



Department for the

Economy

An Roinn

Geilleagair

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Our ref: SUB-0487-2025

Date: 24 06 2025

Dear Peter

Sustainable Aviation Fuel Bill

I am writing to inform the Economy Committee that the Department for the Economy is providing written briefing to the Assembly in relation to the Sustainable Aviation Fuel Bill¹ (the Bill) which was introduced at Westminster on 14 May 2025.

The Bill contains provisions that engage a devolution matter as defined in Standing Order 42A. However, the relevant British Government Minister did not inform the Economy Minister about the Bill prior to its introduction. Therefore, the Department was not in a position to seek Departmental Solicitor's Office (DSO) analysis of the Bill; consult the Economy Committee; nor seek Executive agreement within the ten working day period required for laying a Legislative Consent Memorandum before the Assembly after the Bill was introduced as per Standing Order 42A(4)(a).

The Department is now engaged with DSO to obtain analysis of the Bill and its clauses.

¹ [Sustainable Aviation Fuel Bill](#)

In accordance with Standing Order 42A(4)(b), the Minister is submitting briefing to the Assembly explaining why a Legislative Consent Motion is not being sought at this time due to the reasons set out above. The Department continues to engage with the British Government and is actively considering whether to seek the Assembly's consent at a later stage in the Bill's passage.

We appreciate the Committee's interest in this matter and will ensure that you are kept informed of any developments. Should the Minister decide to proceed with a Legislative Consent Motion, we will provide the Committee with the relevant documentation and offer a briefing at the earliest opportunity.

Yours sincerely

GARY FINLAY

Departmental Assembly Liaison Officer

LEGISLATIVE CONSENT BRIEFING

SUSTAINABLE AVIATION FUEL BILL

Background

1. This memorandum has been laid before the Assembly by the Minister for the Economy under Standing Order 42A(4)(b). The Sustainable Aviation Fuel Bill (the Bill) was introduced in the House of Commons on 14 May 2025. The latest version of the Bill can be found at:
<https://publications.parliament.uk/pa/bills/cbill/59-01/0240/240240.pdf>

Summary of the Bill and its policy objectives

2. The Bill aims to implement a revenue certainty mechanism to support the production of sustainable aviation fuel (SAF) in the UK. This mechanism is designed to provide SAF producers with a guaranteed price for their fuel, encouraging investment and reducing the risks associated with SAF production.

Provisions which deal with a Devolution Matter

3. Some of the provisions of the Bill may fall under the legislative competence of the Assembly, as they potentially deal with devolved matters. Departmental Solicitor's Office (DSO) is undertaking analysis of the Bill on behalf of the Department for the Economy to determine which provisions deal with a devolution matter. Clauses in the draft Bill that relate to the revenue certainty contracts may be devolved to the North. The purpose of the Bill is to provide financial support to producers of sustainable aviation fuel to develop SAF production in the UK and assist in the decarbonisation of aviation.
4. The Department for Transport in London (DfT), who introduced the Bill, consider that the levy-related provisions (clauses 6-9 which deals with the levy regulations, and 11 to 13 to the extent that their exercise relates to the levy) are reserved on the basis that they relate to taxation.

Reasons for making the Provisions

5. The production of transport fuels is not specifically mentioned in the Northern Ireland Act 1998 and transport generally is a transferred matter. DfT considered whether the production of sustainable aviation fuel could be a reserved matter. However, the proposal seeks to support the production of SAF in the UK rather than the regulation of civil aviation. As a result, DfT considers the subject matter of supporting the production of SAF is devolved to the North.

Reasons for utilizing the Bill rather than an Act of the Assembly

6. Some of the provisions will be applied across the UK as they relate to reserved matters. It is beneficial to producers, consumers and enforcement bodies to ensure a consistent legislative and enforcement regime across the UK at the earliest possible opportunity.

Reasons for not seeking consent of the Assembly

7. The Bill was introduced into Westminster on 14 May 2025 but the Secretary of State for Transport did not inform the Economy Minister in advance of the Bill's introduction. Consequently, there was insufficient time to complete the full Legislative Consent Motion process in accordance with the guidance.

Consultation

8. A consultation was carried out by DfT on revenue certainty options between 25 April 2024 to 20 June 2024. A subsequent consultation was carried out on how the preferred revenue certainty mechanism will be funded between 3 March 2025 to 31 March 2025.

Human Rights and Equality

9. British Transport Secretary Heidi Alexander has made the following statement under section 19(1)(a) of the Human Rights Act 1998: In my view the provisions of the Sustainable Aviation Fuel Bill are compatible with the Convention rights.

Financial Implications

10. The UK's Sustainable Aviation Fuel (SAF) revenue certainty mechanism is designed to be funded through a variable levy on aviation fuel suppliers rather than the general taxpayer. This approach aims to spread the costs across the

supply chain and ensure that the industry benefits from the increased availability of SAF and potentially lower prices.

A cost benefit analysis has been provided that models the potential costs and benefits of these regulations. It shows that the revenue certainty mechanism is likely to demonstrate value for money while aiming to reduce the cost of producing SAF in the UK.

<https://assets.publishing.service.gov.uk/media/6824c7f1b9226dd8e81ab8ae/dft-revenue-certainty-mechanism-cost-benefit-analysis.pdf>

DSO have also been contacted to provide assessment of the financial implications of this Bill in Northern Ireland.

Summary of Regulatory Impact

11. Impacts may be dependent on the nature of any future regulations made under the Bill's powers. DSO have also been contacted to provide assessment of the regulatory impacts of this Bill in Northern Ireland.

Engagement to date with the Committee for Economy

12. The Economy Committee was notified about this proposed briefing on 24 June 2025.

Conclusion

13. The Minister of the Economy will consider the findings of the DSO analysis of the Bill and will provide a view in due course.

Department for the Economy

24 June 2025



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Our Ref: SUB-0680-2025

Date: 15 09 2025

Dear Peter

Legislative Consent Motion – Sustainable Aviation Fuel (Revenue Certainty Mechanism) Bill

The Department previously informed the Committee on 24 June 2025 on this matter. Since then, the department has been preparing for the bill in anticipation of tabling a Legislative Consent Motion before the Assembly. I have attached for the Committees information a briefing paper, including a copy of the Sustainable Aviation Fuel Bill as currently drafted.

