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John Flint
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28th of January 2025

Dear Mr Flint,

I hope this letter finds you well. I'm seeking a meeting regarding sustainable aviation fuel in Grangemouth, this is after raising a question in the House of Commons on the 17th of December regarding a potential role for the National Wealth Fund in investing in Grangemouth. As you may be aware the Sustainable Aviation Fuel mandate was introduced from the 1st of January 2025, which will require an increasing amount of jet fuel in the mix in the United Kingdom to be sustainable aviation fuel. Starting in 2025 at 2% of total UK jet fuel demand, increasing linearly to 10% in 2030 and then to 22% in 2040.

The Grangemouth Refinery is scheduled for closure in Q2 2025, currently trade unions, aviation advocacy bodies and parliamentarians have raised the prospect for the conversion of the site to Sustainable Aviation Fuel. Currently all of Scotland's jet fuel is refined at the Grangemouth refinery, and currently airports and airlines will be required to source jet fuel from other parts of the United Kingdom or import jet fuel from abroad.

I have made a limited assessment of the principles of the fund and find that a proposal for public investment in sustainable aviation fuel at Grangemouth would be aligned to them:

Investment principle 1

The investment helps to support our objectives to drive regional and local economic growth or support tackling climate change.

This investment could drive local growth by retaining, converting and transitioning a substantial employer in the area which produces a substantial amount of GVA for the area. This would also support efforts to tackle climate change as it would reduce GHG emissions in aviation.

Investment principle 2

The investment is in infrastructure assets or networks, or in new infrastructure technology. We will operate across a range of sectors, but will prioritise in particular clean energy, transport, digital, water and waste.

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This would be an investment in conversion of the Grangemouth refinery, which would likely be of a lower cost than the creation of a new SAF facility. Analysis from Unite of comparable conversions of oil refineries (such as P66's Rodeo refinery in California, or Preem's Lysekil transition in Sweden) found that converting an existing refinery costs 30-70% less than building one from scratch. However, assessment would be required of the relative lifespan of the asset and entailed costs.

Investment principle 3

The investment is intended to deliver a positive financial return, in line with our financial framework.

Current governmental SAF mandates, such as those recently introduced in the UK, as well as those in China, Australia and the EU create a rapidly growing market of SAF. This is particularly true in the following two decades as SAF mandates increase in scope, with ambitious global 2030-2040 targets necessitating substantial increases in production sites. Additionally, the revenue certainty mechanism for SAF production, which was raised in the King's Speech, provides a level of baseline financial certainty for SAF production.

Profitability of the venture with regards to the input costs for Grangemouth, would need to be sought through engagement with groups such as UK SAF Clearing House and the Sustainable Aviation Fuels Innovation Centre. Given though the identification of Grangemouth refinery as a viable site by both unions, trade bodies, and academic experts, the opportunity is evident.

Investment principle 4

The investment is expected to crowd in significant private capital over time.

The site of the refinery is currently controlled by Petrolneos. This would provide a natural partner in crowding in significant private capital over time or any further prospective purchaser of the site.

Additionally, the SAF industry worldwide is growing exponentially (a current CAGR of 53.8%). The UK SAF industry has been at the forefront of this development, ranking fourth globally for total SAF investment, the UK has secured £180 million (£213 million) in private investment, drawing finance from the US, Saudi Arabia and Canada, amongst others, according to innovate UK.

I'm seeking a meeting to understand how I and other colleagues interested in accelerating the conversion of Grangemouth to support opportunities for growth in the area can engage directly with the National Wealth fund.

There are potential questions that arise from the principles of the fund around the eligibility. Due to the nature of Sustainable Aviation Fuel as a Biofuel I would like to enquire into whether this falls outside the excluded category of projects which constitute investment in: extraction, production, transportation and refining of crude oil, natural gas or thermal coal.

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The impending loss of the Grangemouth refinery displays both i) The opportunity for growth under the National Wealth fund for new energy industries within the area ii) The underweight private investment available in the area especially in sustaining carbon intensive refining iii) The time sensitive value of accelerating investment due to the experienced and extensive workforce at the refinery and the extended supply chain who will have skills that can be translated to Biofuel refining.

I'm happy to engage through whatever means necessary. If possible, I would like to request a meeting prior to the end of February, I would be happy to facilitate a meeting in Parliament or travel to an alternative location.

Kind Regards,

Euan Stainbank, Member of Parliament for Falkirk

Kirsteen Sullivan, Member of Parliament for Bathgate and Linlithgow

Brian Leishman, Member of Parliament for Alloa and Grangemouth

Chris Kane, Member of Parliament for Stirling and Strathallan