Energy system modeling

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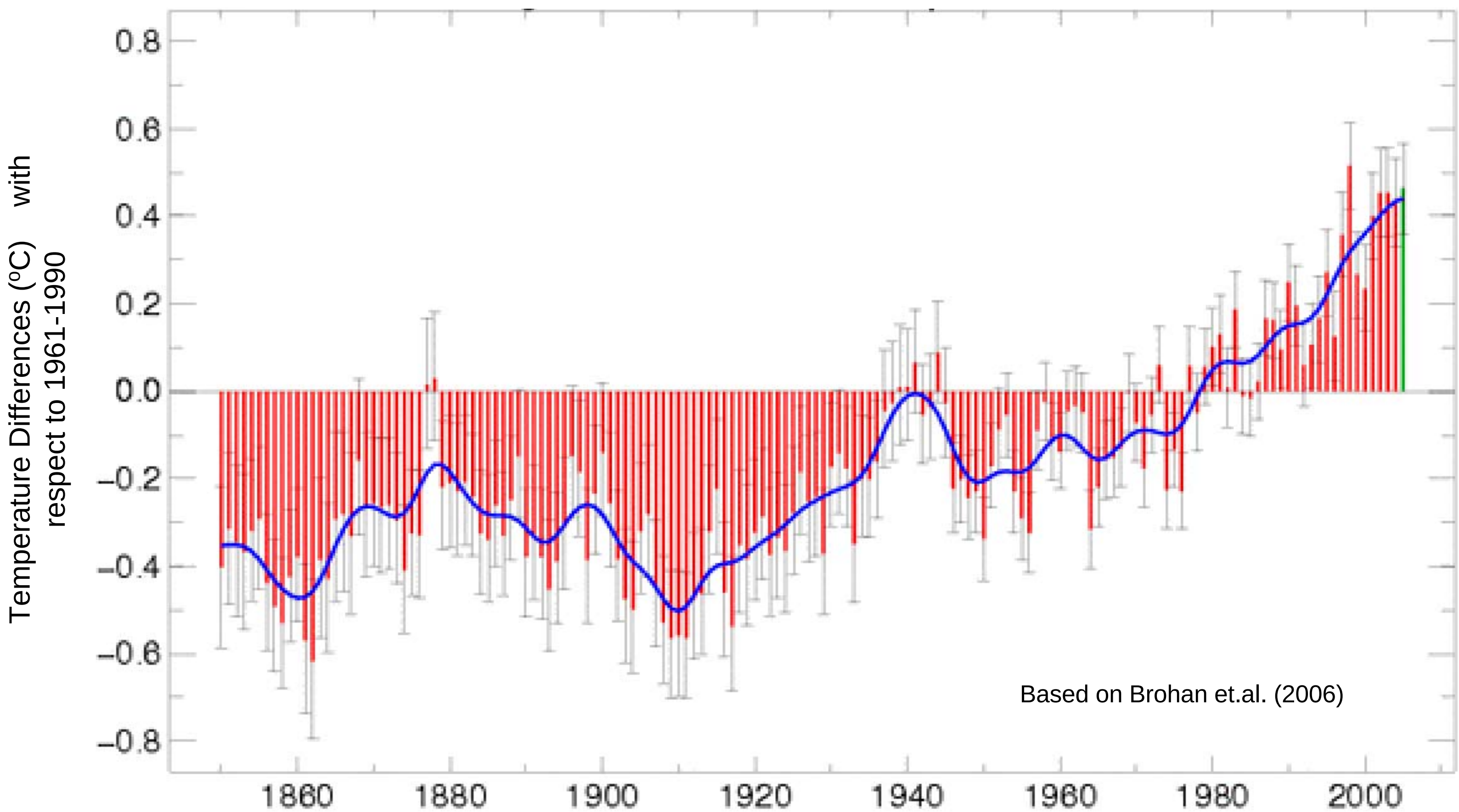
Outline

- Climate change
- Purpose of the model
- Basic model structure
- Background on energy technologies
- Results and analysis

Global average surface temperature 1850-2005



Hadley Centre for Climate Prediction and Research and CRU, University of East Anglia

Source: http://www.metoffice.gov.uk/research/hadleycentre/obsdata/globaltemperature.html

What do we know about climate change

- There are a natural greenhouse effect. (The most important natural greenhouse gases are carbon dioxide and water vapor)
- The concentration of carbon dioxide and other greenhouse gas has increased in the atmosphere.
- As the concentration of greenhouse gases increases, so does the temperature, however unceratin to which extent.
- There has been climate change, but we have still not seen the full effect of out emissions

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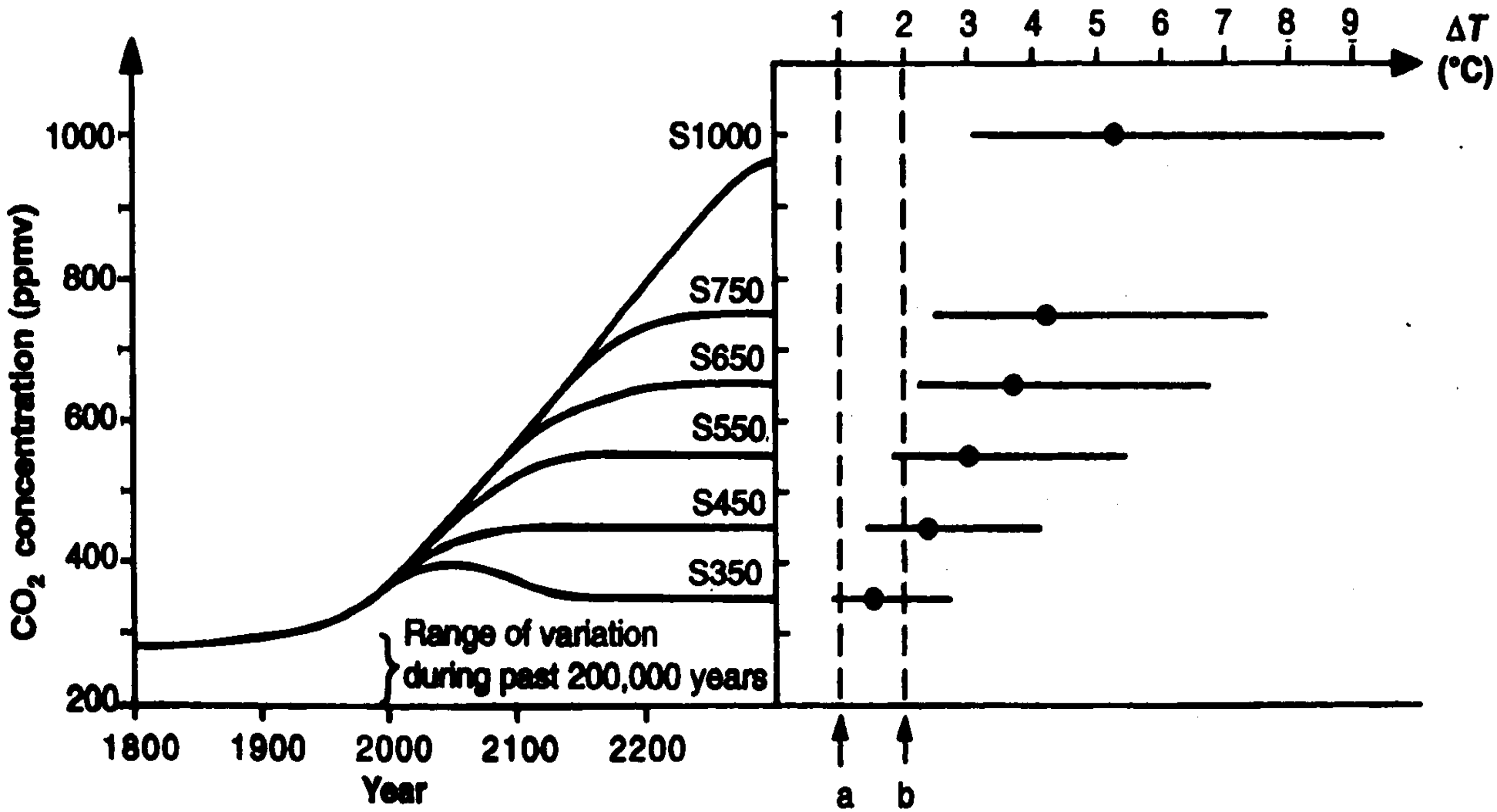
Long-term stabilization targets



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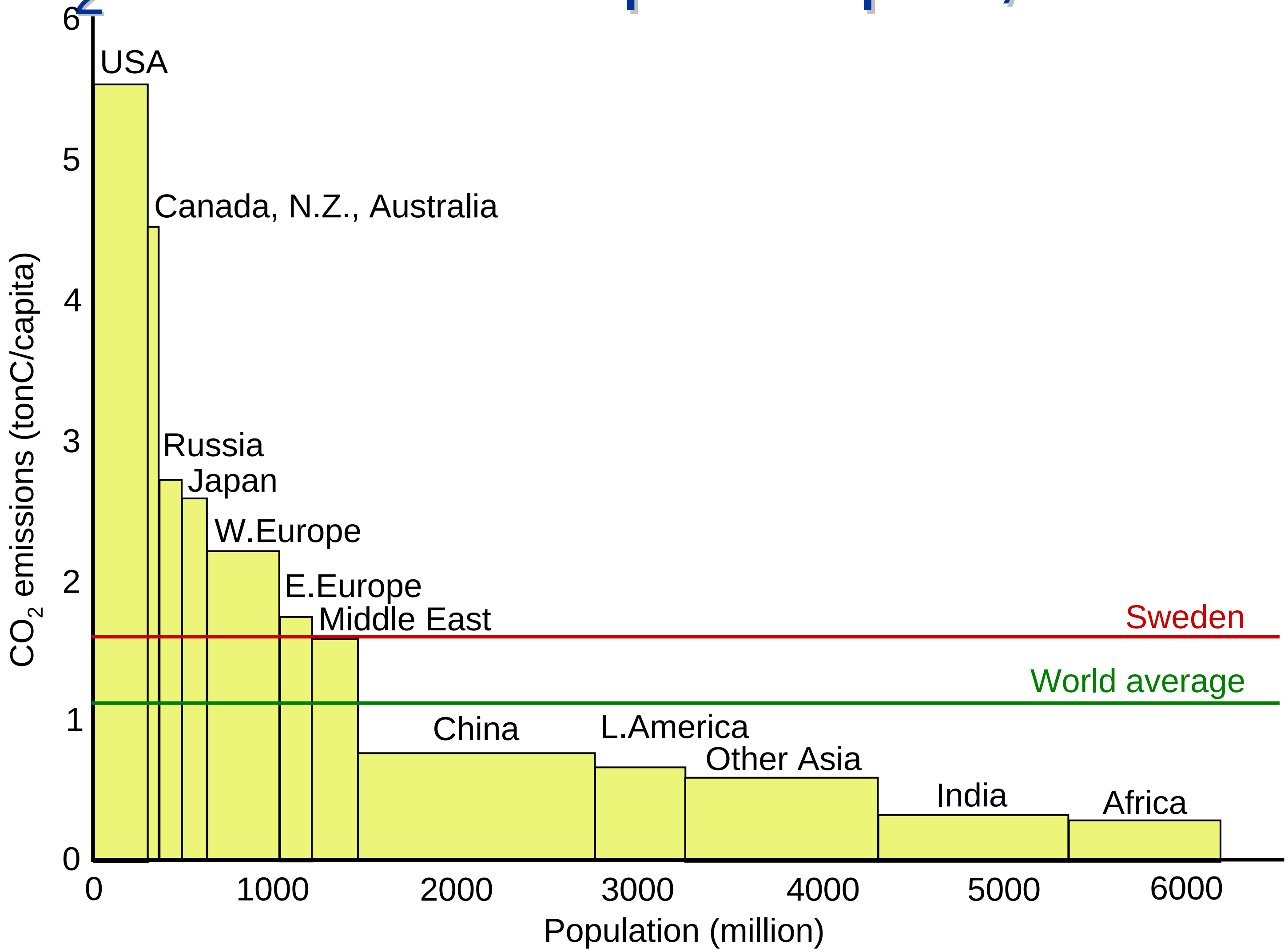
Azar & Rodhe