The Sustainable Aviation Fuel Bill (the Bill) proposes the establishment of a revenue certainty mechanism to support the production of sustainable aviation fuel across Britain and the North. Several provisions within the Bill fall within the legislative competence of the Assembly, and as such, the Department is providing information to you and the Committee which explains the need for, and background to, the legislative proposals.

The briefing also outlines Departmental work to progress actions within the LCM process which has been hampered because of issues caused by the Department of Transport in London (DfT) who are responsible for the Bill. Initially, DfT did not inform, as it should have done, the Minister for the Economy about the Bill prior to its

introduction in Westminster. This resulted in many of the initial LCM actions, which should have taken place prior to the Bill's introduction, only beginning afterwards. Further delays have been caused due to DfT taking over one month to respond to queries raised by Departmental Solicitors Office in relation to the Bill.

Departmental officials have offered to provide oral briefing and are scheduled to attend the Committee on 24 September 2025. The Minister is keen to ensure that the Committee has an opportunity to consider the devolved implications of the Bill.

Yours sincerely

GARY FINLAY
Departmental Assembly Liaison Officer

Request

As part of the Committee's forward work programme, the Department for the Economy has been asked to provide written and oral briefing on the work the Department is undertaking on the Legislative Consent Motion - Sustainable Aviation Fuel (SAF) Bill.

Response

Set out below is a written briefing paper.

Officials Attending

Ian Maxwell – Head of Air Connectivity, DfE

Stuart Maxwell – Air Connectivity Section, DfE

WRITTEN BRIEFING FOR THE ECONOMY COMMITTEE

This briefing outlines the rationale for seeking legislative consent for the Sustainable Aviation Fuel (Revenue Certainty Mechanism) Bill (“the Bill”), introduced at Westminster on 14 May 2025. It explains the legislative and policy background, the implications for the North, and invites the Committee to consider the devolved implications of the Bill and provide a view to help inform the Minister’s final decision on seeking Legislative Consent in relation to the Bill.

1. Background to the SAF Bill

The Bill is part of the British Government’s strategy to decarbonise aviation and stimulate clean energy investment. Sustainable aviation fuel (SAF) is a cleaner alternative to traditional jet fuel and is key to reducing carbon emissions from air travel. It complements the UK SAF mandate, which requires 2% SAF blending into standard aviation fuel by 2025, rising to 10% by 2030 and 22% by 2040.

The British Government aims to establish a world-leading SAF industry in the UK, reducing reliance on imported fuels and boosting energy security. It supports the development of homegrown SAF production facilities, using waste biomass and renewable energy. The funding mechanism established by this legislation is designed to unlock private investment and scale up production capacity. A previous Government announcement stated that “Developing, using and producing SAF will help drive our missions to kickstart economic growth and make Britain a clean energy superpower. Sustainable aviation fuel production is estimated to add over £1.8 billion to the economy and over 10,000 jobs across the country while supporting decarbonisation.’

The primary purpose of the Bill is to establish the legal framework that allows the UK Government to introduce further regulations and mechanisms to support the SAF industry. Industry stakeholders have welcomed the bill as a necessary foundation for

decarbonising aviation and growing the UK SAF sector. However, they also noted that key details will follow in future legislation and policy documents.

The Bill aims to boost SAF production through the establishment of a revenue certainty mechanism to encourage investment and support the production of SAF across Britain and Northern Ireland. It proposes a “strike price” model, whereby SAF producers are guaranteed a minimum price for their fuel. If market prices fall below the strike price, the government, via a designated counterparty, pays the difference; if prices exceed it, producers return the surplus. This way, a company always knows roughly how much money they’ll make, even if prices go up or down.

These powers are foundational and allow the government to develop the SAF support system through secondary legislation on issues such as how the levy will be calculated; how contracts will be awarded; and what types of SAF will be eligible.

Although some provisions fall under devolved matters, the Bill is designed to apply consistently across the UK, ensuring that no region is disadvantaged in the development of a growing SAF market. SAF production could generate hundreds of skilled jobs in engineering, logistics, and research. Our initial view is that there is potential for our agri-food and waste sectors to provide ideal feedstock sources, making us a natural hub for SAF innovation.

2. What is Sustainable Aviation Fuel (SAF)?

Sustainable Aviation Fuel (SAF) is a type of fuel designed to reduce the environmental impact of air travel. It is produced from renewable or waste-based sources and can be used in existing aircraft engines and infrastructure with little or no modification. Its key features are:

- **Lower Carbon Emissions:** SAF can reduce lifecycle greenhouse gas emissions by up to 80% compared to conventional jet fuel.

- **Drop-in Compatibility:** SAF is chemically similar to fossil-based jet fuel, allowing it to be blended and used without changes to aircraft or fuelling systems.

Common sources for the manufacture of SAF include:

- Used cooking oil
- Agricultural residues
- Forestry waste
- Algae
- Municipal solid waste
- Types of SAF Production Pathways

Some of the most recognized methods include:

- HEFA (Hydroprocessed Esters and Fatty Acids) – from oils and fats.
- FT-SPK (Fischer-Tropsch Synthetic Paraffinic Kerosene) – from biomass or waste.
- Alcohol-to-Jet (ATJ) – converting alcohols like ethanol into jet fuel.
- Power-to-Liquid (PtL) – using renewable electricity to produce synthetic fuels from CO₂ and water.

SAF reduces aviation's carbon footprint and supports circular economy by using waste materials. It is, however, more expensive than conventional jet fuel and suffers from limited production capacity and feedstock availability.

3. Policy implications

The Bill enables the Secretary of State for Transport to impose a levy on suppliers of aviation fuel in the UK. The money raised through the levy will be used to ensure the

counterparty can meet its liabilities under the revenue certainty contracts. Taxes under any law applying to the UK as a whole are an excepted matter under paragraph 9 of Schedule 2 to the Northern Ireland Act 1998.

