

# bp response to HMG Consultation developing the UK sustainable aviation fuel mandate

## Summary and key points

Aviation is a hard-to-abate sector because the supply of energy to aircraft needs to be sufficiently dense, safe, compliant, and compatible with flight conditions.

If we are to reach our shared aims of decarbonisation, then simply put – SAF is needed to decarbonise aviation. It is currently the most viable and available option for the sector as it can be used in existing infrastructure and aircraft<sup>1</sup>.

In our Energy Outlook, in 2050, bio-derived sustainable aviation fuel (biojet) accounts for 45% of total aviation in *Net Zero*, with 50-60% of the growth in biojet in the US and Europe, supported by increasing incentives and mandates.

bp supports the scale-up of SAF and has consistently called for a mixture of actions and policies to make it a reality. That is why we welcome the Government's consultation to further develop the UK's sustainable aviation fuel mandate, and its ambitious plans for the mandate's implementation.

And whilst bp supports carbon pricing, that alone won't deliver SAF. Current carbon prices in the UK ETS and CORSIA are well below those required to deliver SAF. Until the cost of deploying SAF is nearer the level of abatement in other sectors, additional support will be required.

This includes ambitious and long-term policy mechanisms such as the Government's SAF mandate, as well as blending or production tax credits, SAF price support mechanisms, and capital grants – and we support action Government is taking to date, like the Advanced Fuels Fund.

bp believe policies (both mandates and incentives) should reward SAF deployment based on fuel pathway GHG emissions intensity rather than volume or energy content, and welcome that the SAF mandate promotes fuels with the highest GHG savings.

GHG based schemes encourage innovation from investors and rewards every carbon molecule saved – in time creating more competition and innovation. We have seen such approaches work well in markets such as Germany and California, and its adoption in the UK for the SAF mandate should be commended.

Given the need for rapid and deep decarbonisation whilst limiting impacts on land use change, food production and sensitive environments, multiple sustainable technology and feedstock pathways should be encouraged – enabling scale and supply resilience while reducing the risk of adverse sustainability effects.

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This should include nascent, innovative pathways in SAF deployment policies, including sustainable cover crops, municipal solid waste, and fuels manufactured with green hydrogen, to stimulate investment in these lower carbon technologies.

Pathways with higher abatement costs (such as renewable electricity-derived SAF) should be given additional policy support relative to lower cost SAF pathways to enable cost reductions and commercialisation – and why the Government’s sub-targets on PtL is welcome.

However, there are a number of issues bp wishes to raise which we believe would aid Government in its efforts to deploy resilient supplies of SAF at scale and avoid unintended consequences:

- The proposed HEFA cap could work in opposition to obligations being met, particularly in the first years of the SAF mandate – given second-generation (2G) technologies will not be ready for commercial scale, which warrants the utilisation of HEFA to meet our shared ambitions.
- All feedstocks that do not compete with food or create land use change should be eligible for use in SAF, in particular cover crops which bp and other industry players are working to develop – bringing benefits of cost, scale, and GHG reductions which should be taken into consideration.
- SAF which uses Low Carbon Hydrogen Standard (LCHS) compliant blue hydrogen as a feedstock should qualify for certificates under the SAF mandate – increasing its availability as a feedstock and supporting industry to achieve the mandate.
- Buyout levels should be sufficient to support investor confidence, especially for 2G and e-fuels where most of the cost is from up-front capital expenditure and carry risk as first of a kind projects.
- Given the global nature of supply, and the implementation of similar schemes and mechanisms in other markets like the US and EU, UK policy needs to be calibrated to take these into account – particularly with regard to buyout levels and penalties.