CO_2-C emissions per capita, 2002



Data from 2002. Sources: FAO, CDIAC

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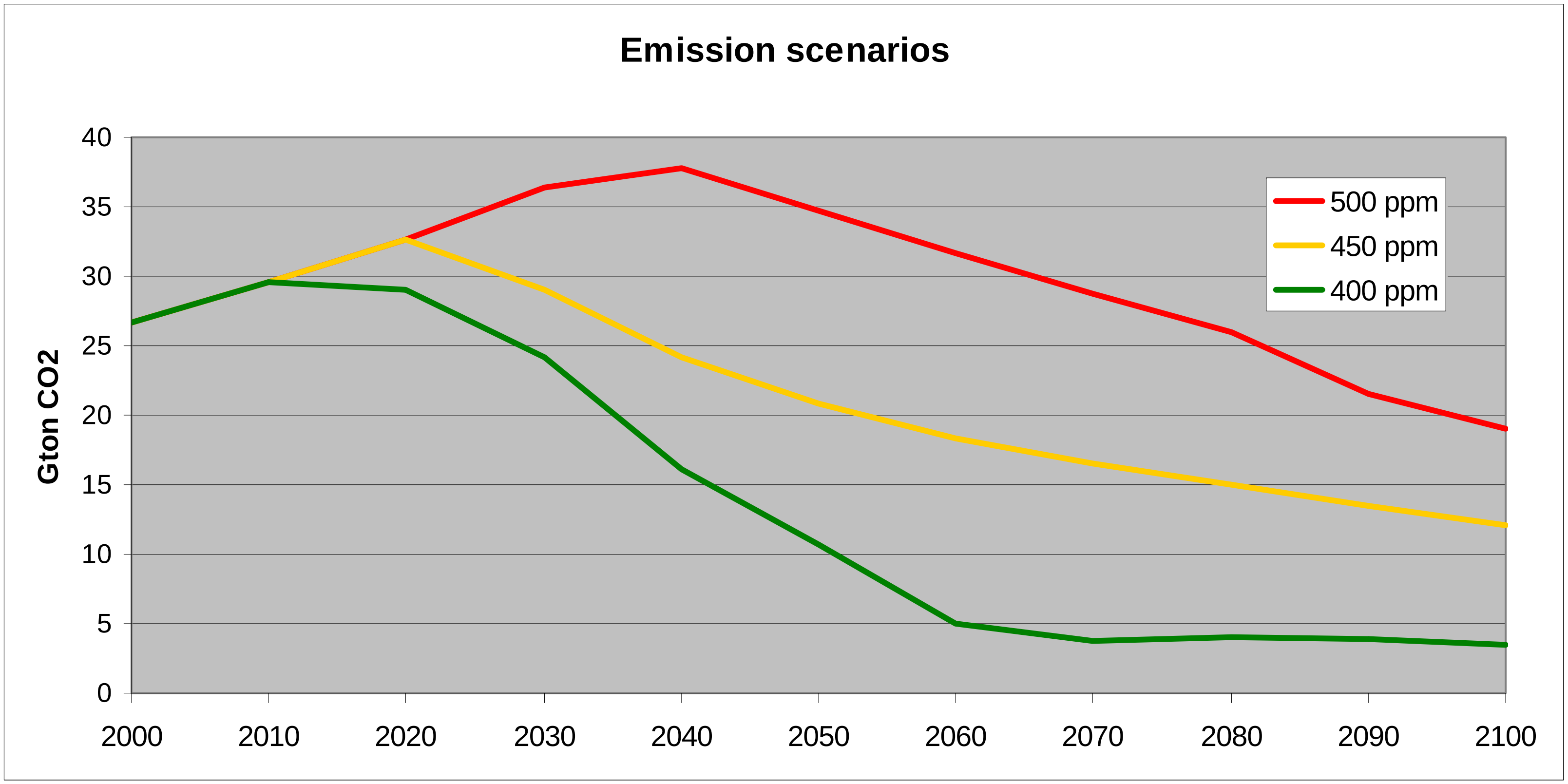
Emission scenarios



Research questions

- Which energy technologies are the cheapest to use?
- What is the cost of reducing the emissions?
- Which interrelations are there in the energy system?
- Where is it best to use biomass?

Objective function

- Minimize the discounted cost of the energy system
- Data
  - Energy cost
  - Capital costs for energy conversion
  - Distributions costs
  - Vehicles cost
  - Discount rate

Discounting

- Do you prefer the get 1000 USD today or in 10 years?

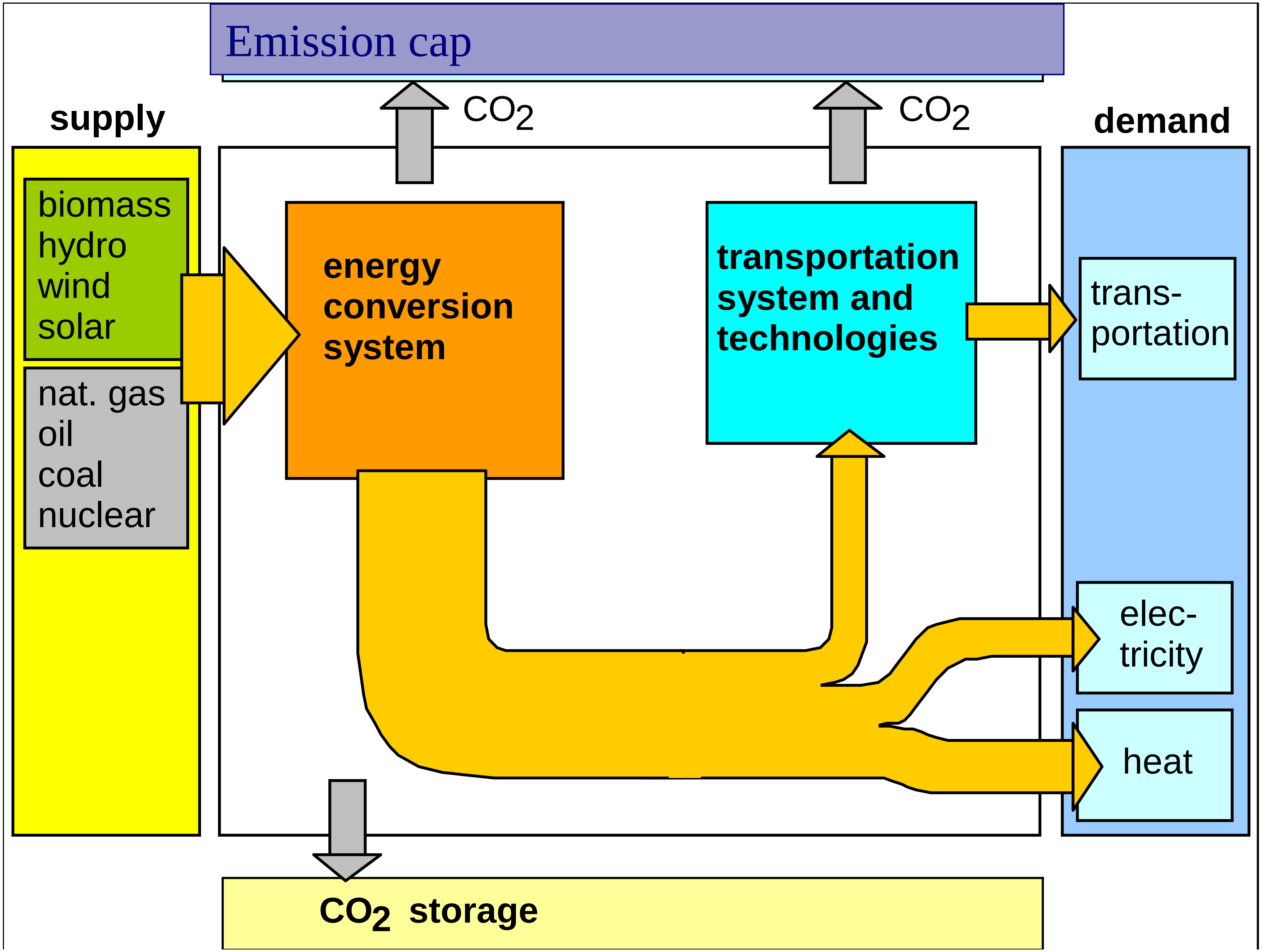
- We are richer in the future
- We get interest at the bank
- Uncertainty about the future

$$C = \sum_{t=1}^{T} \frac{A(t)}{(1+r)^{t-1}}$$

- C, total cost, A(t) annual cost, t time
- Discount rate, r, 5 %

Main contraints

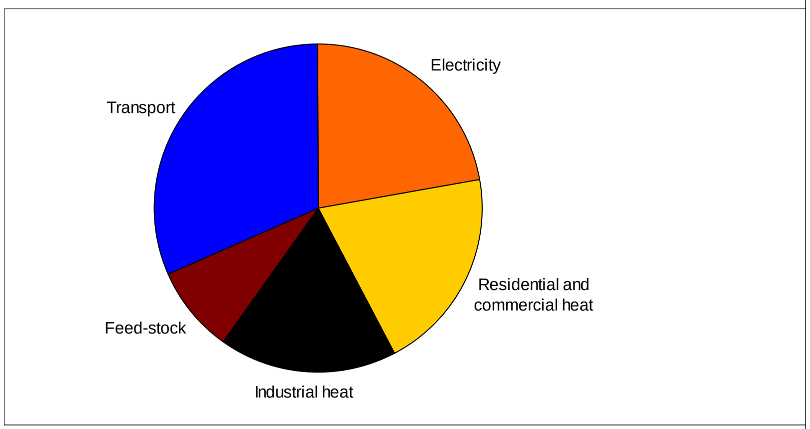
- Emission constraints
- Supply must be equal demand
- Fossil resource constraints
- Renewable energy constraints



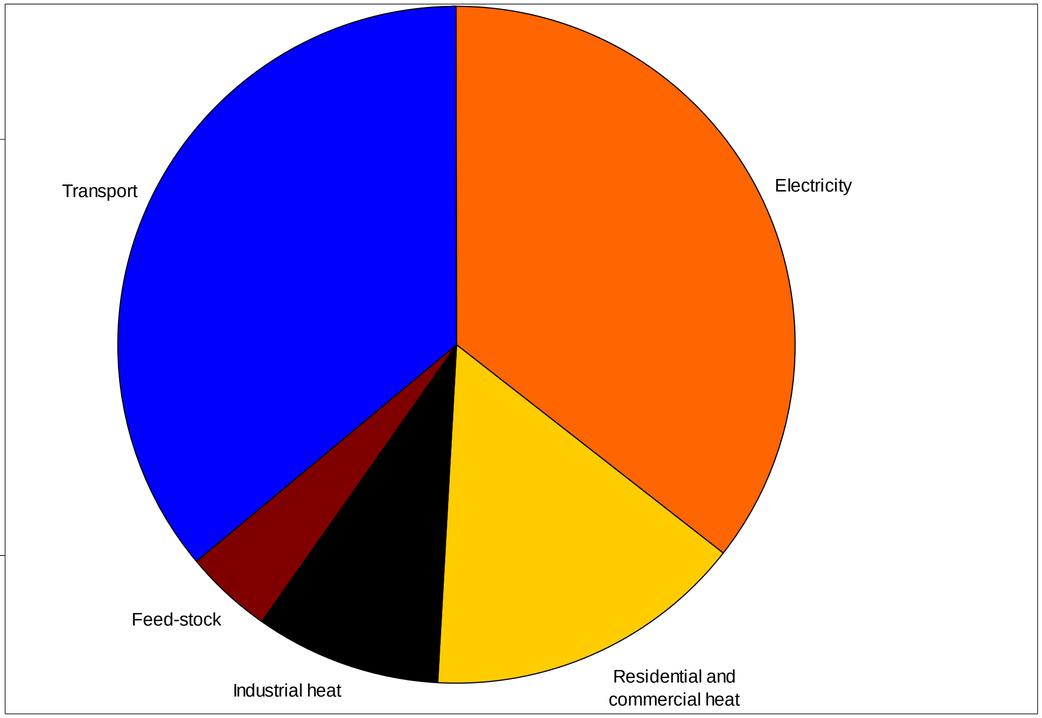
Emission cap
CO2
CO2
supply
demand
biomass
hydro
wind
solar
nat. gas
oil
coal
nuclear
energy conversion system
transportation system and technologies
trans-portation
elec-tricity
heat
CO2 storage