While civil aviation is generally a reserved matter, this legislation seeks to support the production of SAF in the UK rather than the regulation of civil aviation.

Legal advice confirms that the subject matter of the clauses in the Bill dealing with revenue certainty contracts are related to economic development and/or environmental matters which are transferred matters under the Northern Ireland Act 1998.

4. Devolution position of the Bill: Clause-by-clause

Clauses 1–5 focus on establishing the Revenue Certainty Mechanism which is designed to support investment in UK sustainable aviation fuel (SAF) production by guaranteeing a fixed price for SAF over a defined period. Clause 4 allows the Secretary of State to designate a counterparty, which must be a wholly government-owned company.

The implementation of the revenue certainty mechanism here may require cooperation or future consent from devolved institutions. Excluding the North from these provisions could:

- Limit access to SAF investment and support.
- Create regulatory inconsistencies.
- Undermine our climate and economic development goals.

Clauses 6 to 9 impose a levy on aviation fuel suppliers to fund the revenue certainty mechanism and are considered to be reserved.

Clause 10 ensures that any surplus funds collected through the SAF levy (imposed on aviation fuel suppliers) that are not needed to support revenue certainty contracts are returned to levy payers. The levy itself is a reserved matter.

However, the administration of surplus payments could intersect with devolved responsibilities if:

- SAF producers or fuel suppliers are affected by how surpluses are calculated or returned.
- Local economic development policies influence SAF uptake or levy contributions.

Clause 11 gives the Secretary of State the power to impose financial penalties on aviation fuel suppliers who fail to comply with obligations under the levy scheme established in Clauses 6–9. This includes failure to:

- Pay the levy,
- Provide required collateral,
- Submit accurate information

The penalties are intended to ensure compliance and maintain the integrity of the Revenue Certainty Mechanism, which funds guaranteed pricing for SAF producers. Suppliers must also comply with administrative requirements.

Initially, the Bill omitted Northern Ireland from the recovery provisions. This was corrected during the Committee stage by Government Amendment 2, which inserted “or Northern Ireland” after “Wales” in Schedule 1. This amendment ensures that unpaid penalties are recoverable here as if they were payable under an order of a county court, aligning with procedures in England and Wales. Consultation with the lead Department for the Bill, the Department for Transport (DfT), and Department for Justice colleagues has confirmed that, the expected volume of court/tribunal cases is likely to be minimal. The Renewable Transport Fuel Obligation, which has been in force since 2008, has a similar obligation on road fuel suppliers and only one civil penalty has been issued in the scheme’s history. DoJ officials are satisfied at official level that the financial penalty provisions at clause 11 of the SAF Bill are necessary,

proportionate and are unlikely to have a detrimental impact on the justice system here.

Clauses 12-13 enables to the Secretary of State to issue guidance and directions related to SAF support. This will overlap with devolved powers if guidance affects local economic development or environmental policy.

Clause 14 only relates to funding the counterparty to enable it to fulfil its liabilities under the contracts, which is considered to be a devolved issue. Exclusion from this clause could prevent local producers here from accessing UK-wide funding.

Clause 15 sets out how regulations under the Bill will be made: If devolved clauses are excluded, we will not be part of future regulatory developments or consultations.

Clauses 16–19: Interpretation, Extent, and Commencement. This specifies that the Bill applies to England, Wales, Scotland, and here only where relevant.

Without legislative consent, devolved clauses will not apply here, creating a fragmented regulatory landscape.

5. Potential Implications

If the SAF Bill is not extended to here:

- Clause 10 would still apply in part, due to the levy's UK-wide nature.
- Local stakeholders may have limited influence over how surplus funds are managed or redistributed.
- Reduced transparency or missed opportunities for local fuel suppliers and SAF producers to benefit from surplus returns.

A Fragmented policy landscape would reduce our influence on future SAF development. Failure to enact the devolved provisions of the SAF Bill would exclude producers here from revenue certainty contracts, which guarantee a minimum price

for SAF and are central to attracting future invest. Local firm Catagen has confirmed with departmental officials that the Revenue Certainty Mechanism within the Bill “in particular is a differentiator in the UK SAF market from other regions that could lead to significant economic opportunity.” This means the Bill could provide the UK with a competitive edge in the SAF market.

6. Benefits

Extension of the Bill has the potential to provide investors here access to revenue certainty and support job creation. It aligns with several key priorities in the Programme for Government including inclusive economic growth, particularly through investment in low-carbon technologies and agri-tech.

SAF production can be decentralised, allowing rural and regional areas to participate in the green economy. SAF adoption also encourages investment in airport infrastructure, fuel logistics, and transport innovation. This aligns with the PfG’s emphasis on modernising infrastructure and improving international connectivity to support tourism and trade. It complements the Programme’s priority to develop skills for the future, especially in green industries and STEM sectors.

SAF is central to the UK’s *Jet Zero* Strategy and our own Climate Change Act (NI) 2022. Extending the Bill supports decarbonisation of aviation while enabling us to meet our net-zero commitments, and the Assembly’s commitment to environmental sustainability, clean energy and climate resilience.

Companies here are actively exploring opportunities in the SAF sector, focusing on developing renewable energy and waste-to-fuel technologies to produce SAF. Companies such as Catagen (based in the Titanic Quarter) are developing SAF from renewable sources and organic waste. Queen’s University, Belfast, is involved in research to develop technologies for SAF production using catalytic processes.

Our agri-food sector holds significant potential for contributing to the production of SAF, particularly through the use of agricultural and food waste. The sector generates substantial organic waste, including:

- Livestock slurry
- Food processing by-products
- Crop residues

These materials can be processed via anaerobic digestion or gasification into biogas or syngas, which are precursors for SAF.

