



Department
for Transport

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Dr Christopher Smith

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Our Ref: E0022105

4 April 2023

Dear Dr Smith

Environmental Information Regulations Request – E0022105

Thank you for your information request dated 8 March 2023.

Your request stated:

In relation to the air passenger forecasts published in March 2022 in connection with the Jet Zero consultations, are SAF costs included explicitly in the air fare assumptions input to NAPDM? If so, please supply the assumptions on costs that have been made. If no explicit SAF costs are included, is it reasonable to assume that implicitly they are the same as the assumptions for Jet A1 Kerosene?

We have concluded that this information is 'environmental information' as defined in regulation 2(1) of the Environmental Information Regulations 2004 (EIRs) and this request has been dealt with under the EIRs.

SAF costs were not explicitly included as inputs to the air fare assumptions underpinning the passenger forecasts published alongside the Jet Zero: Further Technical Consultation in March 2022. Therefore, for simplicity, the modelling implicitly assumed that airlines do not pass on any additional costs they face in using SAF in the form of higher fares. This approach could be consistent with the simplifying assumption that the costs airlines face in using SAF do not exceed the costs they face in using kerosene, including relevant carbon pricing costs (our assumptions on carbon prices are set out in Annex B of the Jet Zero Strategy: Further Technical Consultation).

However, we have carried out further analysis on SAF costs as part of the recent cost benefit analysis published alongside the second SAF mandate consultation on 30 March.¹ The range of sources considered as part of this analysis indicate that the costs of SAF and kerosene are

¹Pathway to net zero aviation: developing the UK sustainable aviation fuel mandate
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147351/uk-sustainable-aviation-fuel-mandate-consultation-stage-cost-benefit-analysis.pdf

not yet equal. Existing evidence suggests that the cost of SAF is currently around 2 to 5 times the cost of kerosene, though this is expected to fall over time. Similarly, as carbon prices applied to kerosene under the scope of the UK ETS, EU ETS and CORSIA schemes are expected to increase over time, we expect that some cheaper forms of SAF could become cost-competitive with kerosene plus carbon pricing by around 2030, though there is substantial uncertainty surrounding this.

Appeals procedure

If you are dissatisfied with the way we have responded to or handled your request, you have the right to ask for an internal review. These should be submitted within two calendar months of the date of this letter and addressed to the FOI Advice Team at FOI-Advice-Team-DFT@dft.gov.uk.

Please remember to quote the reference number above in any future communications.

If you ask for an internal review and are still not content with the outcome, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted via their online form: <https://ico.org.uk/make-a-complaint/official-information-concerns-report/official-information-concern/>

Yours sincerely,

Abi Thomas