Energy demand

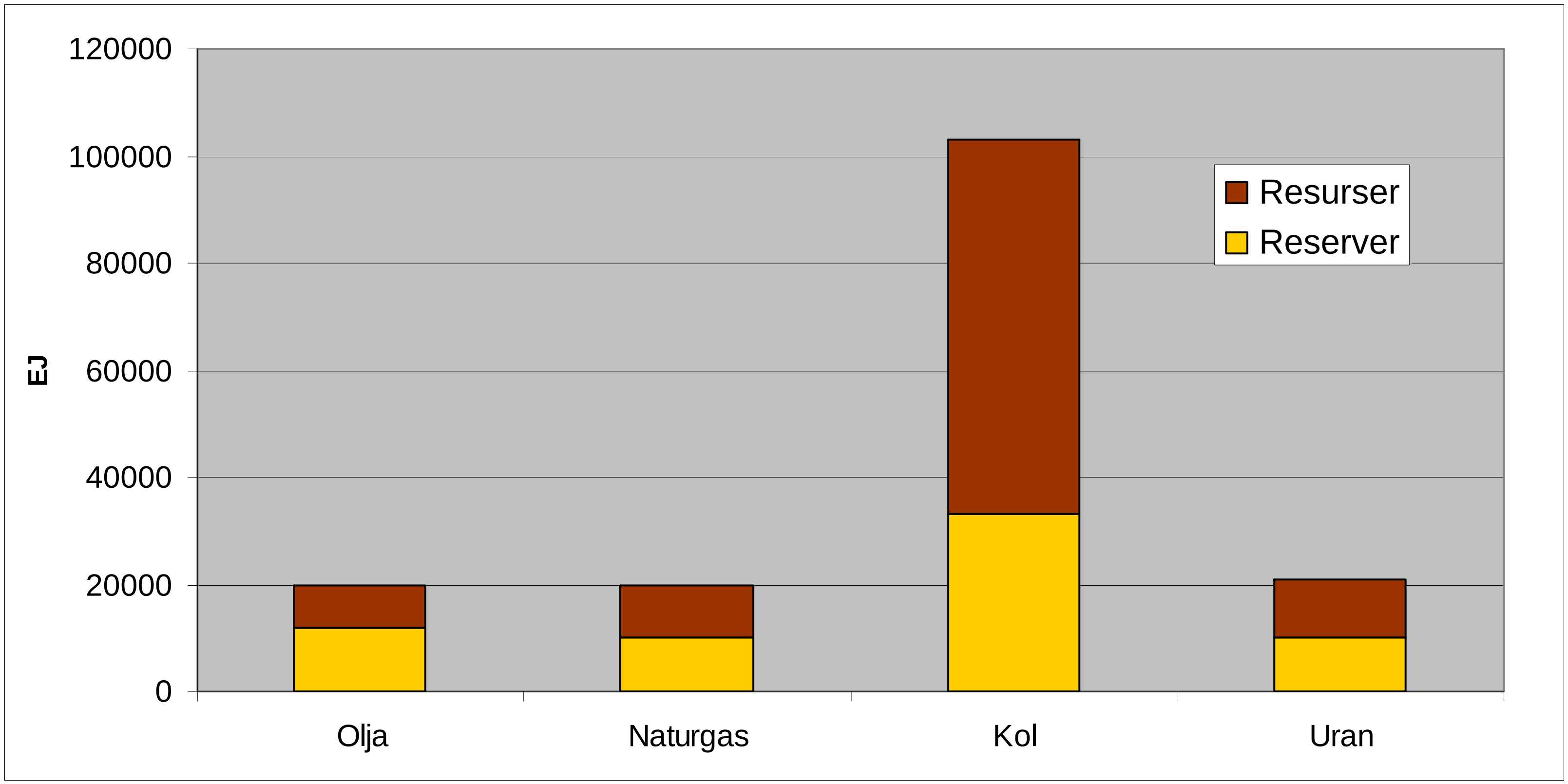
2000



2100



Non-renewable resources



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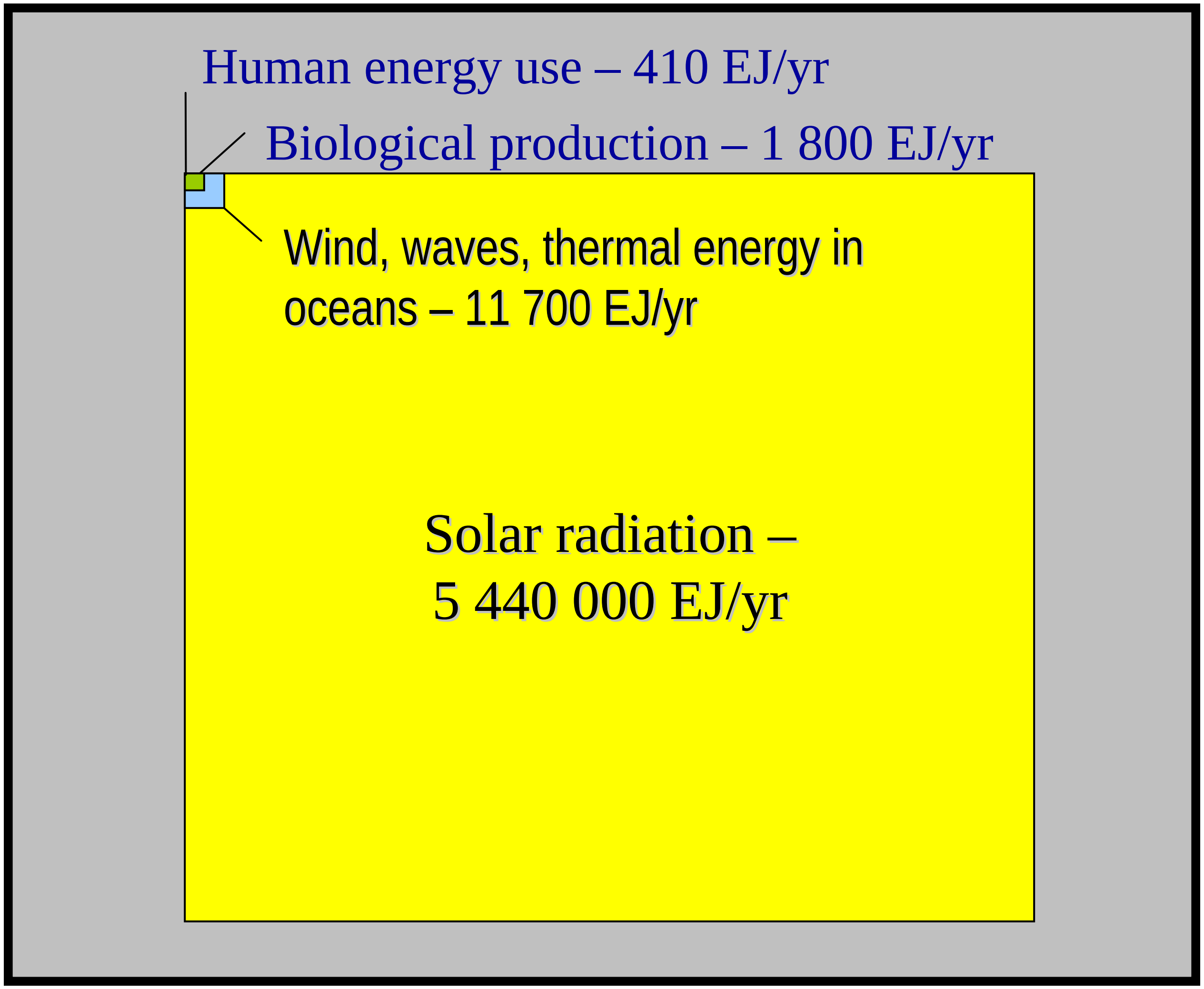
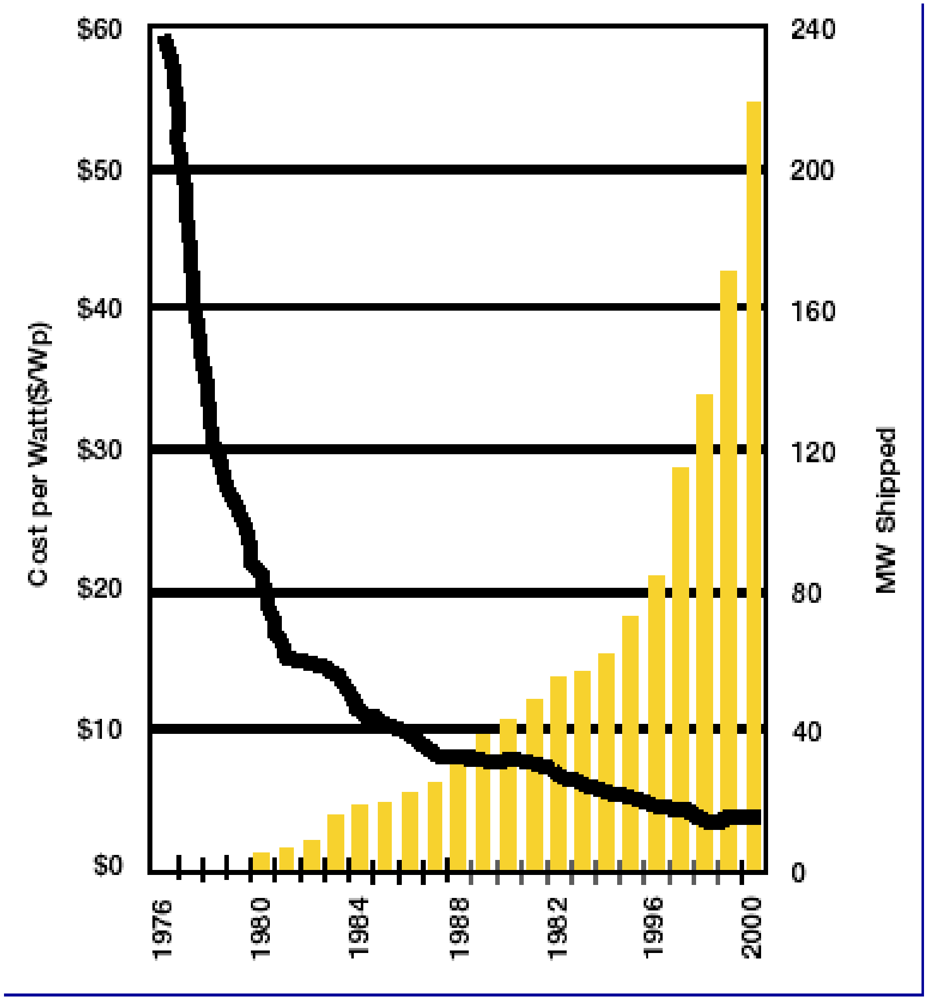
Physical potential of renewable energy



Solarenergy



Nuclear power

U-235 + n -> X + Y + 2-3n + E

0.7% of natural uranium is U-235, the rest is U-238.