SAF production offers an opportunity to boost ambitions for a circular economy. Our landfill sites and anaerobic digestion facilities are ideal for producing bio-based intermediates like renewable natural gas. Renovare Fuels is developing a £9m waste-to-fuel plant, aiming to produce nearly 2 million litres of SAF annually. The plant will use landfill gas and organic waste, aligning with circular economy principles and reducing methane emissions. In July 2025 DfT announced £62m in new funding to support 17 companies including Renovare Fuels. NASA also supported Renovare Fuels through a technology collaboration that played a key role in the development of its biogas-to-liquid fuel process, which is now being commercialised locally. A local net-zero technologies firm Cenex has submitted SAF samples to the EU SAF Clearing House, indicating active R&D and compliance with emerging standards. The Cenex synthetic fuel study highlights the potential for agri-food waste to be used in SAF production across aviation and other transport sectors.

7. Legislative Consent Process

The lead Department for the Bill is the Department for Transport (DfT) which was introduced at Westminster on 14 May 2025.

DfT informed DfE on 2 April 2025 that the Bill was being drafted and a meeting between officials took place on 16 April to discuss the provisions of the forthcoming legislation which were largely reserved. DfT confirmed the Bill would be introduced in that parliamentary session, but at that date DfT was not able to provide a date for its introduction.

No further information was provided by DfT regarding the Bill until 21 May, one week after the Bill's introduction at Westminster. Contrary to the usual protocol for legislative consent, the British Transport Minister did not write to inform the Minister that the Bill was to be introduced at Westminster and that potential devolved matters were contained within it. This necessitated further discussion with DfT to get a better understanding of the devolved aspects of the Bill which included judicial, economic and environment elements. These discussions confirmed that the Bill relates primarily to economic development, and the Department agreed to take the lead on the Legislative Consent Motion.

On 24 June 2025, the Minister informed both the Assembly and the Economy Committee on the purpose of the bill; that some of its content dealt with devolved matters; that there was insufficient time to complete the full Legislative Consent Motion process at that point in time; and that the Department would seek legal advice before providing a view as to whether there was a need would seek Legislative Consent in the future.

DfE engaged the Departmental Solicitor's Office (DSO) for advice on the Bill and DSO concurred with DfT that a Legislative Consent Motion (LCM) is required.

Further analysis by DfE and DSO of the summary devolution position indicated that the Bill is cross-cutting with potential for economic development impacts to DfE; environmental impacts to Department of Agriculture, Environment and Rural Affairs (DAERA); and financial penalty impacts to Department of Justice (DoJ). Both DAERA and DoJ were informed about the Bill and departmental views were sought. DAERA raised no objections and "have asked that they be kept informed as to the progress of the LCM", and DoJ stated they were "satisfied at official level that the financial penalty provisions at clause 11 of the SAF Bill are necessary, proportionate and are unlikely to have a detrimental impact on the justice system in Northern Ireland."

Following further consultation with DSO, DfE contacted DfT on 10 July 2025 with further regulatory, financial and legal queries on the Bill but DfT responses were only received on 20 August 2025. This caused delays in receiving full legal advice from

DSO which impacted progress on the LCM requirements as the department were not in a position to draft an Executive paper for the Executive to consider (i) the policy content of the proposed provisions; (ii) that they are included in the UK Bill; and (iii) that the endorsement of the Assembly should be sought by means of an LCM. Such delays present clear challenges to being able to provide legislative consent in time before the Committee Stage of the House of Lords, which DfT have advised is when consent is required (The Bill is currently at Report Stage in the House of Commons).

On 3 September 2025, both DSO and DfT concurred that the Bill does not affect the rights of individuals and does not affect any of the subject matters referred to in Article 2(1) or Annex 1 of the Windsor Framework, and that the Bill will not result in any diminution of rights in Northern Ireland and that the provisions of the Bill do not arise from UK leaving the EU. They therefore consider the Bill to be compatible with Article 2 of the Windsor Framework.

8. Committee Engagement

The Minister is keen to ensure that the Economy Committee is consulted and has opportunity to provide feedback. Specifically, the Committee is invited to consider the devolved implications of the Bill.

9. Next Steps

Department officials are currently working with TEO's Legislative Programme Secretariat to draft the Legislative Consent Memorandum, which will be submitted to the Executive for agreement as part of the legislative process. DfE officials will attend the Economy Committee on 24 September 2025 for oral briefing. The Department would welcome a response from the Committee by 1 October 2025, to allow sufficient time for consideration ahead of the Minister seeking agreement from the Executive on the tabling of the LCM.

10. Information Links

[Sustainable Aviation Fuel Bill Stages - Parliamentary Bills - UK Parliament](#)

[Sustainable Aviation Fuel Bill](#)

[DfT Revenue Certainty Mechanism - cost benefit analysis](#)

Sustainable Aviation Fuel Bill

[AS AMENDED IN PUBLIC BILL COMMITTEE]

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[AS AMENDED IN PUBLIC BILL COMMITTEE]

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Make provision about sustainable aviation fuel.

BE IT ENACTED by the King’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Revenue certainty contracts

1 Direction to offer revenue certainty contract

- (1) The Secretary of State may direct the designated counterparty (see section 4) to offer to enter into a revenue certainty contract with a producer of sustainable aviation fuel. 5
- (2) In this Act “revenue certainty contract” means a contract which provides for—
- (a) the designated counterparty to make payments to the producer in respect of sustainable aviation fuel sold by the producer during a period for which the strike price is higher than the market reference price, 10
 - (b) the producer to make payments to the designated counterparty in respect of sustainable aviation fuel sold by the producer during a period for which the market reference price is higher than the strike price, and
 - (c) the payments referred to in paragraphs (a) and (b) to be calculated by reference to the difference between the strike price and the market reference price. 15
- (3) In subsection (2)—
- “market reference price” means an amount that is determined in accordance with the contract as the reference price for sustainable aviation fuel sold during a period specified in, or determined under, the contract; 20
 - “strike price” means an amount that is determined in accordance with the contract as the strike price for sustainable aviation fuel sold during that period. 25
- (4) A direction under subsection (1) must be in writing and must specify—
- (a) the name of the producer to which the offer is to be made,

- (b) the period within which the designated counterparty must comply with the direction,
 - (c) the terms on which the offer is to be made, and
 - (d) the period for which the offer is to be open for acceptance.
- (5) No direction may be given under subsection (1) after the end of the period of 10 years beginning with the day on which this Act is passed. 5
- (6) The Secretary of State may by regulations amend subsection (5) so as to extend the period during which a direction may be given by up to 5 years at a time.

