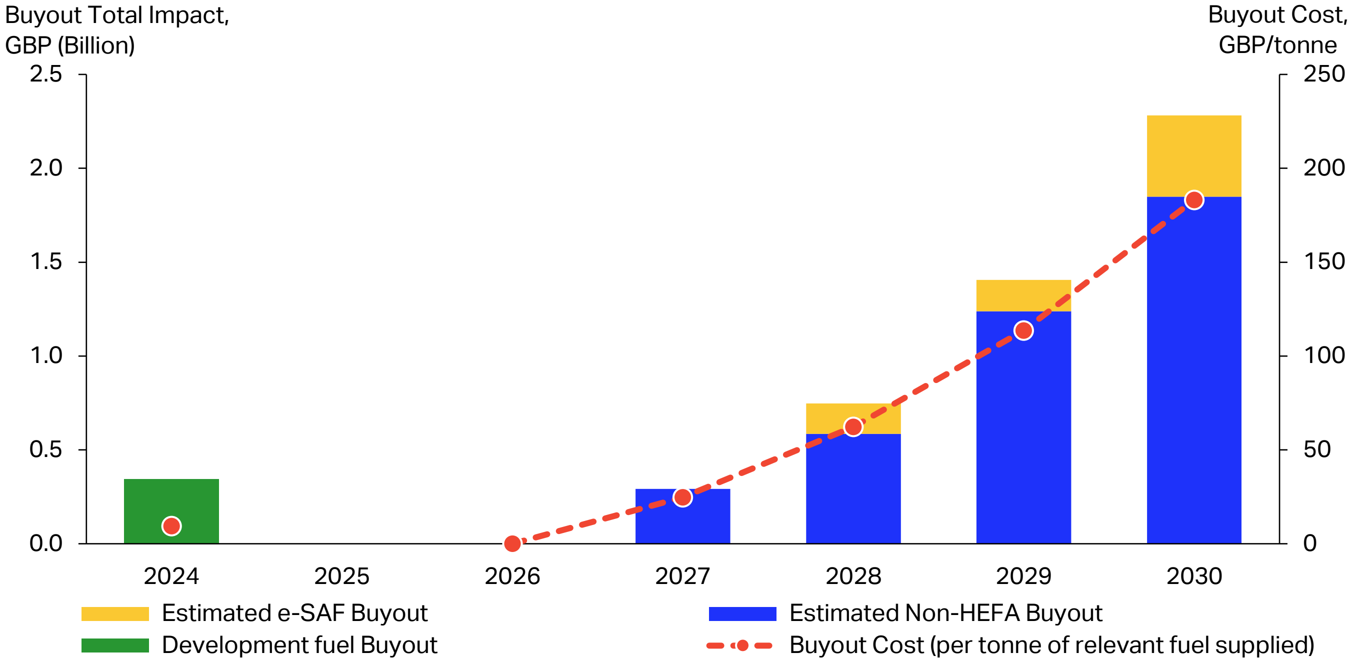
Chart of the Week

30 July 2026

Cost Impact of the UK SAF Mandate Design

Financial implications of the "HEFA cap" and e-SAF sub-mandate



Source: IATA Sustainability and Economics, analysis based on published UK Department for Transport (DfT) data

- The design of the UK SAF Mandate differs from that of ReFuelEU aviation, with one of the more significant elements being the UK's inclusion of a "HEFA cap". Despite its name, this is a cap on certain feedstocks, such as used cooking oil (UCO), and not the technology itself. It was designed to give space in the market for SAF production pathways and feedstocks that are still developing but will be important in the future mix. The HEFA cap will take effect from 2027 onwards, obligating UK aviation fuel suppliers to supply increasing volumes of "non-HEFA" SAF. Additionally, the supply of e-SAF has its own sub-mandate, starting in 2028.
- Suppliers that are unable to source eligible SAF will have to pay a buyout price of GBP 5,875 and GBP 6,250 per tonne for main obligation SAF and e-SAF, respectively. The acutely limited availability of non-HEFA and e-SAF for the UK market means that the resulting buyout costs would be significant and increase quickly from year to year. Without supply, these costs could reach around GBP 300 million in 2027, and as much as GBP 2 billion in 2030, without any associated emissions reductions. This equates to an additional GBP 183 for each tonne of conventional aviation fuel (CAF) supplied, on top of any further mandate compliance costs.
- Buyout is not a new concept in the UK – prior to the mandate, SAF was included as a development fuel within the Renewable Transport Fuel Obligation (RTFO), which collectively accounted for nearly GBP 350 million in buyout in 2024. Although comparable to the estimated SAF Mandate total buyout for 2027, development fuel costs are spread across much larger volumes of transport fuels. Calculated costs per tonne show that the cost impact for airlines under the mandate is much greater than that felt by other UK transport sectors.
- Current production of SAF types other than HEFA is limited and scale will not be achieved without major targeted investment and policy support. Growing the SAF sector will require a focus on feedstock eligibility, expanding supply, and an emphasis on sequencing – demand-pull levers such as mandates, no matter the design, should only be considered when the product is available.

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