Pros

- No CO_2 emissions
- Large resource in sea water
- Relatively cheap

Cons

- Waste
- Limited reserves
- Weapon proliferation
- Accidents

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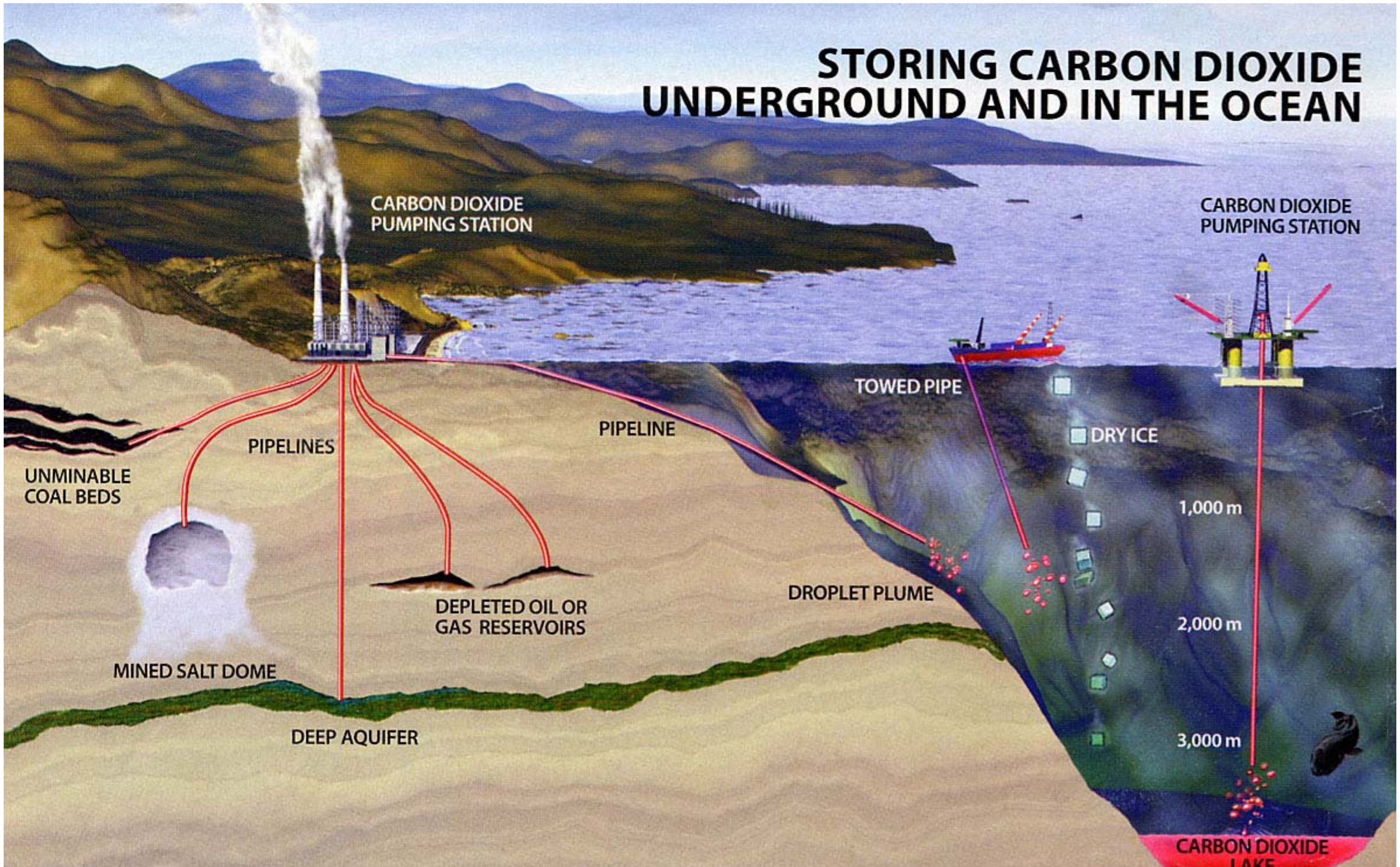
Bioenergy

Plantations

Rest flows

Grains

Carbon capture and storage (CCS)



STORAGE UNDERGROUND	ADVANTAGES	DISADVANTAGES
Coal Beds	Potentially low costs	Immature technology
Mined Salt Domes	Custom designs	High costs
Deep Saline Aquifers	Large capacity	Unknown storage integrity
Depleted Oil or Gas Reservoirs	Proven storage integrity	Limited capacity

STORAGE IN OCEAN	ADVANTAGES	DISADVANTAGES
Droplet Plume	Minimal environmental effects	Some leakage
Towed Pipe	Minimal environmental effects	Some leakage
Dry Ice	Simple technology	High costs
Carbon Dioxide Lake	Carbon will remain in ocean for thousands of years	Immature technology

Herzog et al., *Scientific American*, February 2000

Energy carrier

- Hydrogen H2
  - Fossil fuels with CCS
  - Bioenergy (with CCS)
  - Solar energy
- Synthetic fuels CH2
  - Fossil fuels with CCS
  - Bioenergy (with CCS)
- Electricity
  - Fossil fuels with CCS
  - Nuclear power
  - Solar energy

Vehicles typs

- Hybrid cars
  - 35% more efficent for personal transport
- Plug-in hybrid
  - Charged from the grid
- Hydrogen fuel cells
  - 70 % more efficient

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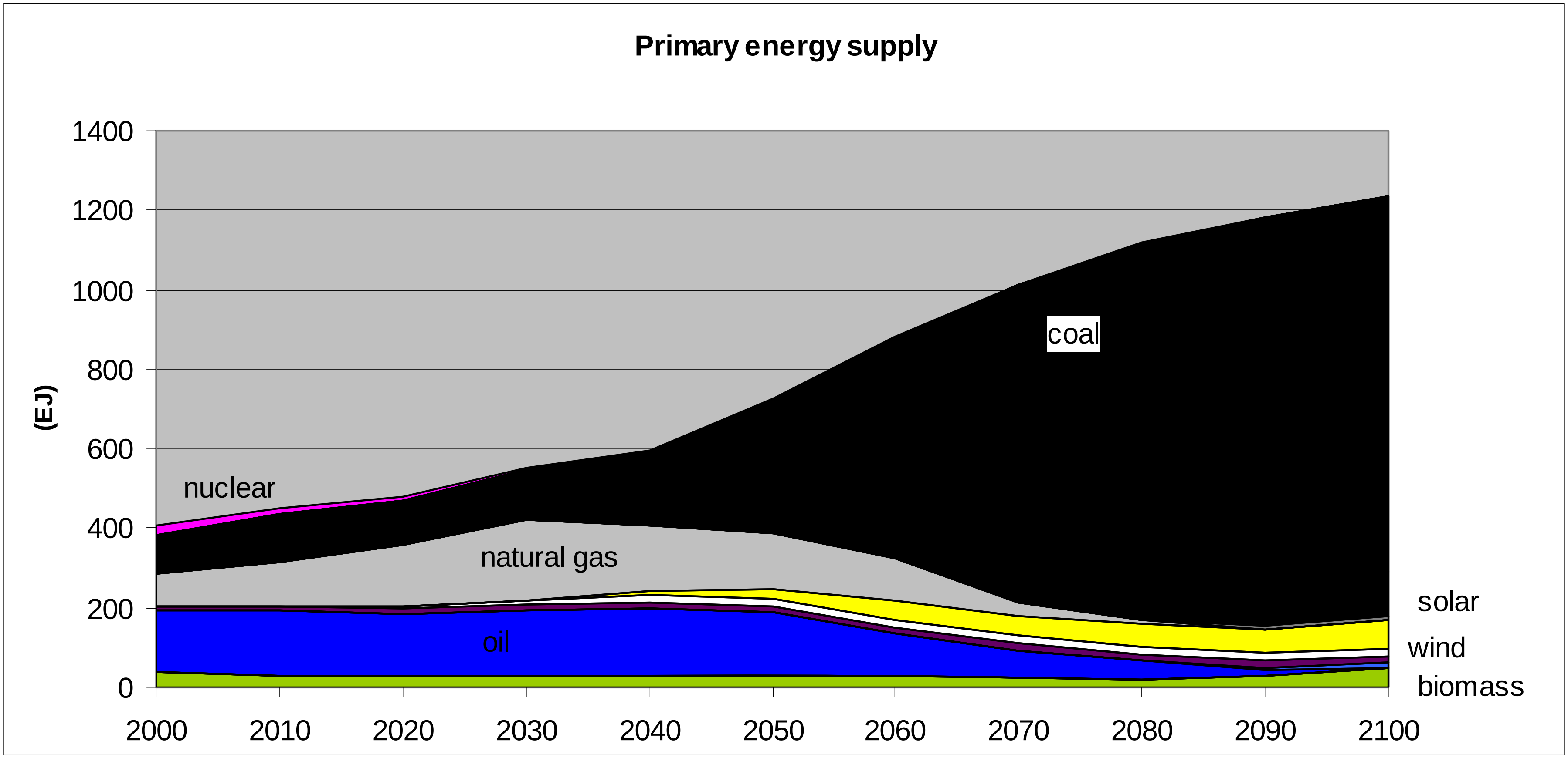
Global baseline scenario



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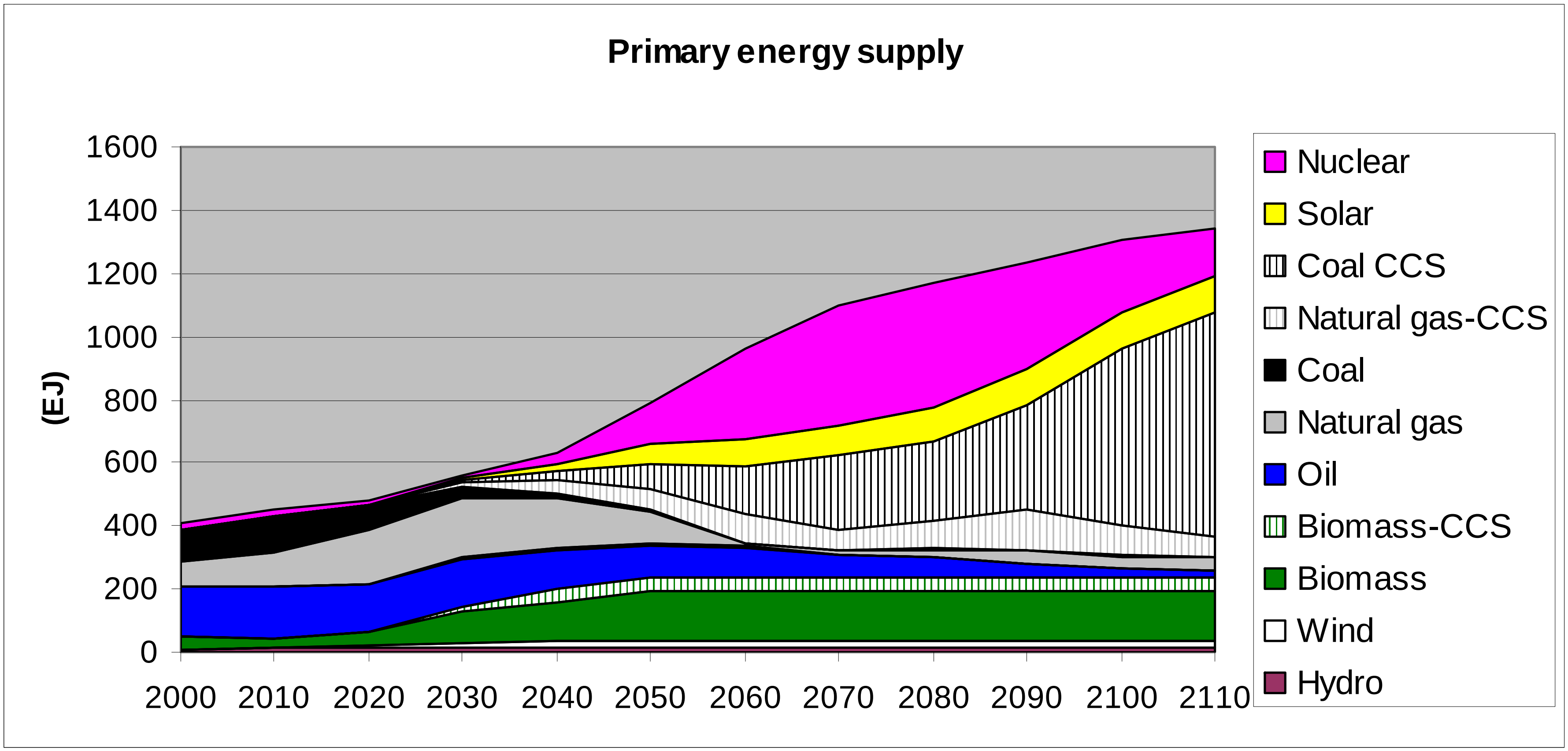
400 ppm scenario, nuclear power and CCS allowed