2 Notice of directions and revocation

- (1) The Secretary of State must send a copy of a direction under section 1 to the producer named in the direction. 10
- (2) The Secretary of State may revoke a direction under section 1 by giving written notice to the designated counterparty and the producer.
- (3) If a direction is revoked, any offer made in pursuance of the direction but not yet accepted lapses. 15

3 Registration and publication of contracts

- (1) The Secretary of State may make regulations requiring the designated counterparty to—
 - (a) maintain a register of information in relation to revenue certainty contracts; 20
 - (b) publish revenue certainty contracts or details about them.
- (2) Regulations under subsection (1)(a) may, in particular, make provision about—
 - (a) the information to be contained in the register;
 - (b) publication of the register.
- (3) Regulations under subsection (1)(b) may require revenue certainty contracts to be published subject to redactions made in accordance with provision made by the regulations. 25
- (4) The provision that may be made about the redaction of material in a revenue certainty contract includes provision authorising or requiring redactions to be made— 30
 - (a) in accordance with a provision of the contract;
 - (b) in accordance with a decision made by the Secretary of State.

Designated counterparty

4 Designation of counterparty

- (1) The Secretary of State may designate a company as the counterparty for revenue certainty contracts by giving it a notice under this subsection. 35

- (2) The company so designated is referred to in this Act as “the designated counterparty”.
- (3) A company may be designated under this section only if—
 - (a) it is limited by shares, and
 - (b) each share in the company is held by a Minister of the Crown. 5
- (4) A company may be designated under this section only if it consents to the designation.
- (5) The Secretary of State may revoke a designation under this section by giving a notice to the company designated.
- (6) If the designated counterparty gives the Secretary of State written notice withdrawing its consent to the designation, the Secretary of State must designate a replacement (but it remains the designated counterparty until replaced). 10
- (7) A notice under subsection (1) or (5)—
 - (a) must specify when the designation or revocation takes effect, and
 - (b) must be published by the Secretary of State. 15
- (8) The Secretary of State must ensure that, at all times after the first designation under this section takes effect, there is a designation that has effect.
- (9) In this section “company” means a company registered under the Companies Act 2006. 20

5 Transfer schemes

- (1) Where a company’s designation under section 4 is revoked, the Secretary of State may make one or more schemes for the transfer of the company’s property, rights and liabilities to the new designated counterparty.
- (2) The things that may be transferred under a transfer scheme include— 25
 - (a) rights and liabilities relating to a contract of employment;
 - (b) property, rights and liabilities that could not otherwise be transferred;
 - (c) property acquired, and rights and liabilities arising, after the making of the scheme but before it takes effect.
- (3) A transfer scheme may— 30
 - (a) create rights, or impose liabilities, in relation to property, rights or liabilities transferred;
 - (b) make provision about the continuing effect of things done by the transferor in respect of anything transferred;
 - (c) make provision about the continuation of things (including legal proceedings) in the process of being done by, on behalf of or in relation to the transferor in respect of anything transferred; 35
 - (d) make provision for references to the transferor in an instrument or other document in respect of anything transferred to be treated as references to the transferee; 40
 - (e) make provision for apportioning property, rights or liabilities;

- (f) make provision which is the same as or similar to the TUPE regulations;
- (g) make other consequential, supplementary, incidental or transitional provision.
- (4) In subsection (3)(f), “the TUPE regulations” means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (S.I. 2006/246). 5
- (5) A transfer scheme may include provision for compensation by the Secretary of State to any person whose interests are adversely affected by it.
- (6) The Secretary of State may modify a transfer scheme.

Levy funding 10

6 Levy on suppliers

- (1) The Secretary of State may make regulations (“levy regulations”) requiring relevant suppliers of aviation fuel to pay a levy to the designated counterparty for the purpose of enabling the counterparty to meet—
 - (a) the cost of payments under revenue certainty contracts, and 15
 - (b) other costs incurred under or by virtue of this Act.
- (2) Levy regulations may include provision for the purpose of setting the levy at a level that enables the designated counterparty to hold sums in reserve.
- (3) Levy regulations may require relevant suppliers of aviation fuel to pay different amounts based on criteria relating to their relative market share (and may include provision about how their market share is to be determined for these purposes). 20
- (4) Levy regulations may create exemptions from the requirement to pay the levy.
- (5) Levy regulations may— 25
 - (a) require a person to make payments on account of any liability of the person to pay the levy;
 - (b) include provision about the repayment of sums paid on account.
- (6) Levy regulations may make provision about—
 - (a) the method by which sums payable under the regulations are to be determined; 30
 - (b) the payment of interest on late payments.
- (7) Before making levy regulations the Secretary of State must consult any persons the Secretary of State considers appropriate.
- (8) In this section “relevant supplier of aviation fuel” means a person who is or becomes subject to a renewable transport fuel obligation by virtue of supplying aviation fuel during the period specified in levy regulations. 35
- (9) In subsection (8) “renewable transport fuel obligation” has the meaning given by section 124(1) of the Energy Act 2004.

7 Collateral for levy

- (1) Levy regulations may require a person to provide financial collateral to the designated counterparty (whether in cash, securities or any other form) in respect of any liability of the person to pay the levy.
- (2) The provision that may be made under subsection (1) includes provision for the designated counterparty to determine the form and terms of any financial collateral. 5

8 Administration etc of levy and disputes

- (1) Levy regulations may confer functions on the designated counterparty in connection with the administration and enforcement of the regulations (including power to require the provision of information). 10
- (2) Levy regulations may make provision about the resolution of disputes, including provision about arbitration and appeals.

