

Sustainable Aviation Fuel Bill: Public Bill Committee submission from Neste

About Neste

Neste is the world's leading producer of renewable diesel and SAF refined from waste and residues, with an annual renewable fuels production capacity that is set to be increased to 6.8 million tons in 2027. We are committed to supporting the aviation industry to achieve its emissions reduction targets and already supply Neste MY Sustainable Aviation Fuel™ to some of the UK's largest commercial carriers and cargo services, reducing greenhouse gas emissions by up to 80% over their life cycle compared to fossil jet fuel.

Summary

Neste supports the RCM proposal provided that it ensures revenue exclusivity to the UK SAF market, maintains international competitiveness, guarantees physical offtake, and follows a cost-effective, technology-neutral strategy. This will best enable sustained investment and meaningful progress towards scaling SAF production domestically.

Submission

1. Neste appreciates the opportunity to respond to this call for evidence regarding the Sustainable Aviation Fuel Bill and the revenue certainty mechanism to which it pertains. We broadly support the Government's proposal but wish to highlight several key clarifications and safeguards which we believe will be key to ensuring that the scheme has its desired effect in encouraging the development of the SAF industry.
2. The right revenue certainty mechanism will provide much needed certainty to SAF production and enable projects to attract the necessary finance. In general, a mechanism providing a more predictable market price and thus revenue stream should help drive investment decisions into pre-commercial production units (advanced SAF technologies). The key difficulty will be to **determine the right "strike price" level**, given that none of these technologies operate on a commercial scale. Feedstock price fluctuations are also challenging, as these cannot be predicted too far into the future.
3. Neste strongly believes that **building long-term confidence in the sector is essential** to the success of both the scheme and the domestic SAF industry. The proposed 10-year timeline will provide critical investment security for SAF producers, helping to ensure the Bill's direction and intent remain consistent and clear. The Government's efforts to embed transparency in the plan are also welcome. To support this further, Neste recommends the introduction of a regular reporting schedule to provide updates on the scheme's operation and progress, helping to maintain confidence and accountability over time.
4. Neste agrees with the principles underpinning the levy and the redistribution of its revenues, provided there is a clear commitment that these revenues are exclusively used to support the production and deployment of Sustainable Aviation Fuel (SAF) within the UK market. Specifically, **revenues generated through this mechanism should not be utilised for SAF produced for export markets**. Ensuring this exclusivity will maintain a fair competitive environment and foster an effective domestic SAF market.
5. Guaranteeing the solely domestic use of generated funds will ensure that, on an international level, **SAF production remains a level playing field**. The stated purpose of the levy is to

guarantee affordable and sufficient SAF supplies for the UK. Support offered to exporting producers would not only present an **unintended competitive disadvantage for producers operating internationally**, but would act against the spirit in which this Bill has been formed.

6. In Neste's view, UK SAF policy should be **technology-neutral** and give equal opportunity to all pathways. To maximise the full potential of SAF, it is crucial to grow available technologies while investing into future technologies. This can be achieved effectively through technology neutrality, additional financial incentives for not yet viable technologies and a broad feedstock acceptance, which **unlocks the full potential of global waste and residue availability** as well as intermediate crops that do not trigger additional land use.
7. Additionally, Neste would like to highlight the importance of **guaranteeing the physical offtake of SAF** to ensure confidence in supply chains and investments. Revenues derived from the levy should be deployed strategically and cost-effectively, adhering to the **technology-neutral principle** mentioned above to encourage maximum market efficiency and innovation. Without such an approach, other international markets might present more attractive investment opportunities, potentially diverting essential resources and expertise from the UK.
8. We would also like to note that, while this scheme will help grow domestic SAF production, high production costs and resulting market prices continue to limit the uptake of SAF. Neste believes the most effective method to foster growth in SAF production is through **ambitious, clearly defined mandates** providing long-term certainty and trajectory. This approach promotes open competition, encourages technological innovation, and ensures the most cost-effective outcomes for end users, with costs appropriately borne by actual emitters.

Contact

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