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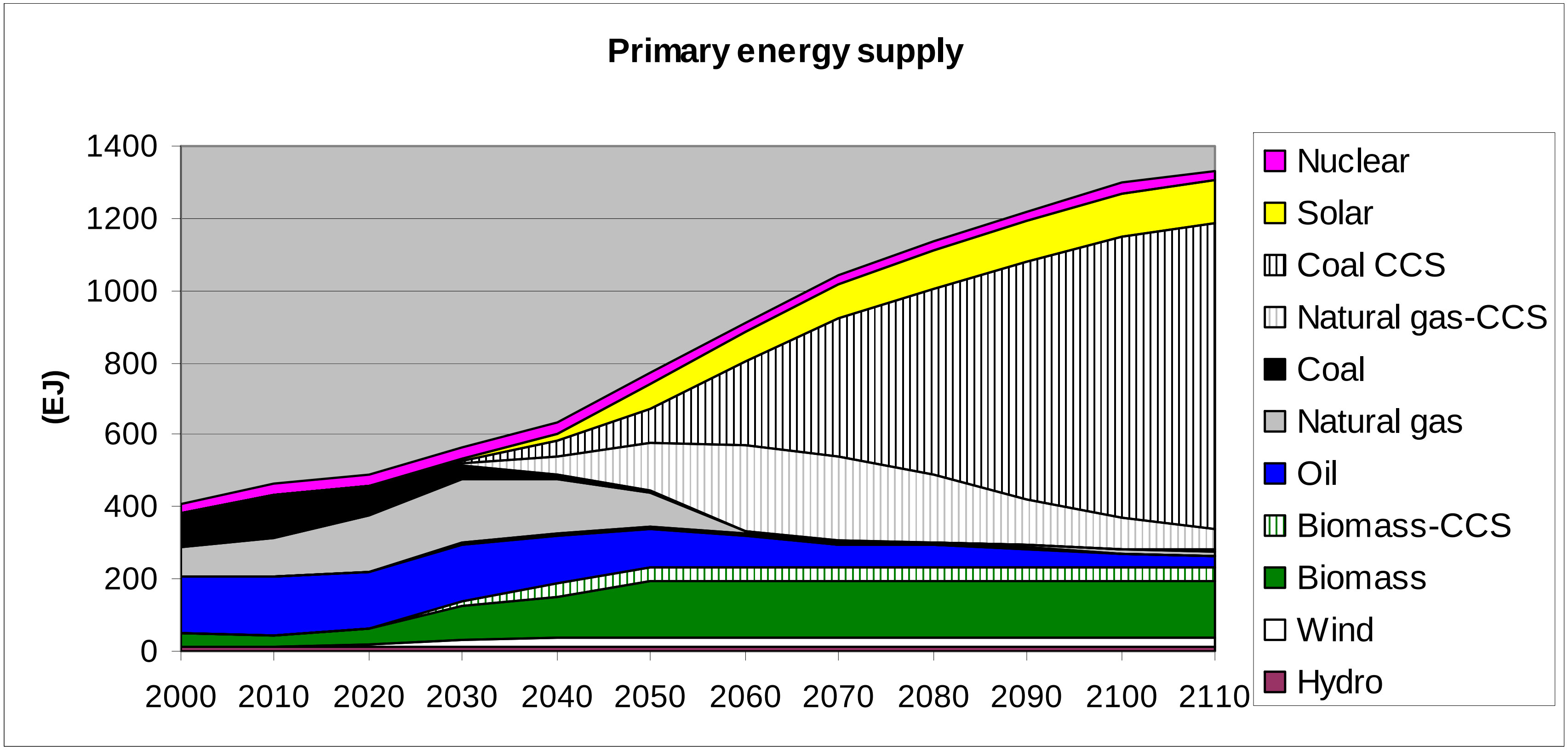
400 ppm, limited nuclear, CCS allowed



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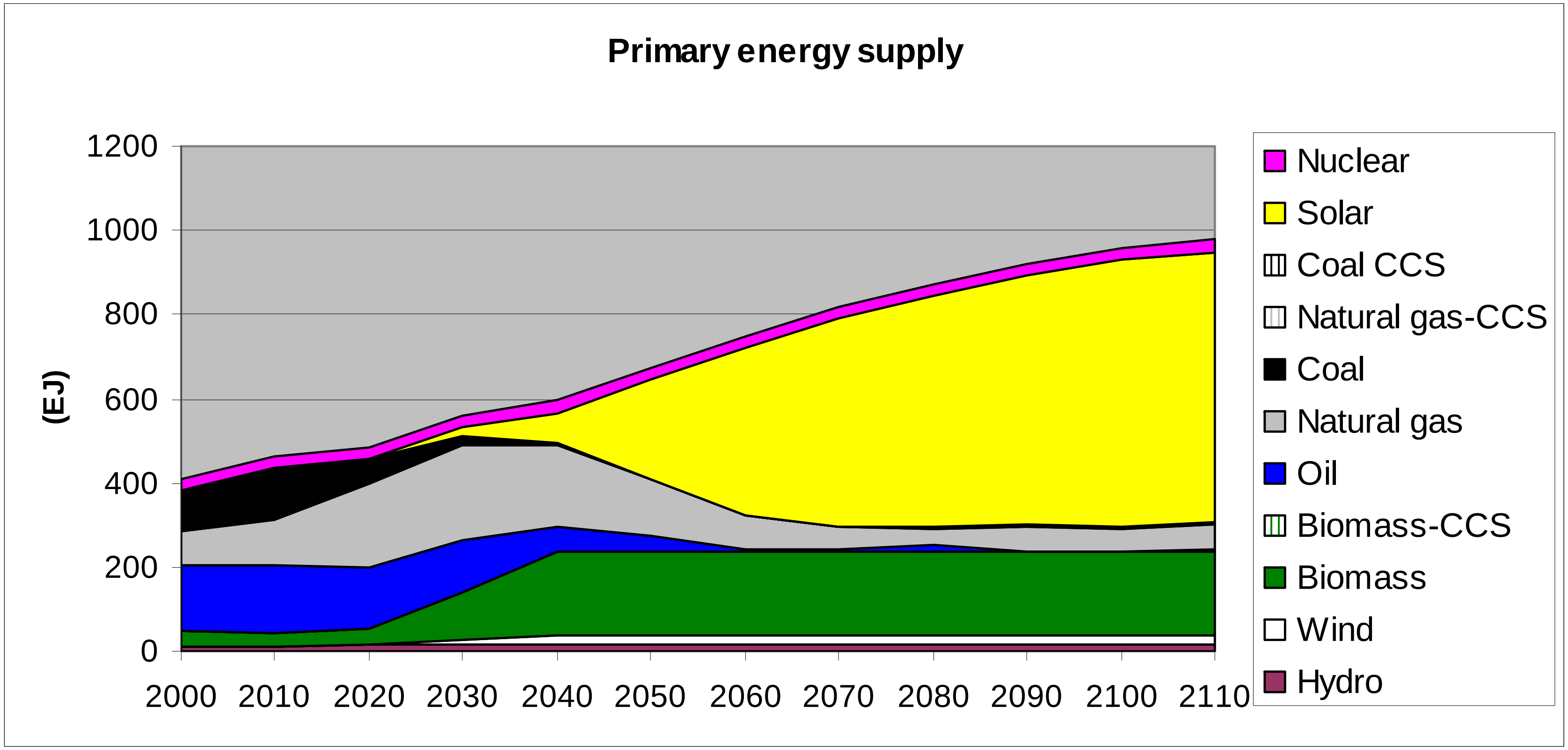
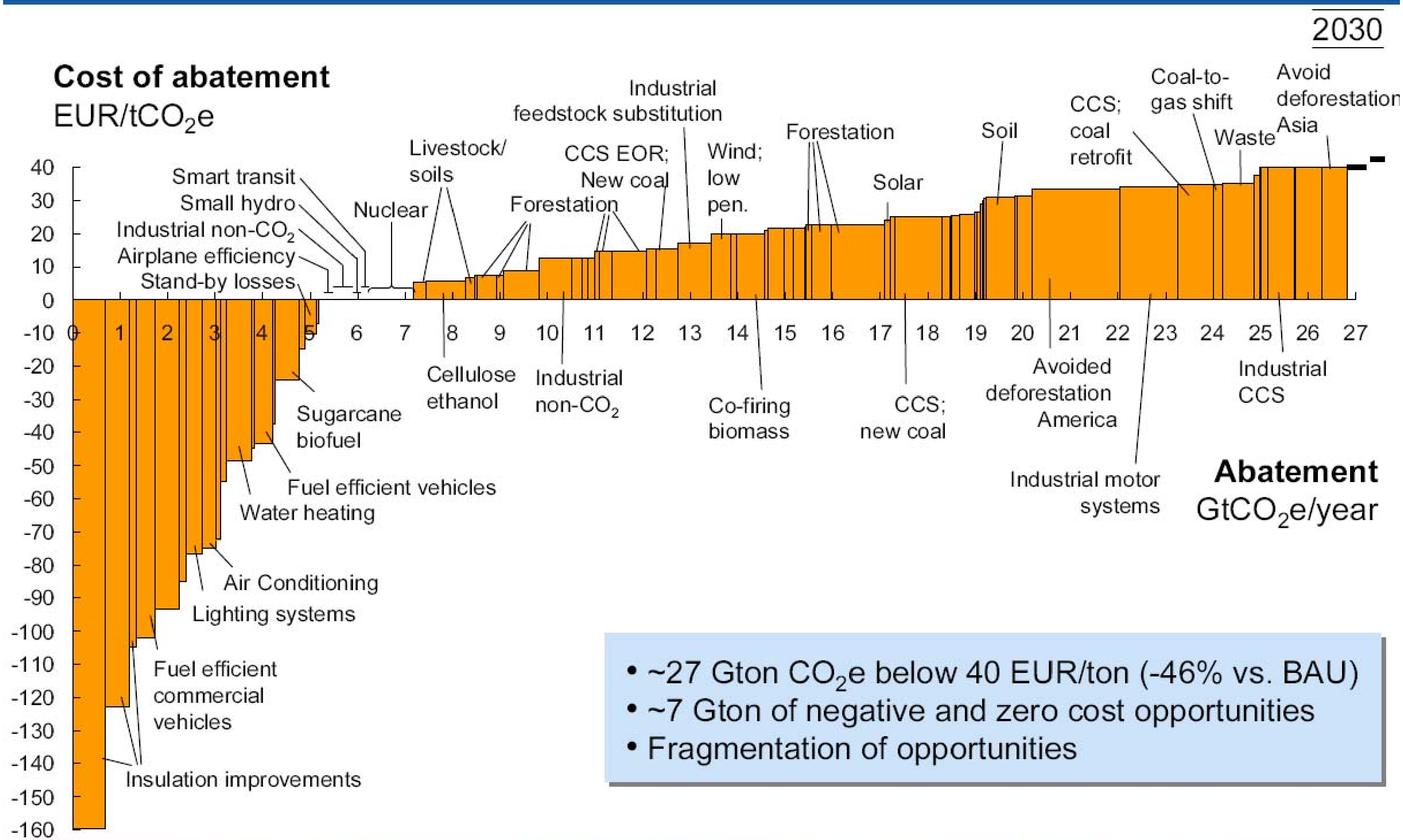
400 ppm, no nuclear and no CCS