9 Calculation or determination of matters under levy regulations

- Levy regulations may provide for anything which is to be calculated or determined under the regulations to be calculated or determined – 15
- (a) by such persons,
 - (b) in accordance with such procedure, and
 - (c) by reference to such matters and to the opinion of such persons,
- as may be specified in the regulations. 20

*Surpluses***10 Payment of surpluses to levy payers**

- (1) The Secretary of State may by regulations –
 - (a) require the designated counterparty, in the event that it has a surplus (whether derived from payments made to it under revenue certainty contracts (see section 1(2)(b)) or otherwise), to make payments to persons who have had to pay the levy; 25
 - (b) require a person who receives such a payment to ensure that its customers receive such benefits from the payment as may be specified in or determined in accordance with the regulations. 30
- (2) The regulations may, in particular, make provision about –
 - (a) what amounts to a surplus, including provision about the method by which the surplus is to be determined and the period by reference to which it is to be determined whether there is a surplus;
 - (b) the method by which the amount of a payment to a person is to be determined. 35
- (3) The regulations may make provision for payments to be provided subject to conditions as to repayment in the event that the recipient fails to comply with a requirement imposed under subsection (1)(b).

- (4) Before making regulations under this section the Secretary of State must consult—
- (a) the Welsh Ministers, if the regulations contain provision which would be within the legislative competence of Senedd Cymru if contained in an Act of the Senedd; 5
 - (b) the Scottish Ministers, if the regulations contain provision which would be within the legislative competence of the Scottish Parliament if contained in an Act of the Scottish Parliament;
 - (c) the Department for the Economy in Northern Ireland, if the regulations contain provision which— 10
 - (i) would be within the legislative competence of the Northern Ireland Assembly if contained in an Act of the Assembly, and
 - (ii) would not, if it were contained in a Bill for an Act of the Northern Ireland Assembly, result in the Bill requiring the consent of the Secretary of State under section 8 of the Northern Ireland Act 1998; 15
 - (d) any other persons the Secretary of State considers appropriate.

Financial penalties

11 Financial penalties

- (1) The Secretary of State may impose a financial penalty on a person other than the designated counterparty if— 20
- (a) the Secretary of State is satisfied that the person has breached a requirement imposed by levy regulations, and
 - (b) the requirement was, at the time of the breach, specified in the levy regulations as a requirement in respect of the breach of which a financial penalty may be imposed. 25
- (2) The Secretary of State may impose a financial penalty on a person if the Secretary of State is satisfied that the person has breached a requirement imposed by regulations under section 10(1)(b).
- (3) The amount of the financial penalty imposed under this section must not exceed the lesser of— 30
- (a) £100,000, and
 - (b) an amount equal to 10% of turnover of the person on whom it is imposed.
- (4) The Secretary of State may by regulations— 35
- (a) amend the amount specified in subsection (3)(a) in light of inflation;
 - (b) make provision as to how a person's turnover is to be determined for the purposes of subsection (3)(b).
- (5) The Schedule makes further provision about financial penalties under this section. 40

*Directions, information and advice***12 Power to direct designated counterparty**

- (1) The Secretary of State may give the designated counterparty directions as to the exercise of any of the functions conferred on it under or by virtue of this Act. 5
- (2) The Secretary of State must publish any direction given under subsection (1).

13 Information and advice

- (1) The designated counterparty must comply with any requirement imposed by the Secretary of State to provide the Secretary of State with information or advice in connection with the exercise of the counterparty's functions. 10
- (2) A requirement may include provision about how or when information or advice is to be provided.

*Financial assistance***14 Financial assistance for designated counterparty**

- (1) The Secretary of State may provide financial assistance to the designated counterparty. 15
- (2) The financial assistance may be provided in any form and in particular may be provided –
 - (a) by way of grant, loan, guarantee or indemnity or the provision of insurance, or 20
 - (b) by incurring expenditure for the benefit of the designated counterparty.
- (3) Financial assistance under this section may be provided subject to such conditions as the Secretary of State considers appropriate, which may include conditions about repayment with or without interest or other return.
- (4) The power to provide financial assistance under this section is in addition to (and does not limit or replace) any other power of a Minister of the Crown to provide financial assistance. 25

*General***15 Regulations**

- (1) A power to make regulations under any provision of this Act includes power to make – 30
 - (a) consequential, supplementary, incidental, transitional or saving provision;
 - (b) different provision for different purposes.
- (2) Regulations under this Act are to be made by statutory instrument. 35

- (3) A statutory instrument containing regulations under any of the following provisions (whether alone or with other provision) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament—
- (a) section 1(6) (extension of period within which direction may be given); 5
 - (b) section 6(1) (levy regulations);
 - (c) section 10 (payment of surpluses to levy payers);
 - (d) section 11(4)(a) (power to amend maximum financial penalty).
- (4) Any other statutory instrument containing regulations under this Act is subject to annulment in pursuance of a resolution of either House of Parliament. 10

16 Interpretation

In this Act—

“aviation fuel” means fuel for—

- (a) use in aircraft, or
- (b) use in testing engines for use in aircraft; 15

“the designated counterparty” has the meaning given by section 4(2);

“the levy” means a levy imposed by regulations under section 6(1);

“levy regulations” has the meaning given by section 6(1);

“liability” includes contingent liability;

“Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975 (see section 8(1) of that Act); 20

“renewable transport fuel” means anything that is (or is treated as) renewable transport fuel for the purposes of Chapter 5 of Part 2 of the Energy Act 2004 (see sections 131D(2) and 132(1) of that Act);

“revenue certainty contract” has the meaning given by section 1(2); 25

“sustainable aviation fuel” means aviation fuel that is renewable transport fuel.

17 Extent

This Act extends to England and Wales, Scotland and Northern Ireland.

18 Commencement 30

- (1) This Act, apart from section 1, comes into force on the day on which it is passed.
- (2) Section 1 comes into force at the end of the period of two months beginning with the day on which this Act is passed.

19 Short title 35

This Act may be cited as the Sustainable Aviation Fuel Act 2025.

