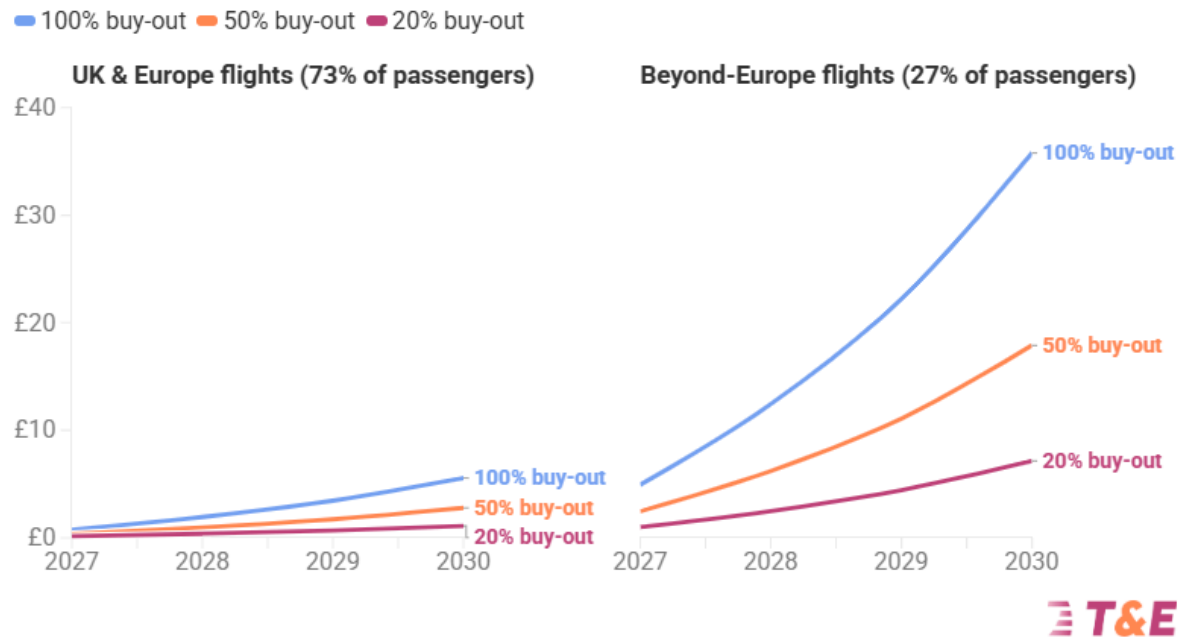
Airlines are scaremongering on impact of decarbonisation policies on ticket prices

As we await the UK Government's decision on the future of targets for more sustainable fuels, some voices in the aviation industry are continuing to undermine the policy at the heart of decarbonising the sector. The Sustainable Aviation Fuel (SAF) Mandate requires the aviation industry to increase the amount of sustainable fuel in the jet mix, starting at 2% from 2025.

However airlines are now claiming it is too expensive and will hugely impact customers, and needs to be weakened. This is based on claims that there is insufficient supply of SAF and that airlines would be forced to pay for missing their targets, also known as 'buy out'.

However, new T&E analysis suggests that in reality, the impact on the passenger is likely to be far less than the industry claims. The headline figure in an article in the Telegraph this week - an extra cost at up to £25.24 for a flight from Heathrow to Gibraltar - seems wildly inaccurate and it is unclear how this figure was reached. T&E's analysis shows that if you take a buy out rate of 50% for 2029, this leads to the SAF mandate costing only £4.23 per ticket on a short haul route, if airlines pass every penny on to passengers. For reference, a coffee in the departure lounge at Heathrow costs around £4.20.



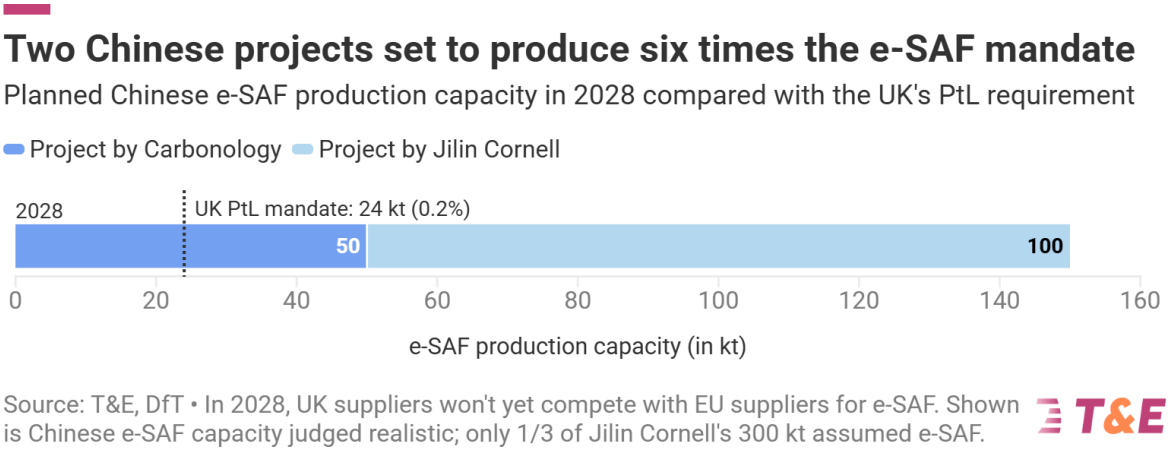
Even in the worst case scenario, with 100% of the mandate's obligation 'bought out', our analysis suggests the figure is 77p on a ticket in 2027 and £5.57 in 2030 for a short haul flight.

Supply is coming online at pace

The industry's assumptions seem to rely on the idea that future SAF supply will not be available. The Telegraph article points to the fact that only one refinery out of 600 worldwide

is producing SAF. However, this view fails to take into account the fact that e-SAF is coming online at pace across the globe.

Further analysis by T&E suggests that Chinese projects alone, with e-SAF explicitly earmarked for Europe, could meet the UK's e-SAF target six times over by 2028. Whether that fuel comes to the UK depends on whether we remain a priority destination. Weaken the targets and the UK becomes a smaller, less certain market than the EU or elsewhere in the world.



The real cost is investment and jobs

Weakening the mandate will put at risk the 3,000 long-term and 10,000 construction jobs associated with scaling up e-SAF. Developing our domestic fuel supply provides exactly the sort of economic opportunity that this Government is looking for - bringing secure long term job opportunities to the industrial hubs in places like Teesside and the Humber.

Weakening the mandate will have a devastating impact on potential domestic production. By weakening the targets, the UK will lose its "first mover advantage" putting millions of pounds of investment in production sites across the UK at risk.

The Government's consideration of changing targets alone has already paused, cancelled or delayed offtake agreements for UK supply. By removing the certainty, the UK becomes a less competitive market and will lose out to much larger more certain markets such as the EU.

In short, the cost of the mandate to passengers will not be as significant as the industry likes to make out. According to our analysis, it will likely be a coffee's worth on a ticket even on generous assumptions. The cost of weakening the mandate however is lasting, in carbon sacrificed, producers lost to other markets, and a first-mover position the UK will struggle to win back.

Delay doesn't make air travel less expensive for holiday goers, it creates more extreme price changes later down the line. Ministers should hold the line, and let airlines show their working on their figures.