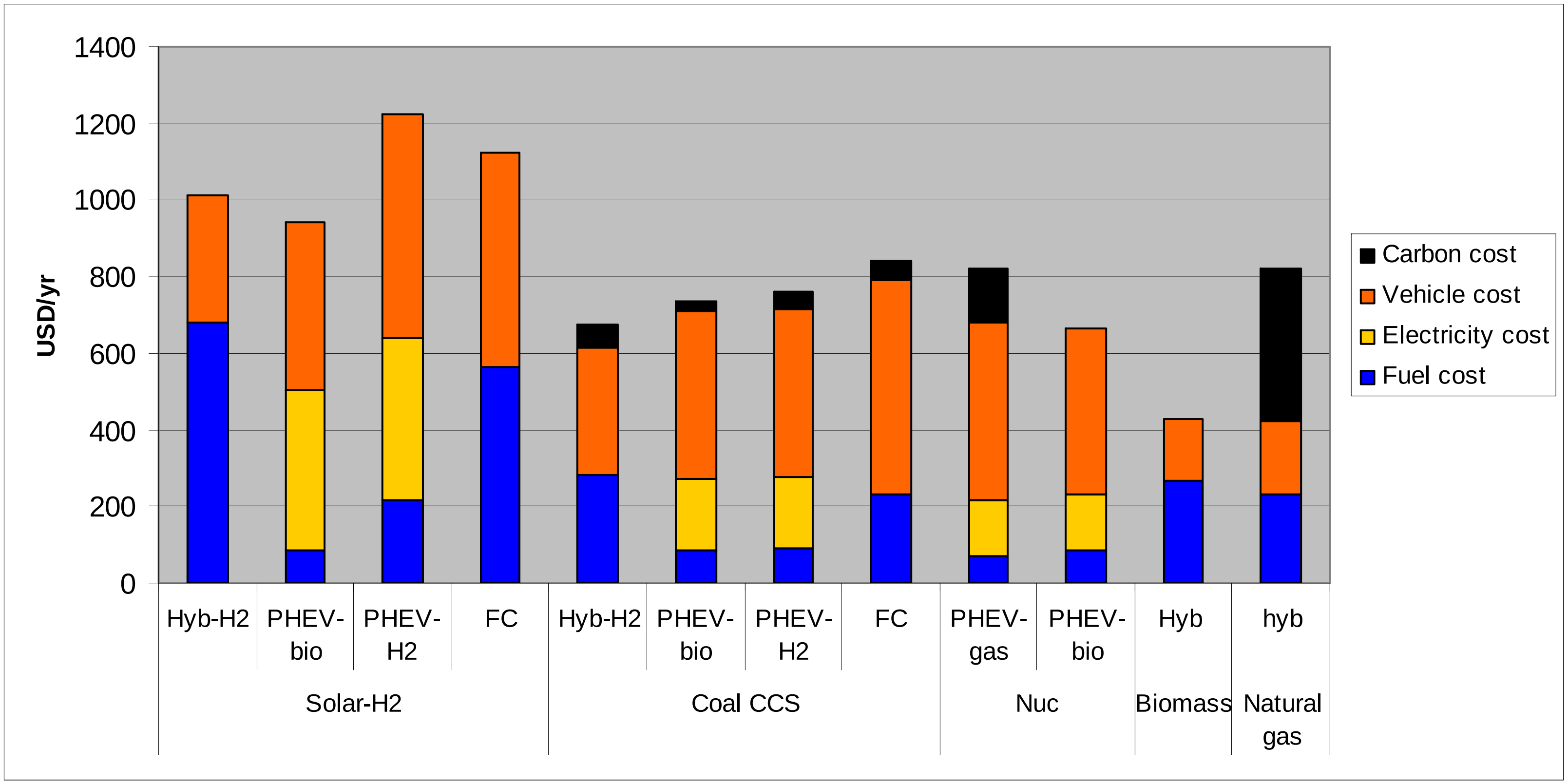


Stabilization is possible at limited costs – markets can supply



- ~27 Gton CO_2e below 40 EUR/ton (-46% vs. BAU)
- ~7 Gton of negative and zero cost opportunities
- Fragmentation of opportunities

Vehicle costs, carbon price 1000 USD/ ton C



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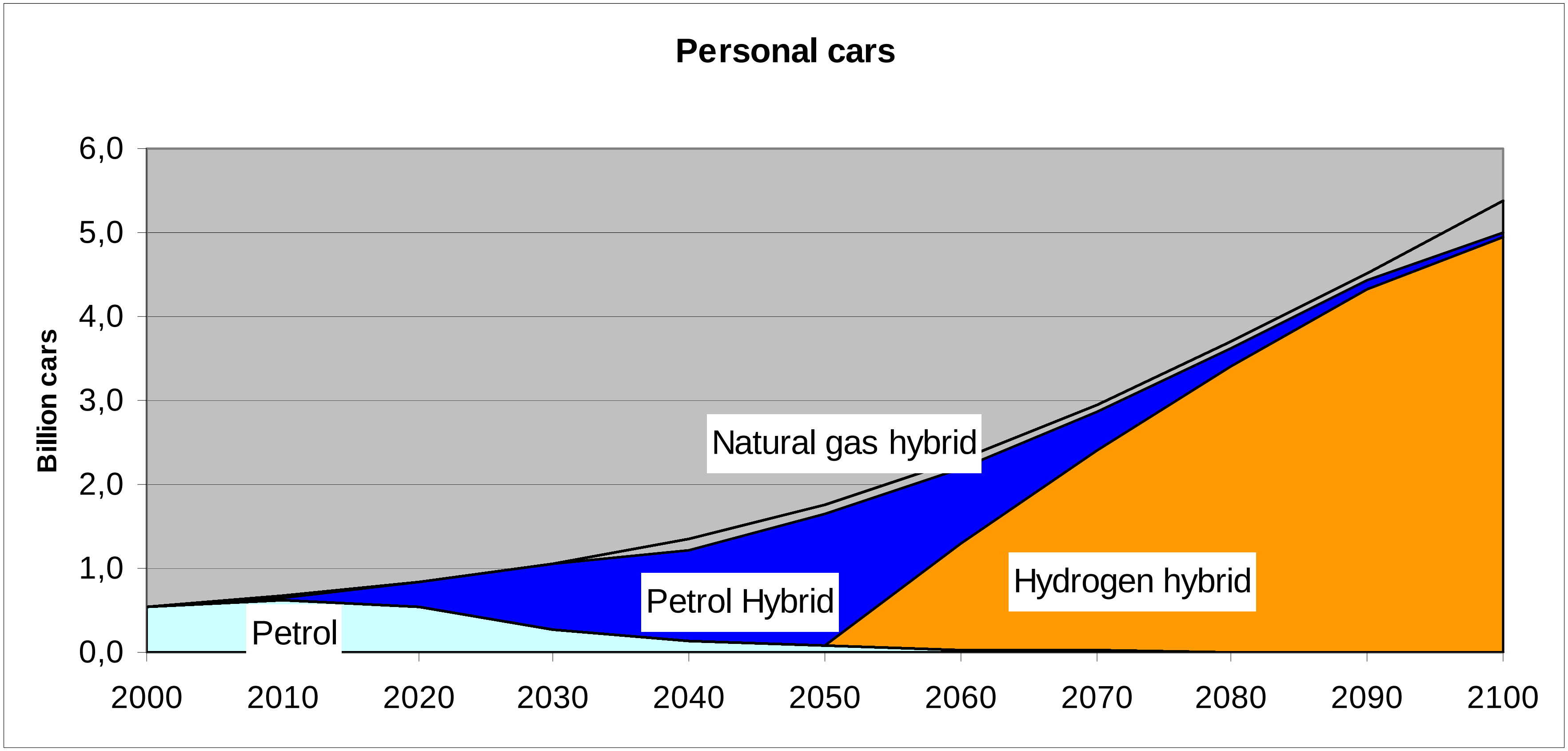
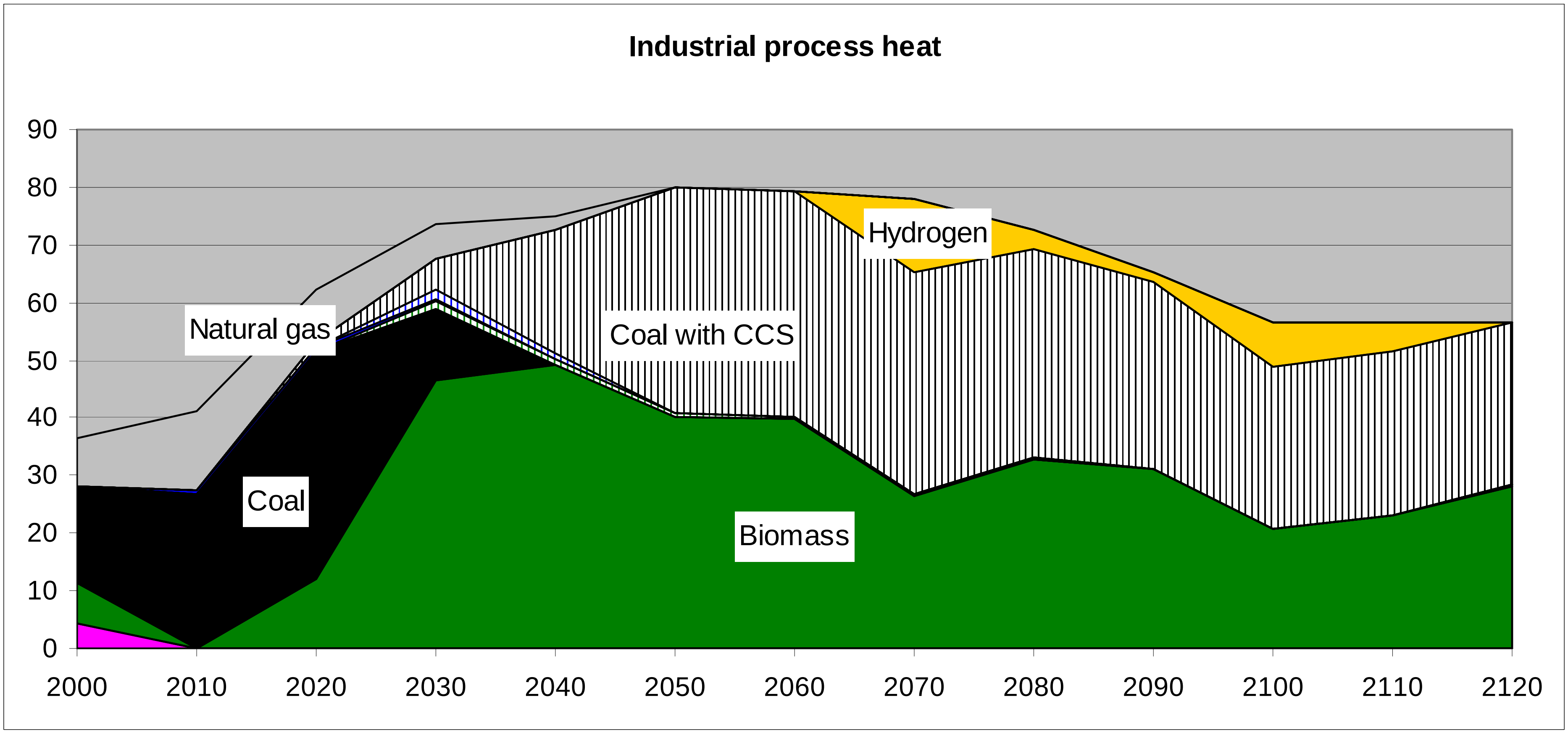
400 ppm scenario, limited nuclear CCS allowed




