for interaction between the schemes you prefer? Please expand on your answer.

Fuels Industry UK has no response to this question

¹ <https://www.gov.uk/government/collections/renewable-transport-fuels-obligation-rtfo-orders>

² <https://www.gov.uk/government/collections/renewable-fuel-statistics>

³ <https://www.gov.uk/government/collections/sustainable-aviation-fuel-saf-mandate>

8. Under a price-based hybrid scheme, do you agree or disagree that CORSIA growth factors should be used to calculate CORSIA offsetting obligations on flights from the UK to the EEA and Switzerland? Please expand on your answer.

Fuels Industry UK has no response to this question

9. Do you think the calculation should account for use of CORSIA Eligible Fuels and, if so, how? Please expand on your answer.

We agree that the calculation should account for the use of CORSIA eligible fuels.

CORSIA eligible fuels are lower carbon fuels, and their use should be encouraged as much as possible as an effective means to reduce greenhouse gas emissions using existing supply chains and infrastructure, including through recognition under the UK ETS scheme. Fuels Industry UK also asks that government deliver an effective LCFs strategy which signals to investors that LCFs have a long-term role in decarbonising the UK economy given the strong need for LCFs to reduce emissions from hard to decarbonise sectors such as aviation. The recognition of CORSIA eligible fuels under the UK ETS provides a significant contribution to this.

We note that the 2025 SAF mandate guidance⁴ specifically recognises that qualifying fuels can be used to reduce UK ETS obligations. Section 5.8 of the SAF guidance confirms *“Airlines are permitted to submit an emissions reduction claim as part of the UK Emissions Trading Scheme (ETS) for a quantity of SAF that has received certificates under the SAF mandate”*.

However, we would ask that the scheme gives appropriate consideration to the documentation required under the UK ETS scheme to ensure that it is fit for purpose and does not impose undue administrative burden on fuel suppliers. Whilst we recognise that appropriate evidence has to be established, the documentation requirements should be aligned with those of the SAF mandate, which already impose significant requirements on suppliers including third party verification. We strongly ask that there is a harmonised approach between the UK ETS and the SAF mandate on documentation.

⁴ <https://www.gov.uk/government/collections/sustainable-aviation-fuel-saf-mandate#saf-guidance>

10. Under a price-based hybrid scheme, would you prefer compensation to account for CORSIA costs to be made through a reduction in UK ETS obligations, reimbursement of UK ETS Allowances, or financial reimbursements? Please expand on your answer.

Fuels Industry UK has no response to this question

11. Are there any other ways we could compensate operators for the cost of compliance with CORSIA offsetting? Please expand on your answer.

Fuels Industry UK has no response to this question

12. Under a price-based hybrid scheme, do you agree or disagree that compensation should be provided retrospectively (every three years) following CORSIA compliance? Please expand on your answer.

Fuels Industry UK has no response to this question

13. Under a price-based hybrid scheme, do you agree or disagree that compensation should be conditional on aeroplane operators providing evidence of compliance with CORSIA? Please expand on your answer.

Fuels Industry UK has no response to this question

14. Under a price-based hybrid scheme, we would need information on prices of CORSIA Eligible Emissions Units and, where necessary, UK ETS Allowances. Do you have views on how this might best be done? Please expand on your answer.

Fuels Industry UK has no response to this question

15. Where UK ETS obligations are reduced under a price-based hybrid scheme, do you have a preference on how any adjustments to the supply of allowances should be approached, particularly whether an adjustment to supply is made before 2030? Please expand on your answer.

Fuels Industry UK has no response to this question