SCHEDULE

Section 11

FINANCIAL PENALTIES FOR FAILURE TO COMPLY WITH LEVY REGULATIONS

Introduction

- 1 This Schedule makes further provision in connection with financial penalties under section 11. 5

Notices of intent

- 2 (1) The Secretary of State must, before imposing a financial penalty on a person, give the person a written notice (a “notice of intent”) of the proposed financial penalty.
- (2) A notice of intent must specify – 10
- (a) the amount of the proposed financial penalty,
 - (b) the reasons for proposing to impose the penalty,
 - (c) information about the right to make representations under paragraph 3, and
 - (d) the date by which any representations must be made. 15
- (3) The date specified under sub-paragraph (2)(d) must be a date more than 28 days after the day on which the notice of intent is given to the person.
- (4) The Secretary of State may at any time withdraw the notice of intent, or amend it to reduce the amount of the proposed financial penalty, by giving written notice to the person. 20

Right to make representations

- 3 (1) A person who is given a notice of intent under paragraph 2 may make written representations to the Secretary of State about the proposal to impose a financial penalty.
- (2) Any representations must be made within the period (“the period for representations”) ending with the date specified under paragraph 2(2)(d). 25

Final notices

- 4 (1) After the end of the period for representations the Secretary of State must decide whether to impose a financial penalty on the person.
- (2) If the Secretary of State decides to impose a financial penalty on the person, the Secretary of State must give the person a written notice (a “final notice”) imposing the penalty. 30
- (3) A final notice must specify –
- (a) the amount of the financial penalty (which may be less than the amount specified in the notice of intent, but cannot be more); 35
 - (b) the reasons for imposing the penalty,
 - (c) the date by which the penalty must be paid,
 - (d) information about the right of appeal under paragraph 5, and

- (e) the consequences of failure to comply with the final notice.
- (4) The date specified under sub-paragraph (3)(c) must be a date more than 28 days after the day on which the final notice is given to the person.
- (5) The Secretary of State may at any time withdraw a final notice, or amend it to reduce the amount of the financial penalty, by giving written notice to the person. 5
- (6) A final notice may not be given more than 28 days after the last day of the period for representations.

Appeals

- 5 (1) A person on whom a financial penalty is imposed under section 11 may appeal to the court against— 10
 - (a) the decision to impose the penalty, or
 - (b) the amount of the penalty.
- (2) An appeal under this paragraph must be brought before the end of the period of 28 days beginning with the day after the day on which the final notice is given to the person in accordance with paragraph 4. 15
- (3) On an appeal under this paragraph the court may confirm, reduce or cancel the penalty.
- (4) If a person appeals under this paragraph, the final notice is suspended until the appeal is finally determined, withdrawn or abandoned. 20
- (5) In this section “the court” means—
 - (a) in England and Wales or Northern Ireland, the High Court;
 - (b) in Scotland, the Court of Session.

Recovery

- 6 (1) This paragraph applies if a person fails to pay the whole or part of a financial penalty before the end of the period within which the person is required to pay the penalty. 25
- (2) In England and Wales or Northern Ireland the unpaid amount is recoverable by the Secretary of State as if it were payable under an order of the county court. 30
- (3) In Scotland, the unpaid amount may be enforced in the same manner as an extract registered decree arbitral bearing a warrant for execution issued by the sheriff of any sheriffdom.

Payment of proceeds into Consolidated Fund

- 7 Any sums received in pursuance of final notices given under paragraph 4 must be paid into the Consolidated Fund. 35

Sustainable Aviation Fuel Bill

[AS AMENDED IN PUBLIC BILL COMMITTEE]

A

B I L L

TO

Make provision about sustainable aviation fuel.

*Presented by Secretary Heidi Alexander
supported by the Prime Minister,
the Chancellor of the Exchequer,
Secretary Ed Miliband, Secretary Hilary Benn,
Secretary Ian Murray, Secretary Jo Stevens,
Secretary Steve Reed and Mike Kane.*

Ordered, by The House of Commons, to be
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From: Department for the Economy

Date: 3 October 2025

To: Assembly Business Office; Laid Documents

**SUSTAINABLE AVIATION FUEL BILL – LEGISLATIVE CONSENT
MEMORANDUM**

Dear Colleagues,

Please find attached the Legislative Consent Memorandum relating to the Sustainable Aviation Fuel (SAF) Bill, which is being laid before the Assembly in accordance with Standing Order 42A (4) (a).

Should you require any further information or clarification, please do not hesitate to contact me.

Stuart Maxwell
Air Connectivity
Department for the Economy

LEGISLATIVE CONSENT MEMORANDUM

Sustainable Aviation Fuel Bill

Draft legislative Consent Motion

1. The draft motion, which will be tabled by the Minister for the Economy, is:

“That this Assembly endorses the principle of the extension to Northern Ireland of the provisions of the Sustainable Aviation Fuel Bill, as introduced in the House of Commons on 14 May 2025, dealing with the establishment of a revenue certainty mechanism that supports the production of sustainable aviation fuel as contained in clauses 1-5 and 10-15 of the Bill”

Background

2. This memorandum has been laid before the Assembly by the Minister for the Economy under Standing Order 42A (4) (a). The Sustainable Aviation Fuel Bill was introduced in the House of Commons on 14 May 2025. The latest version of the Bill can be found at:

<https://publications.parliament.uk/pa/bills/cbill/59-01/0286/240286.pdf>

Summary of the Bill and its policy objectives

3. The Bill aims to implement a revenue certainty mechanism to support the production of sustainable aviation fuel (SAF) in the UK. This mechanism is designed to provide SAF producers with a guaranteed price for their fuel, encouraging investment and reducing the risks associated with SAF production.
4. The Bill also establishes the legal framework that allows the UK Government to introduce further regulations and mechanisms to support the SAF industry.
5. The Minister for the Economy previously informed the Assembly on 24 June 2025 that she was not seeking legislative consent at that time because the Secretary of State for Transport did not inform her in advance of the Bill's

introduction. Consequently, there was insufficient time to complete the full Legislative Consent Motion process in accordance with the guidance.