Industrial process heat
90
80
70
60
50
40
30
20
10
0
2000
2010
2020
2030
2040
2050
2060
2070
2080
2090
2100
2110
2120
Natural gas
Coal
Coal with CCS
Hydrogen
Biomass

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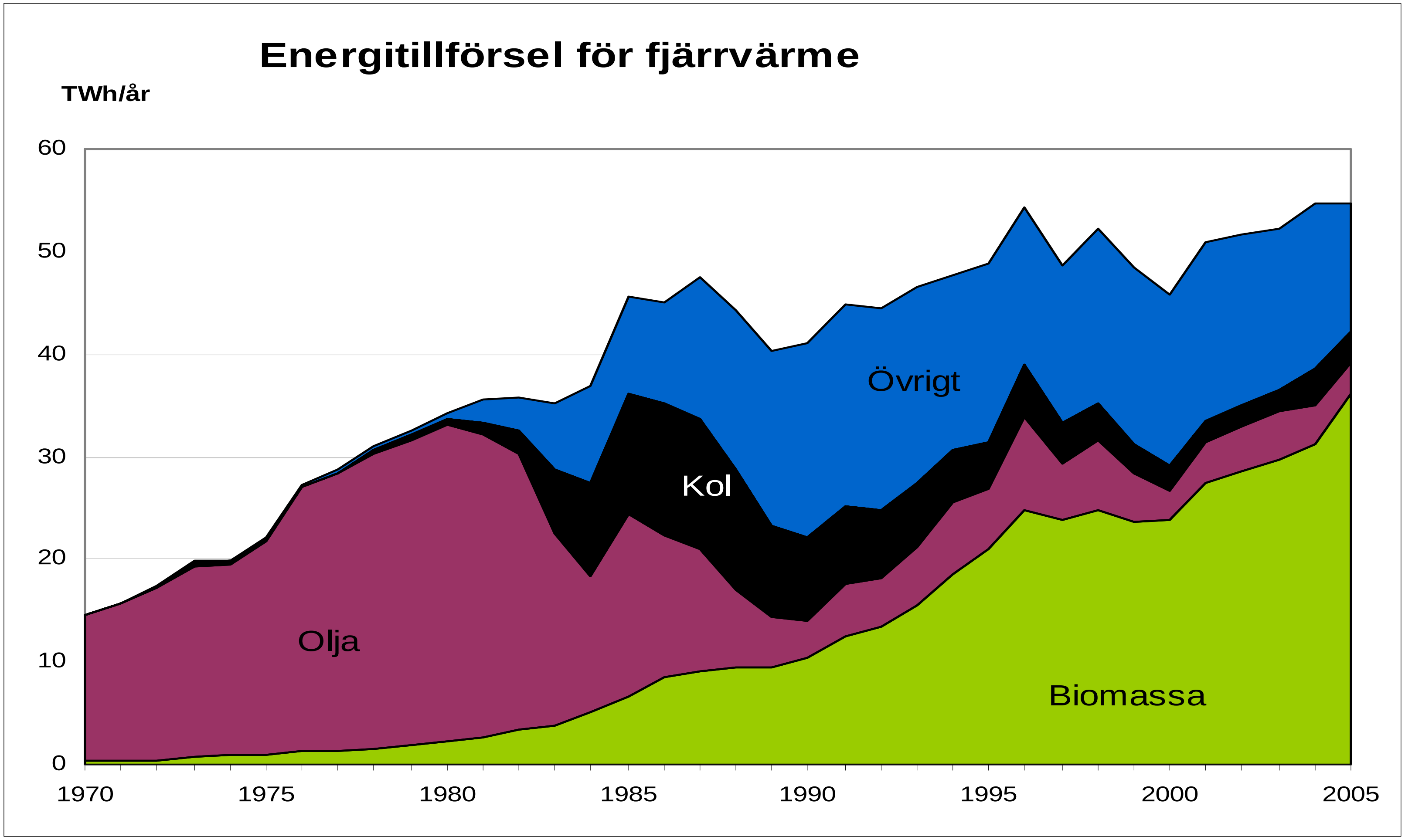
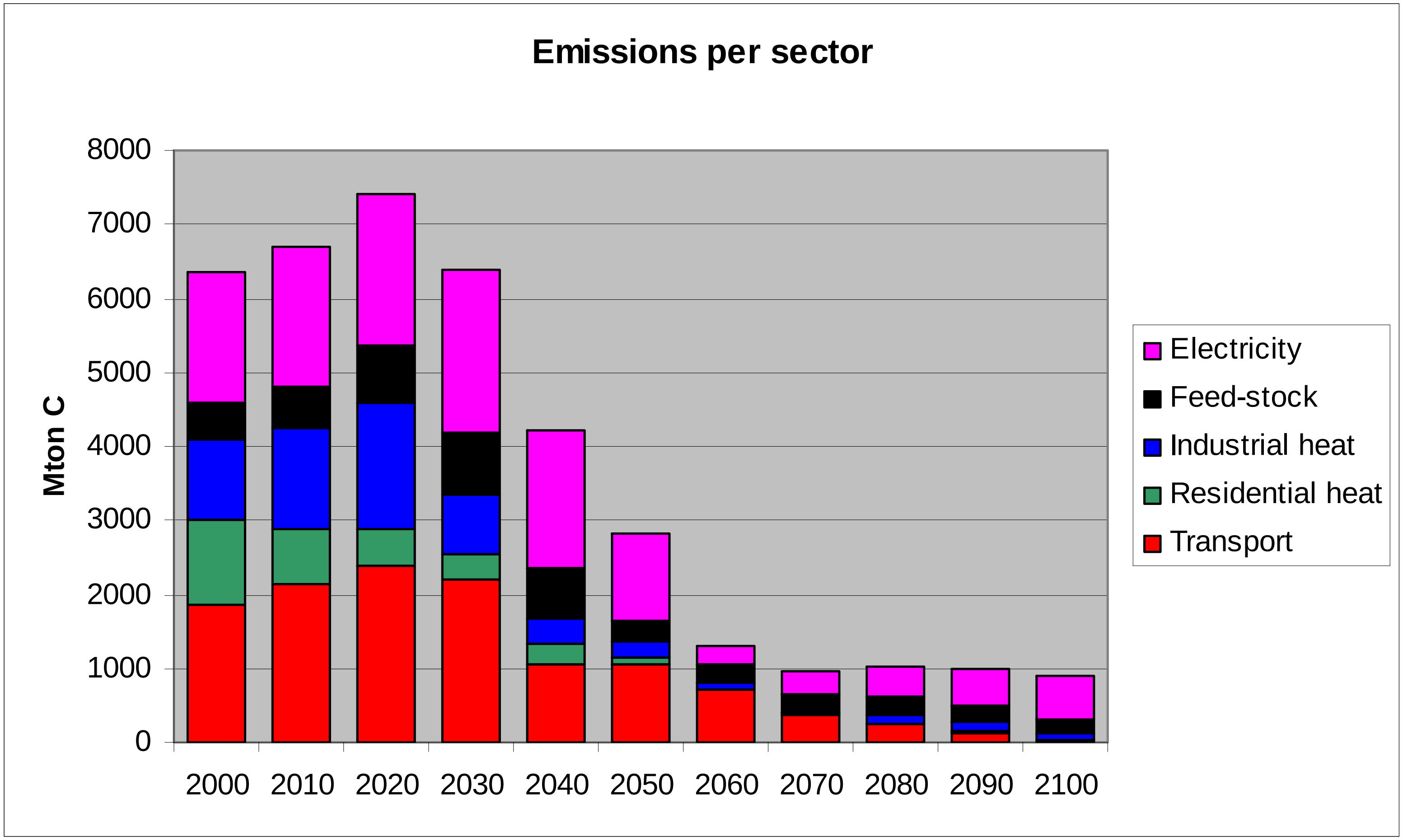
District heating in Sweden, a carbon tax since 1991



Where is it most cost-efficient to reduce emission?



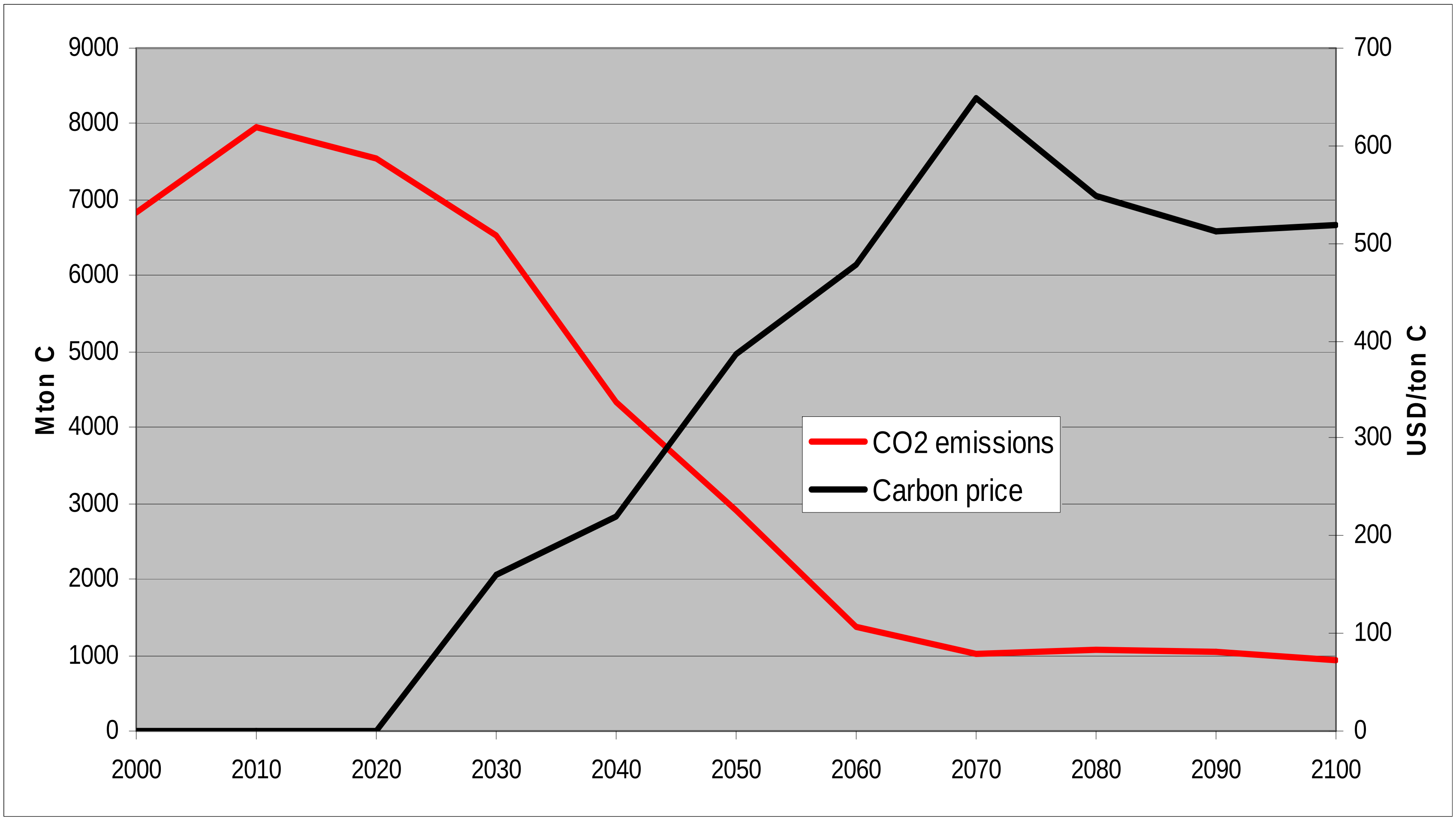
Marginal abatement cost

- Shadow price of emissions
- Inflate with discount rate

$$M(t) = m(t)(1+r)^{t-1}$$

- M(t) carbon tax in net present value
- m(t) shadow price generated in the model

Carbon emissions and carbon price



What does this model do?

