

Stock Data

Share Price: 1.71p
Market Cap: £11.0m
Shares in issue: 643.7m

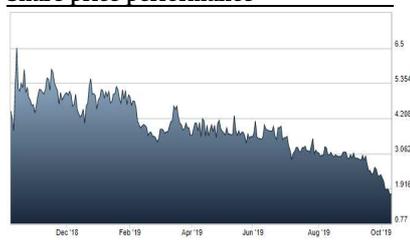
Company Profile

Sector: Renewable Energy
Ticker: VLS.L
Exchange: AIM

Activities

Velocys is a renewable energy company focused on converting forestry by-products into renewable transportation fuels, which when blended with conventional fuels, have the potential to lower significantly harmful emissions and greenhouse gases.

Share price performance



Source: LSE

Past performance is not an indication of future performance.

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Velocys plc

Velocys has signed an agreement with Oxy Low Carbon Ventures LLC (OLCV), to capture CO₂ emissions from Velocys' planned biomass-to-fuels project located in Mississippi USA and store them securely in an underground geologic formation. The company outlines that the ability to transform its flagship facility into a net negative emitter of CO₂ is highly advantageous from both an environmental and also a commercial standpoint.

Velocys Inc., a wholly owned subsidiary of Velocys plc, has signed an agreement with OCLV, a subsidiary of Occidental whereby OCLV will transport and store CO₂ captured from Velocys' Bayou Fuels facility located in Natchez, Mississippi when it is completed, enabling the production of transportation fuels that have a net negative carbon intensity.

The company's Bayou Fuels project is planned to take waste woody biomass and convert it into transportation fuels such as diesel and aviation fuel. Velocys has developed a biomass-to-liquids (BTL) process that can convert forestry by-products to renewable transportations fuels. This is achieved by combusting solid feedstock at high temperatures to produce 'syngas', a mixture of carbon monoxide and hydrogen. By applying the established Fischer-Tropsch process, hydrogen is converted into paraffinic hydrocarbons which are subsequently upgraded through several refinery processes to produce a range of transportation fuels as outlined.

Velocys has designed an integrated technical solution that is well suited to carbon capture, usage and storage (CCUS) before it can enter the atmosphere. Additionally, OLCV is well positioned to transport and store CO₂ by leveraging its parent company's expertise in CO₂ storage and utilisation. As such, Velocys notes that this combination of technologies can enable the Bayou Fuels facility to produce net negative carbon intensity fuels.

As well as the obvious environmental advantages of such a solution, this plan carries a potential commercial advantage given that integrating CCUS into Bayou Fuels will enable the facility to target certain revenue streams including those from the California Low Carbon Fuels Standard and US 45Q tax credits that incentive the installation of carbon capture equipment on industrial facilities.

Velocys also notes that the deal with OLCV will not only serve to de-risk the Bayou Fuels project but it can also be replicated at other sites under development which include the company's UK project which recently submitted a planning application to build the first commercial scale waste-to-jet fuel facility at Immingham in the UK.

Velocys is gaining momentum over H2 2019. The company raised £7m of new funds in July, the net proceeds of which will accelerate the development of its facilities in the US and the UK. In September, the company also secured an order with Toyo Engineering Corporation worth an initial US\$0.5m to supply its Fischer-Tropsch technology for a biomass-to-jet fuel demonstration facility currently under construction in Japan. With the latest announcement outlining Velocys' ability to deliver its technology solution in a net negative emissions context, we anticipate the prospect of further positive news flow in Q4.

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