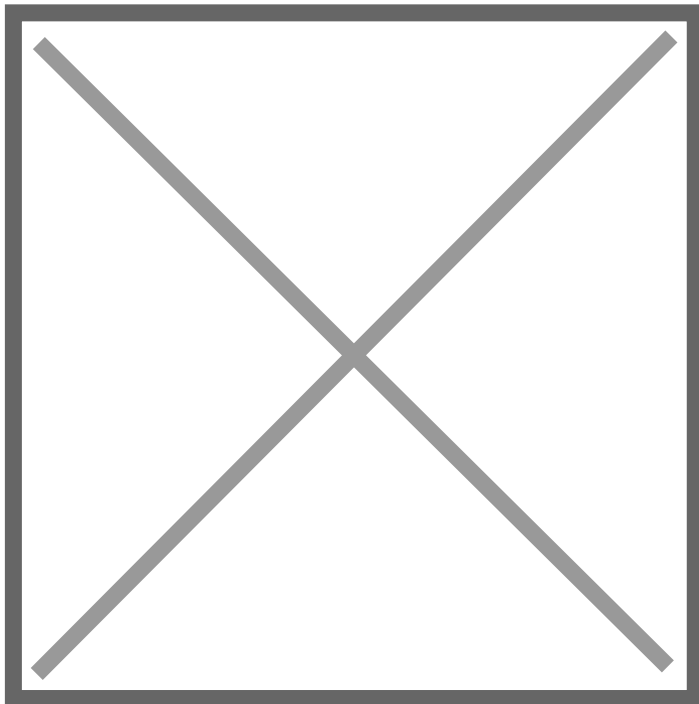


SkyNRG and KLM break ground on Netherlands' first dedicated SAF plant

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The 100,000-tonne facility is a milestone for Europe's sustainable aviation fuel ambitions and a test of whether long-term airline demand can finally unlock large-scale SAF financing



Sustainable aviation fuel is moving from industry ambition to physical infrastructure. SkyNRG and KLM have started construction of DSL-01 in Delfzijl, the Netherlands' first facility dedicated entirely to the production of sustainable aviation fuel (SAF). When fully operational in 2028, the plant is expected to produce approximately 100,000 tonnes of SAF annually, using low-quality feedstocks including used cooking oil and residual fats and greases. But the significance of DSL-01 extends beyond its production capacity.

Developed by SkyNRG, the project is described as the first commercial-scale SAF plant globally to secure non-recourse project financing—a development that could provide an important financing blueprint for an industry struggling to bridge the gap between ambitious decarbonisation targets and the high cost of building new fuel capacity.

KLM turns demand into infrastructure

One of the biggest obstacles to scaling SAF has been the lack of certainty around future demand. SAF projects require substantial upfront investment, while airlines have historically faced the challenge of balancing decarbonisation commitments against the significant price premium of sustainable fuel. DSL-01 attempts to solve part of that equation through a long-term offtake commitment from KLM, which will serve as the primary customer for the fuel produced at the facility.

The arrangement demonstrates an increasingly important shift in the SAF market: airlines are moving beyond being customers and becoming enablers of production infrastructure. KLM's long-term commitment helped create the demand certainty required to support financing and construction of the project.

The model could become increasingly relevant as aviation faces growing pressure to reduce emissions while SAF supply remains limited relative to future demand.

A 100,000-tonne test of commercial scale

DSL-01 will use the Hydroprocessed Esters and Fatty Acids (HEFA) pathway, one of the most commercially established technologies for producing SAF. The plant will convert used cooking oil, residual fats and greases into sustainable aviation fuel while also producing renewable co-products, including propane, butane and naphtha. The choice of low-quality waste and residue feedstocks reflects a broader effort across the SAF industry to avoid direct dependence on virgin vegetable oils and instead develop supply chains around materials that would otherwise have lower-value applications.

Yet feedstock availability remains one of the industry's central strategic challenges. As more SAF facilities are developed worldwide, competition for used cooking oil and waste fats is expected to intensify. That means the long-term success of the sector will depend not only on financing and conversion technology, but also on securing reliable, scalable and sustainable feedstock supply.

Non-recourse financing could change the SAF equation

The financing structure behind DSL-01 may prove to be one of the project's most important contributions to the broader industry. Non-recourse project financing generally allows a project to be financed based primarily on its own expected cash flows and assets rather than relying entirely on the balance sheet of the project sponsors.

For capital-intensive SAF projects, that model could help attract a broader pool of institutional and infrastructure investors. The key question is whether DSL-01 can become a repeatable template. If long-term airline offtake agreements can provide sufficient revenue visibility for lenders, SAF developers may find it easier to finance larger projects without relying solely on corporate balance sheets, grants or government support.

In that sense, the Delfzijl facility is not just producing fuel. It is testing a new commercial architecture for SAF deployment.

Europe's race to build a sustainable fuel industry

The project also strengthens the Netherlands' position in Europe's emerging sustainable fuels landscape. DSL-01 is expected to create more than 100 direct jobs, adding another industrial investment to the country's energy-transition strategy. For Europe, domestic SAF capacity is becoming increasingly important as governments and airlines seek to reduce reliance on imported sustainable fuels and build supply chains closer to major aviation markets.

The challenge, however, is scale. Even at 100,000 tonnes annually, DSL-01 represents only a fraction of the fuel volumes required to transform global aviation. The sector will need multiple technologies, significantly larger feedstock pools and substantial new investment to meet long-term decarbonisation targets. That makes projects such as DSL-01 important not because they solve the SAF supply problem alone, but because they demonstrate whether commercial-scale projects can actually move from planning to construction.

From commitments to concrete

The start of construction marks a turning point for a sector that has spent years announcing targets, partnerships and future capacity. The next test will be execution. DSL-01 is scheduled to begin operations in 2028. Its ability to deliver fuel at commercial scale, secure feedstocks and operate within its projected economic framework will be closely watched by airlines, investors and fuel developers. For KLM, the project represents a direct investment in securing future SAF supply.

For SkyNRG, it is a test of whether its development model can be replicated across other markets. The race to decarbonise aviation is no longer only about setting targets. It is increasingly about who can finance, build and operate the infrastructure required to produce sustainable fuel at scale.