

Green jet fuel legislation expectations set out by Velocys for UK and US governments

Velocys is moving into its new financial year with a clear focus, detailing the government support it anticipates, as it prepares for mass take off of sustainable aviation.

In an update to the City prior to filing its results next month, the sustainable technology company behind plans for a £350 million green jet fuel plant on the South Humber Bank, has spelled out what is thought to be emerging from legislators in both the US and UK.

The Oxford University spin-out, fused with a Stateside acquisition, is developing refineries on both sides of the Atlantic, with public policy support vital to realising huge strides made this past year.

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It has offtake agreements in place for the Bayou Fuels base in Mississippi with Southwest Airlines and International Airlines Group – parent of its British Airways UK partner – while it has just closed a [huge land deal and investment option agreement](#) for the Stallingborough site with Foresight Group.

They were key highlights within a run of important objectives achieved in 2021.

Henrik Wareborn, chief executive of the AIM-listed entity, said: “The Velocys group is well positioned at the nexus of energy security and the net zero transition.

“Through the deployment of our patented demonstrated FT and catalyst technology, we provide decarbonisation solutions for hard-to-abate sectors such as commercial aviation, to supply negative carbon intensity fuels to airlines and others committed to net zero targets, while also reducing import dependency on fossil fuels.”



Henrik Wareborn, chief executive of Velocys.

(Image: Velocys)

Turning to the political picture, Mr Wareborn said: “We are eagerly anticipating clarity on government policy support from both the US and UK governments to provide sufficient long term revenue stability for biorefineries converting sustainable residues into renewable fuels. This is a condition for successful capital formation for both projects.

“We are currently anticipating the US Congress to pass favourable legislation including the provision of a SAF

Producer Tax Credit, indexed to the carbon intensity of the fuel, in the summer which will allow for the launch of the Series A fundraise for Bayou Fuels in the second half of this year. We expect the UK Government to need some additional time to provide matching competitive incentives, which would therefore enable Altalto to go into a Series A fundraise in the first half of 2023.

“In anticipation of such policy support, we have launched an RFP (request for proposal) process with a selection of US investment banks and advisers in relation to services including underwriting tax-exempt municipal bonds, mezzanine, and equity to finance the final development stage and subsequent construction of the Bayou Fuels biorefinery in Mississippi.”

It is aiming to firm up the agreements with the airlines too.

On Altalto Immingham, Mr Wareborn added: “Over the last few months, we have completed site engineering, geotechnical survey and integration of carbon sequestration of biogenic CO₂ in preparation for the connection of the Altalto plant, when built, into the new East Coast Carbon Capture and Storage cluster, which is being developed by a consortium of major corporations including Drax, BP and Equinor.

“This leading CCS cluster, designed to sequester 40kt of CO₂ per day, is scheduled to come on stream around the same time as the Altalto plant is expected to be commissioned, in 2027, subject to funding of both Altalto and the CCS cluster.”

Velocys is one of 25 projects that have met the eligibility criteria and passed through to Phase Two of the evaluation process to identify and sequence CCS cluster deployment in the mid-2020s.

He added that the £1.9 million Green Fuels Green Sky grant awarded by the DfT in August 2021 has largely covered costs for the essential site engineering and other site-related work

through to the second quarter of this year.

The company has also secured a 15 year lease on a base in Columbus, Ohio, where it will be consolidating its catalysis services, microchannel reactor core assembly and technology licensing under one roof.

An investment of £6.3 million is anticipated for building enhancements and core assembly automation, with the plan to build 12 reactors a year. It dovetails with the expiry of a lease on current premises in the city.

A potential sale of an undeveloped site, Ashtabula, is also in the offing, having been acquired as part of the Ponto Energy acquisition in 2014.

A price has been agreed with the local port authority.

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