Provisions which deal with a Devolution Matter

6. The subject matter of the Bill is to provide financial support to producers of SAF to develop SAF production in the UK and assist in the decarbonisation of aviation.
7. The subject matter of the clauses in the Bill dealing with revenue certainty contracts is related to economic development and/or environmental matters which are devolved matters and, as such, fall within the legislative competence of the Assembly, in accordance with section 6 of the Northern Ireland Act 1998.
8. Clauses 1 to 5 relate to establishing the legal framework for offering revenue certainty contracts. These contracts guarantee a fixed price for SAF, helping reduce financial risk and encourage investment. The Secretary of State can direct and designate a government-owned company (the counterparty) to manage these contracts, and must publish any directions or revocations. Once contracts are signed, they must be registered and made public. The Secretary of State also has the power to transfer responsibilities between counterparties if needed, ensuring flexibility in managing the scheme. These clauses are considered to be devolved.
9. Clause 10 provides for regulations on treatment of any surplus by the counterparty, enabling regulations to require payments to levy payers and to require such payments to be passed on to customers. Where the surplus derives from the contracts (i.e. SAF producers are paying the counterparty because the market reference price exceeds the strike price), the UK Government considers that it would be legislating in a devolved area. The UK Government expects to deal with overpayments of levy through regulations made under clause 6 (payments on account and repayment of such payments) which is considered to be reserved along with clauses 7-9.
10. Clause 11 allows financial penalties to be imposed for failing to comply with the levy regulations, which is considered to be reserved, and failing to comply with regulations on surplus, which is considered to be devolved.
11. Clause 12 enables the Secretary of State to direct the counterparty as to the exercise of any of its function. This may operate in a reserved area if the Secretary of State directs the counterparty regarding its functions under the levy regulations, or in a devolved area if the direction relates to the exercise of

its functions in respect of the revenue certainty contracts. The same applies to clause 13 on information and advice.

12. Clause 14 only relates to funding the counterparty to enable it to fulfil its liabilities under the contracts and is considered to be devolved.
13. Clause 15 depends on the regulations being made, reserved if making the levy regulations, devolved otherwise.
14. These provisions of the Bill also relate to matters which fall within the legislative competence of both the Scottish and Welsh Parliaments so both administrations will require legislative consent motions.

Reasons for making the Provisions

15. SAF is central to the UK's Jet Zero Strategy and our own Climate Change Act (NI) 2022. The Bill supports decarbonisation of aviation while enabling Northern Ireland to help meet its net-zero commitments.
16. The Bill has the potential to enable investors access to revenue certainty and support job creation. It aligns with several key priorities in the Programme for Government including inclusive economic growth, particularly through investment in green growth technologies.

Reasons for utilizing the Bill rather than an Act of the Assembly

17. Some of the provisions will be applied across the UK as they relate to reserved matters. It is beneficial to producers, consumers and enforcement bodies to ensure a consistent legislative and enforcement regime across the UK at the earliest possible opportunity.

Consultation

18. A consultation was carried out by the British Department for Transport on revenue certainty options between 25 April 2024 to 20 June 2024. A subsequent consultation was carried out on how the preferred revenue certainty mechanism will be funded between 3 March 2025 to 31 March 2025.
19. Analysis of the Bill indicated that it is cross-cutting with potential for economic development impacts to be considered by the Department for the Economy (DfE); environmental impacts to be considered by the Department

of Agriculture, Environment and Rural Affairs (DAERA); and financial non-compliance/penalty impacts to be considered by the Department of Justice (DoJ). Therefore, the Department consulted both DAERA and DoJ.

20. DAERA raised no objections and “have asked that they be kept informed as to the progress of the LCM”, and DoJ stated they were “satisfied at official level that the financial penalty provisions at clause 11 of the SAF Bill are necessary, proportionate and are unlikely to have a detrimental impact on the justice system in Northern Ireland.”
21. The DAERA Minister wrote to the Minister on 29 September 2025 to express support for the policy intent of the Bill, including the potential for accelerated decarbonisation of the aviation sector, and furthermore, was content to agree the policy content of the clauses in the Bill, that these be extended to Northern Ireland, and was also content to agree that the endorsement of the Assembly be sought by means of a Legislative Consent Motion.
22. The DoJ Minister also wrote to the Minister on 1 October 2025 to express agreement on the proposal to seek legislative consent to the extension of the provisions of the Sustainable Aviation Fuel Bill to Northern Ireland.

Human Rights and Equality

23. British Transport Secretary Heidi Alexander has made the following statement under section 19(1)(a) of the Human Rights Act 1998: In my view the provisions of the Sustainable Aviation Fuel Bill are compatible with the Convention rights.
24. Also, Departmental Solicitors Office assessment made clear that the Bill will not result in any diminution of rights in the North and that the provisions of the Bill do not arise from Britain leaving the EU.

Financial Implications

25. The proposed levy on aviation fuel suppliers will be administered by the counterparty and covers both the costs of the difference payments under the mechanism and the costs of administering the scheme, which will include resources spent on penalties and appeals. Therefore, there are no public expenditure implications for the devolved administration.

Summary of Regulatory Impact

26. The UK Government have produced a full Cost Benefit Analysis on the impact of the Sustainable Aviation Fuel Bill here: [The revenue certainty mechanism: cost benefit analysis](#)

Engagement to date with the Committee for the Economy

27. The Minister for the Economy wrote to the Committee for the Economy on 24 June 2025 to inform the Committee that the Sustainable Aviation Fuel Bill was introduced at Westminster on 14 May 2025 and that the Bill contained provisions that engage a devolution matter. The Minister also informed the Committee that the Secretary of State for Transport did not inform her about the Bill prior to its introduction and therefore, the department was not in a position at that time to provide analysis of the Bill; consult the Economy Committee; nor seek Executive agreement within the ten working day period required for laying a Legislative Consent Memorandum before the Assembly as per Standing Order 42A(4)(a).
28. The Department received final legal advice on 3 September 2025 regarding the Sustainable Aviation Fuel Bill and the Minister wrote to the Committee on 15 September 2025 to provide further advice on the matter.
29. The Department provided briefing to the Economy Committee on 24 September 2025 which explained to the Committee about the Bill's aims and content relevant to devolved matters. The Committee Chair wrote to the Economy Minister on 26 September stating the Committee was content to support the Ministerial request for legislative consent. A Committee report is expected to be issued after this memorandum is laid.

Conclusion

30. The Minister for the Economy is supportive of the proposal and recommends to the Assembly that consent should be sought.

Department for the Economy

September 2025