

Latest Revenue Certainty Mechanism announcement a blow for future UK e-SAF production

Earlier this week, the Government released a [report on contract allocation](#) for the highly anticipated Revenue Certainty Mechanism (RCM). The proposals within this report - namely the lack of ringfenced funding for e-SAF and contracts being awarded as late as Q4 2028 - has led to considerable concerns amongst UK e-SAF organisations. Many producers who have identified the UK as a key location to make this crucial fuel have designed investment agreements and plant proposals around anticipated RCM support. This now looks much harder to access and will come later than when the SAF Mandate PtL sub-target comes into force. This represents a concerning step change in tone from the Government, who have consistently indicated that domestic e-SAF production is a key part of their long term plans for the UK SAF Market.

Across the globe, e-SAF is expected to be a crucial part of the future of the SAF market as it has the greatest technical potential of any type of SAF to deliver significant carbon emission reductions - in some cases [over 90%](#) of lifecycle emissions. In the UK, scaling up e-SAF production could produce nearly [3,000 long-term jobs and 10,000 construction jobs](#) and according to recent data by Bloomberg, global advanced fuels production [could outstrip UK demand](#) in the late 2020s.

How this announcement impacts domestic e-SAF

Competition with more mature feedstocks: By choosing not to introduce specific ringfenced support for e-SAF, the government is forcing nascent projects to compete directly against cheaper and more carbon intensive pathways to gain access to the RCM, making it harder for e-SAF projects to obtain these early contracts. E-SAF production requires long term investment signals due to the nascency of projects and need to 'de-risk' these projects over time. This announcement makes an already challenging development context harder.

Crucially, the types of SAF that e-SAF will be forced to compete with have far less potential greenhouse gas emission savings over the lifecycle than e-SAF. E-SAF has the technical potential to deliver [over 90%](#) reduction in lifecycle carbon emissions whereas waste-based SAF delivers around 70% to 80%. Domestic e-SAF production can also help protect the UK's energy security, as it would not be reliant on global supply chains that are open to price shocks due to geopolitical events - something we saw at scale with the [war in Iran](#).

Timing challenge with the PtL sub-target: The report outlines that the application window opens from Q1 2027, with shortlisting taking place from Q4 2027 and contracts being awarded from Q4 2028. By commencing contract shortlisting after the PtL sub-target kicks in, the Government has made long term investment decision making on domestic e-SAF even more challenging. E-SAF supply will be needed under the SAF Mandate targets ahead of any potential RCM contract support, which adds considerable pressure on the timeline to get plants commissioned and producing SAF in time to meet government targets. Investors may be less likely to support projects that cannot confirm RCM contract support ahead of supply requirements under the SAF Mandate.

The decision to not ringfence funding and the challenging timeline for contract support do not align with the market indicator set out by the PtL sub-target in the SAF Mandate. The **RCM should be designed to support the e-SAF subtarget** as the primary marker of supply for the UK. If policies are effectively aligned, and ambition is maintained, e-SAF can come online and effectively support the UK's wider aviation decarbonisation goals.

How can domestic e-SAF production be supported?

Despite these challenges, the UK e-SAF industry is still showing a continued commitment to developing domestic e-SAF. For example, [ET Fuels](#) recently announced that their UK e-SAF site Project King's Road has moved to the Humber region. In our [SAF Observatory](#), we've identified a number of other projects who are poised to produce and supply e-SAF in the UK, bringing considerable growth and job opportunities across the UK. As set out by [Innovate UK](#), the two regions with the highest concentration of both planned and operational SAF facilities, in total accounting for over half of the total number of SAF facilities in the UK SAF supply chain, are Yorkshire and the Humber with nine facilities, (28.1% of total) and North East England with eight facilities (25.0% of total). These projects can be best supported to reach Final Investment Decision in a number of ways:

- **Faster and more targeted support for e-SAF under the Low Carbon Fuels Fund:** This continued support by the Government would help nascent projects by providing the critical early-stage financial certainty. It allows e-SAF producers to gain access to capital funding which, due to the Government's announcement on the RCM, may be harder to secure before 2028.
- **Provide clear market signals for long-term viability:** Investors need full confidence that e-SAF will remain a permanent and protected part of the UK's SAF landscape to allow for scale up. The UK Government needs strong policy and financial commitments to prove they will hold their position on the PtL sub-target, countering the ongoing lobbying to weaken the scheme. This will be essential for attracting the long-term capital required for these projects.
- **Should the mandate be reopened following the ongoing call for evidence, develop a flexibility mechanism for e-SAF production that does not undermine ambition:** An averaging system under the SAF Mandate for e-SAF, similar to the EU's initial 2030-31 and 2032-33 average targets under ReFuelEU, would allow an extended compliance window, allowing fuel suppliers to manage any early year supply gaps under the scheme. This would bridge the gap between the mandated targets and scaling up e-SAF facilities, ensuring that both policy integrity and project feasibility are maintained.

About us

We are the national office of the European clean transport NGO T&E whose aim is to achieve a zero-emission mobility system that is affordable and has minimal impacts on our health, climate and environment and is accessible to all while locking in growth and jobs for the UK.

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