

LEGISLATIVE CONSENT MEMORANDUM

SUSTAINABLE AVIATION FUEL BILL 2025

1. This legislative consent memorandum is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a legislative consent memorandum must be laid, and a legislative consent motion may be tabled, before Senedd Cymru¹ if a UK Parliamentary Bill makes provision in relation to Wales that has regards to devolved matters.
2. **The Sustainable Aviation Fuel Bill** (“the Bill”) was introduced in the House of Commons on 14 May 2025. The Bill can be found at: [Sustainable Aviation Fuel Bill](#)

Policy Objective(s)

3. The UK Government’s stated policy objectives are; tackling aviation emissions through a variety of measures, although some technological solutions to reduce aviation emissions, such as zero emission flights, are at a relatively early stage of development. Sustainable Aviation Fuel (SAF) is therefore one of the most effective ways to reduce aviation emissions right now, as it is available today as a ‘drop-in fuel’ that does not require modifications to existing aircraft. The associated greenhouse gas emissions from SAF are on average 70% less than fossil jet fuel on a lifecycle basis. SAF is expected to play a critical role in decarbonising aviation up to and beyond 2050. The UK Government is clear that it wants to see the UK capture its share of the global SAF market by playing a leading role in development, production and use. For production facilities, making the leap from lab to commercial scale has proven difficult as smaller demonstration facilities are capital intensive and often unprofitable. Commercial plants can then typically cost £600 million to £2 billion to reach economies of scale and tend to run at a loss during their first years of deployment. First-of-a-kind plants often struggle to secure major investment from equity and debt providers due to several associated risks, including revenue certainty. The UK Government response to the publication of independent advice from Philip New ‘Developing a UK Sustainable Aviation Fuel Industry’ defined key barriers to investment that SAF producers have faced so far:
 - Technology risk. Advanced SAF technologies are at early technology readiness and require innovation and demonstration before they are ready for commercial deployment. Even then the risk remains that a plant will not operate as expected.

¹ Please note in accordance with Welsh Government policy we refer to the legislature in Wales as “Senedd Cymru” on first use and “the Senedd” thereafter unless the context stipulates otherwise.

- Feedstock risk. There is significant competition for resources that can be used as feedstocks for SAF production. There is a risk that, in the absence of long-term feedstock contracts, producers will not attract sufficient feedstock to maintain forecasted production levels and revenues.
 - Construction risk. Building a SAF plant presents risks that cause delays or impact on the plant's performance specifications. These could occur from ground condition, interfaces between different parts, and underestimation of time and cost to build and commission.
 - Revenue certainty risk. Due to uncertainty regarding the future cost of SAF and an undefined market price, there is a lack of confidence over the revenue that SAF production will attract.
4. A revenue certainty mechanism introduced in the Bill mitigates these risks to providers of finance by guaranteeing a price for a project's eligible SAF over a defined period; using private law contracts, administered by an operationally independent counterparty, to reduce the risk of policy and regulatory change; and increasing these projects' competitiveness for finance with other low carbon technologies. By reducing these risks, it can lower the cost of capital and increase the chances of first-of-a-kind commercial scale projects reaching successful final investment decisions.

Summary of the Bill

5. The Bill is sponsored by the Department for Transport.
6. The Bill makes provision for;
- the creation of revenue certainty contracts and mechanisms to support such contracts. This is intended to realise the economic benefits associated with the developing domestic sustainable aviation fuel industry, help secure the supply of such fuel and establish the UK as a global leader in the decarbonisation within the sector; and
 - levies on certain suppliers of aviation fuel, to fund the obligations created under the revenue certainty contracts.
7. Welsh Government officials have been engaged with the Department for Transport since December 2024 to discuss the contents and timing for the introduction of the Bill into the House of Commons parliamentary session. We received a final copy of the Bill on 8th May.
8. The UK Government conducted a public consultation on Sustainable aviation fuels revenue certainty mechanism: revenue certainty options

between the 25 April 2024 to 20 June 2024². The Welsh Government did not provide any formal response to the consultation.

