

CCSA response to the SAF revenue certainty mechanism: levy design

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We are responding on behalf of the Carbon Capture and Storage Association. For any questions, please contact despoina.tsimprikidou@ccsassociation.org.

The Carbon Capture and Storage Association (CCSA) is pleased to provide a response to the [SAF revenue certainty mechanism: levy design](#). The CCSA brings together a wide range of specialist companies across the spectrum of Carbon Capture, Utilisation and Storage (CCUS) technology, as well as a variety of support services to the energy sector. The CCSA exists to represent the interests of its members in accelerating the commercial deployment of CCUS in the UK, EU and internationally through advocacy and collaboration to achieve net zero emissions by 2050.

Summary Response

The CCSA is grateful for the opportunity to provide our views on how the sustainable aviation fuel (SAF) revenue certainty mechanism (RCM) levy could be designed and we would welcome further opportunities to continue to engage with the Department for Transport (DfT).

The CCSA welcomes the intention to support the growth of domestic SAF production by mitigating revenue uncertainties for producers, aiming to attract investment into the SAF sector and ensuring that the aviation sector can meet its emission reduction targets. However, as noted in our response to the June 2024 consultation, remaining uncertainty over the RCM design, allocation and implementation introduces policy risk and **consideration must therefore be given to ensure the investment case of projects not entering an RCM agreement is not negatively impacted**. We, therefore, **urge the Government to also carefully consider the implications of the proposed RCM levy on UK competitiveness**, the domestic fuel sector and energy security.

Several SAF technology pathways will require CCUS, so it is vital that the RCM is aligned with the development and implementation of CCUS business models, infrastructure, and CO₂ capture ambitions to ensure that supply of SAF can match the demand stimulated by targets. Ultimately, many projects stand ready to support the implementation of a mechanism, but further delays will jeopardise the project pipeline. The CCSA urges government to learn from the experience of the CCUS Cluster Programme following successful FIDs being taken for initial projects last year. We would note, however, that there is still uncertainty in the wider CCUS sector, including CCUS-enabled SAF, over future allocation frameworks, CO₂ network access and non-pipeline transport of CO₂. It is crucial that transport and storage networks now in construction have sufficient captured CO₂ volumes connected to them to ensure value for money, economies of scale and co-location benefits are realised. The CCSA urges the Government to maintain momentum in 2026 and also provide a route to market for non-pipeline transport of CO₂.

It should be noted that while some CCSA members consider the proposed levy design provides a credible and workable foundation to support the SAF RCM, others have raised concerns regarding the necessity of the RCM to drive 2nd generation SAF production in

the UK as they state this can also be addressed through corrective price signals within the SAF Mandate and through addressing fundamental investment barriers in the UK.

Overall, CCSA members agree that the **levy should be designed in a way that ensures it is solvent, predictable, affordable, fair and capable of raising sufficient funds when required to meet RCM payment obligations.** In addition, transparency should be included as a core principle. Alongside this, **it is important for the levy design to be aligned with wider project deployment timelines as well as government and SAF Mandate targets.** RCMs will be integral to projects reaching FID, and therefore to government targets being met, so these relative timings must be considered.

In addition to legislative delivery timings, for the SAF Bill, consideration must be given to the timing for developing the administration, counterparty training and implementation of any mechanism before it could become operational. As the CCSA mentioned in its response to the previous RCM consultation, many projects stand ready to support the implementation of the mechanism, but stress that subjecting this to any further delays risks jeopardising the project pipeline.

In this consultation, it is useful to further understand how the levy design will mitigate policy risk and uncertainties that were flagged by industry during the previous RCM consultation. To maximise the levy's success and ensure alignment with CCUS delivery, CCSA recommends the Government:

- Explicitly recognise captured CO₂ as an eligible and supported feedstock for SAF production under the RCM.
- Provide long-term certainty on levy design and pricing to avoid investment and market volatility.
- Mitigate tankering (i.e. uplifting fuel elsewhere to avoid higher UK fuel costs) risk through anti-avoidance measures to protect the UK aviation market.
- Ensure cross-departmental coordination (DfT, DESNZ, Treasury) to align SAF, CCUS, GGR and hydrogen policy development and funding streams, ensuring complementarity and mutual market benefits.
- Enable revenue stability for SAF producers while ensuring transparency and fairness for fuel suppliers.
- Consider explicit provisions enabling the Secretary of State to make emergency payments to the designated counterparty in exceptional circumstances (similar to the Secretary of State funding provided to LCCC during Covid), to enhance scheme resilience and investor confidence by allowing prompt intervention if levy receipts are temporarily insufficient due to unforeseen events.
- Reconsider using prior year market share to determine fuel supplier levies as this could pose significant risks of market distortion and penalise suppliers disproportionately, discourage competition, and undermine the intended objectives of the SAF Mandate.

Further considerations, such as those outlined above, should be taken forward via existing means, such as the well-established expert groups, to ensure such a mechanism is not only fit-for-purpose but delivered in a timely manner. The CCSA and its members welcome further engagement and look forward to continuing collaboration with DfT to develop these proposals.