- Predict (what will happen in the future)
- Prescribe (how ought the future look like)
- Describe (How does the energy system work)

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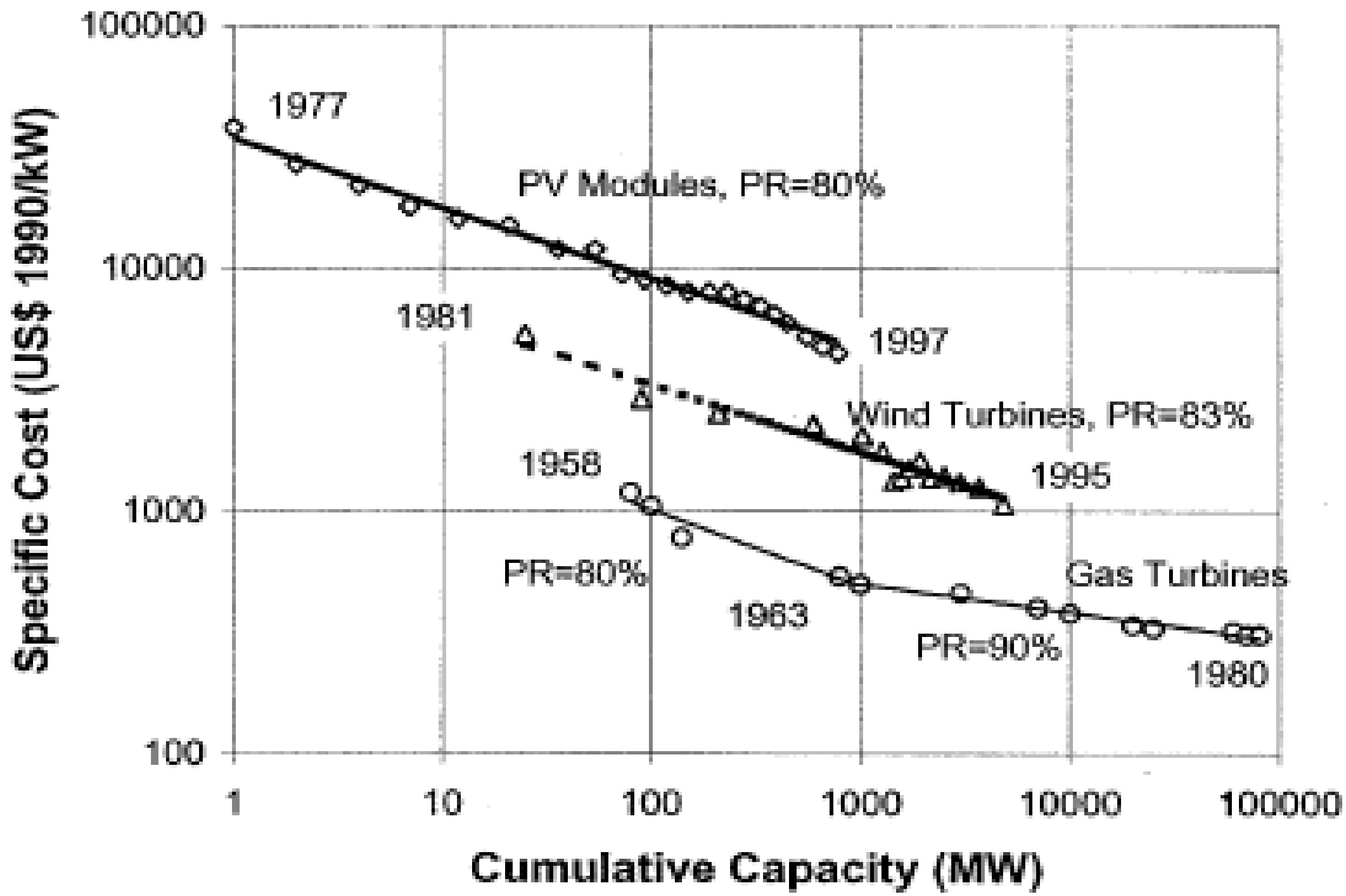
Technological change

- Exogenous
  - Costs decrease by time
- Endogenous
  - Costs decrease as a result of investments



Källa: Barreto 2000

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Foresight

- Perfect foresight
  - Finds the cost-effective solution
  - Foresee potential cost reduction
- Limited foresight
  - Does not find cost-effective solution
  - Future cost-reductions is unknown
  - Towards model of market behaviour

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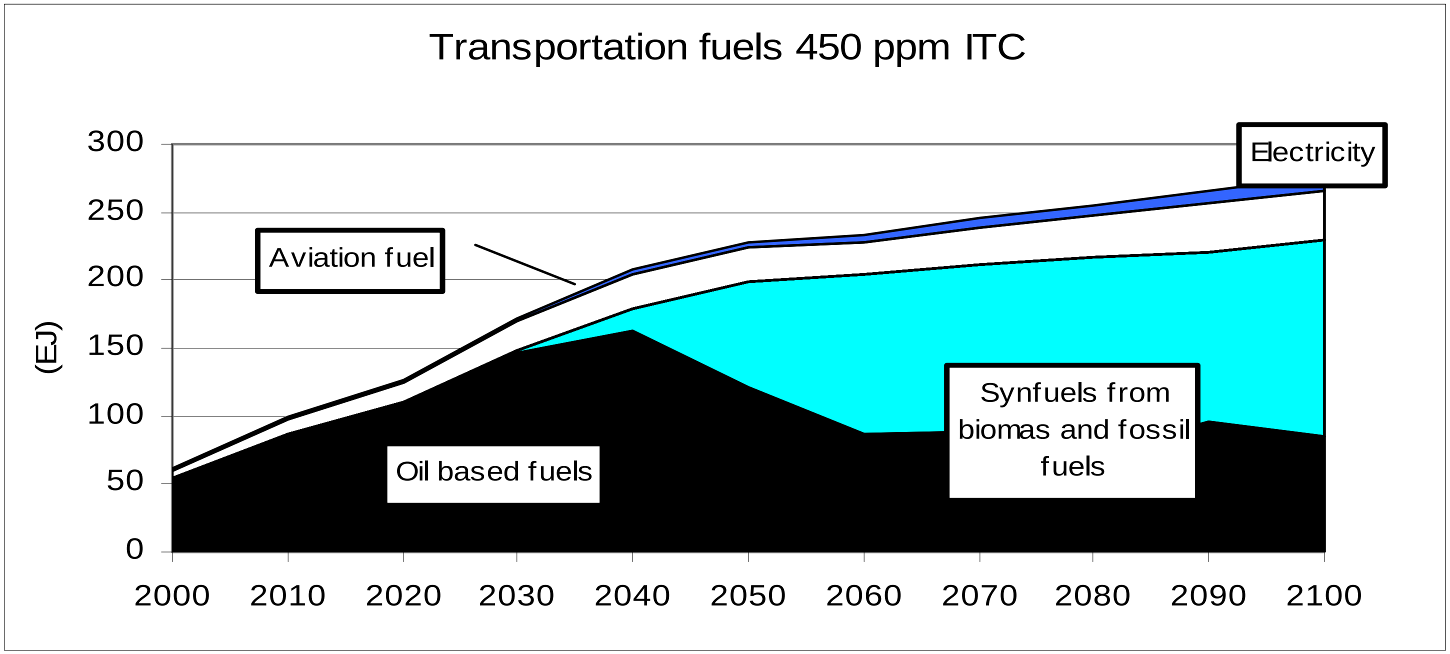
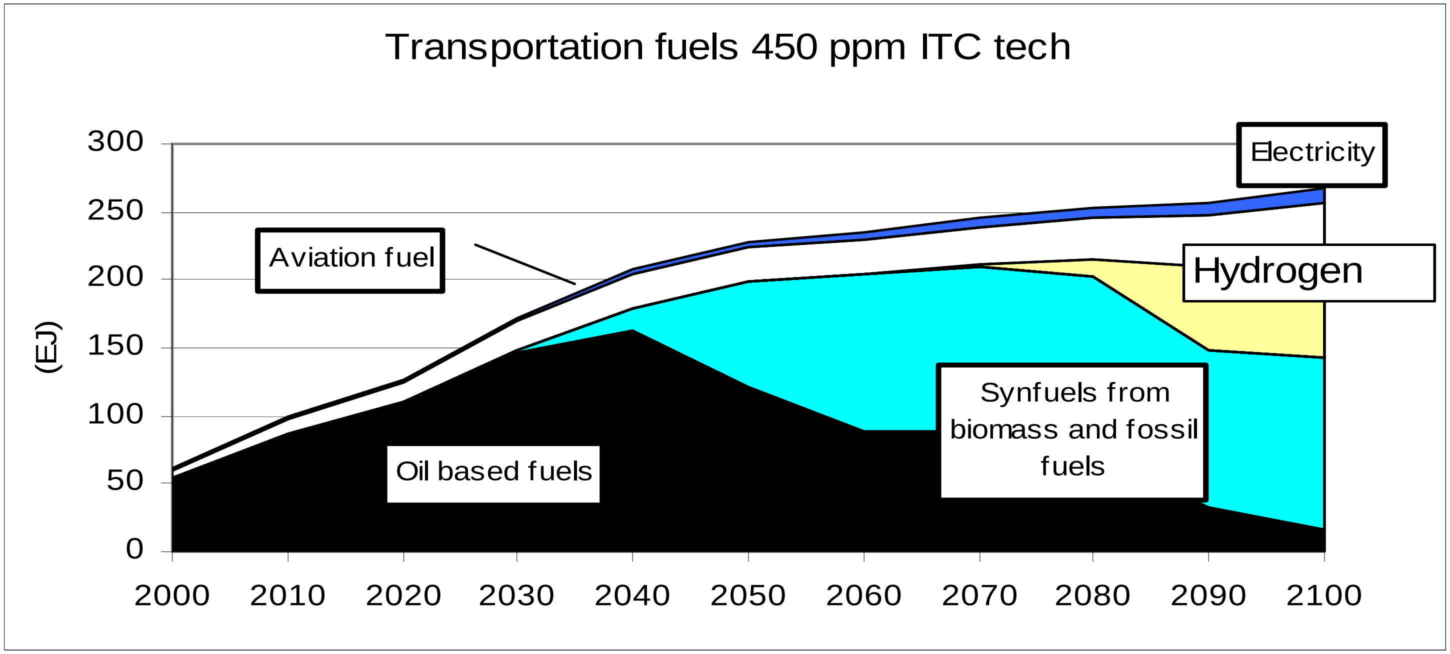
Modelling path dependency

- Base case
  - Cap and trade system only

- Technology policy case
  - Cap and trade system
  - 200,000 fuel cell vehicles in 2040
  - 40 GWp solar pv in 2040


Transportation fuels 450 ppm ITC
Electricity
Aviation fuel
Synfuels from biomass and fossil fuels
Oil based fuels
(EJ)
300
250
200
150
100
50
0
2000
2010
2020
2030
2040
2050
2060
2070
2080
2090
2100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2060
2070
2080
2090
2100

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Summary

- Energy system models can
  - Give guidance on how we ought to develop the energy system
  - Give better understanding of good use of scarce resources
  - Give estimates of the cost of stabilizing the carbon emissions