Provisions in the Bill for which consent is required

9. In my view, an LCM is required in relation to clauses 1 to 15.
10. Clause 1 enables the Secretary of State to direct a company owned by a Minister of the Crown (“the counterparty”) to offer to enter into a revenue certainty contract with a sustainable aviation fuel producer. In summary, this ensures the producer achieves a particular price for each unit of fuel supplied. As this clause seeks to encourage the growth of a stable sustainable aviation fuel industry within the UK, my view is that it concerns economic development and environmental protection. As those matters are devolved, we consider that the test in SO29 is met.
11. Clause 2 requires the Secretary of State to inform the producer affected by the direction issued under clause 1. It also enables such directions to be revoked. As this clause supports the implementation of directions issued under clause 1, my view is that it also concerns economic development and environmental protection and therefore meets the test in SO29.
12. Clause 3 enables the Secretary of State to make regulations about maintaining a register of information relating to the contracts and publishing the contracts or details of them. As this clause supports the implementation of directions issued under clause 1, my view is that it concerns economic development and environmental protection and therefore meets the test in SO29.
13. Clause 4 enables the Secretary of State to designate the company owned by a Minister of the Crown which will enter into the contracts with producers (so that it becomes the counterparty). As clause 1 cannot be utilised until the power in this clause has been exercised, my view is that this clause also relates to devolved matters.
14. Clause 5 enables the Secretary of State to make a scheme to transfer the counterparty’s property, rights and liabilities to a new counterparty, if a company’s designation as a counterparty is revoked. The scheme may include provision which is the same as or similar to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (S.I. 2006/246). As this clause supports the implementation of directions issued under clause 1, my view is that it also concerns economic development and environmental protection, which are devolved matters.
15. Clause 6 enables the Secretary of State to make regulations requiring certain suppliers of aviation fuel to pay a levy so that the counterparty

² <https://www.gov.uk/government/consultations/sustainable-aviation-fuels-revenue-certainty-mechanism-revenue-certainty-options>

can fund costs incurred under the Sustainable Aviation Fuel Act. The levy will fund the revenue certainty mechanism and therefore, the clause must be considered in the context of implementing the directions issued under clause 1 (which seeks to encourage the growth of a stable sustainable aviation fuel industry within the UK). Given that relationship, I consider that the test in SO29 is met.

16. Clause 7 provides that the regulations made under clause 6 may require financial collateral to be provided in respect of liabilities to pay the levy. This clause supports the implementation of clause 6, and therefore also has regard to devolved matters.
17. Clause 8 provides that the regulations made under clause 6 may confer functions on the counterparty regarding the administration and enforcement of the regulations, and about the resolution of disputes (including via arbitration and appeals). This clause supports the implementation of clause 6, and therefore also has regard to devolved matters.
18. Clause 9 provides that the regulations made under clause 6 may make provision about how the levy is to be calculated or determined. This clause supports the implementation of clause 6, and therefore also has regard to devolved matters.
19. Clause 10 enables the Secretary of State to make regulations about the payment of surplus funds to those who have had to pay the levy and about requirements to ensure that benefits from such payments are passed on to customers. The clause imposes a consultation duty on the Secretary of State prior to making the regulations; this includes a duty to consult the Welsh Ministers if the regulations contain provision which would be within the legislative competence of the Senedd if contained in an Act of the Senedd. As this clause is connected to the effective management of the revenue certainty mechanism, which is intended to encourage the growth of a stable sustainable aviation fuel industry within the UK, my view is that it concerns devolved matters.
20. Clause 11 (and Schedule) enables the Secretary of State to impose a financial penalty on a person other than the counterparty, if the person has: breached a requirement imposed by levy regulations made under clause 6 (as long as, at the time of the breach, the regulations provided that such a penalty could be imposed), or breached a requirement in regulations made under clause 10(1)(b) relating to passing on benefits of repayment to customers. Regulations may be made under clause 11 in relation to the amount of the penalty and the Schedule sets out how the penalty will be issued and dealt with. As this clause is connected to the effective management of the revenue certainty mechanism, which is intended to encourage the growth of a stable sustainable aviation fuel industry within the UK, my view is that it concerns economic

development and environmental protection. As those matters are devolved, I consider that the test in SO29 is met.

21. Clause 12 enables the Secretary of State to direct the counterparty in relation to the functions conferred on it under, or by virtue of, the Sustainable Aviation Fuel Act. As this clause is connected to the effective management of the revenue certainty mechanism, my view is that it has regard to devolved matters.
22. Clause 13 requires the counterparty to comply with any requirements imposed by the Secretary of State to provide the Secretary of State with information or advice relating to the exercise of the counterparty's functions. As this clause is connected to the effective management of the revenue certainty mechanism, my view is that it also has regard to devolved matters.
23. Clause 14 enables the Secretary of State to provide financial assistance, in any form and subject to any conditions, to the counterparty. As this clause is connected to the effective management of the revenue certainty mechanism, my view is that it also has regard to devolved matters.
24. Clause 15 provides that powers under the Bill to make regulations include powers to make consequential and transitional provisions. It also sets out the procedures for the regulations. This clause supplements the regulation-making powers in the Bill, which fall within the legislative competence of the Senedd. Therefore, this clause is also considered to meet the test in SO29.

UK Government view on the need for consent

25. The UK Government agree that an LCM is required for clauses 1, 2, 3, 4, 5, 12, 13, 14, and 15, as well as some aspects of clauses 10 and 11.
26. However, the UK Government does not think an LCM is needed for clauses 6, 7, 8 and 9, and some aspects of clauses 10 and 11. Nonetheless, for the reasons set out in paragraphs 15-20, I believe the stronger argument is that they do meet the SO29 test and so I am laying an LCM in respect of those provisions.

Reasons for making these provisions for Wales in the Sustainable Aviation Fuel Bill

27. Decarbonising aviation is one of our biggest global challenges. Whilst aviation contributes only 2-3% of global greenhouse gas emissions today, it is forecasted to become one of the highest residual emitters in

2050 as other sectors with greater abatement potential reduce their emissions. Our ambition is to decarbonise every sector of our economy.

28. Wales' carbon budgets include all emissions from aviation in Wales, including both domestic and international flights. The Welsh Government has set out its ambitions on tackling climate change in Wales through Net Zero Wales and it is also committed to working with other governments in the UK to deliver coordinated policy action that will deliver our respective emissions reduction targets.
29. Aviation policy is a reserved matter for the UK Government (UKG). The nature of air travel in the UK means that many travellers from Wales use, or have the option to use, airports in England, which has implications for the potential effectiveness of Welsh policies.
30. It is widely recognised that the greatest challenge in terms of making civil aviation sustainable is not related to any specific technical solution, but making positive change happen at the required pace. The progress to net zero relies on all parts of the supply chain working towards a common goal, including aircraft manufacturers, airlines, airports and their service providers.
31. We are considering how Wales can best support the development and adoption of more sustainable aviation technologies.
32. With a long-established aerospace sector in Wales, its rich industrial history and highly skilled workforce, that is looking towards a more sustainable future, we are well placed to play a significant role in developing feedstocks of SAF from non-agricultural sources and we are already making positive progress in this regard.
33. Developments in Sustainable Aviation Fuel can be contentious. The world isn't producing enough to meet the current demand from the industry. There are numerous ways of producing it, including from specific crops and feed stocks, but vast areas of farmland would need to be turned over to meet global demand.
34. Nonetheless, we are supportive of the Bill, as it sees SAF as an intermediate carbon reduction solution, as the industry looks to the development of new zero-emission aircraft, such as hydrogen-fuelled and electric powered aircraft.

Financial implications

35. There are no financial implications in Wales.

Conclusion

36. In my view it is appropriate to deal with these provisions in this UK Bill as the Welsh Government is committed to working with other governments

in the UK to deliver coordinated policy action that will deliver our respective emissions reduction targets. Decarbonising aviation is one of our biggest global challenges and this requires a UK-wide approach through a UK Bill. The SAF revenue certainty mechanism introduced as part of the Bill is intended to be a time-limited measure to stimulate an early market for SAF. It will no longer be needed once investors have confidence in the market price and the first-of-a-kind technology has proved itself at commercial scale. We see SAF as an intermediate carbon reduction solution, as the industry looks to the development of new zero-emission aircraft, such as hydrogen-fuelled and electric powered aircraft.

37. Therefore, I recommend that the Senedd supports the proposals and gives its consent.

Rebecca Evans MS
Cabinet Secretary for Economy, Energy and Planning
9 June 2025