

Distributed Energy Strategies for Greenhouse Gas Reduction: A Comparison of Colorado and California

June 26, 2019

Agenda

DER impacts on GHG

Calculating reductions

Project vs. inventory
accounting

Case studies

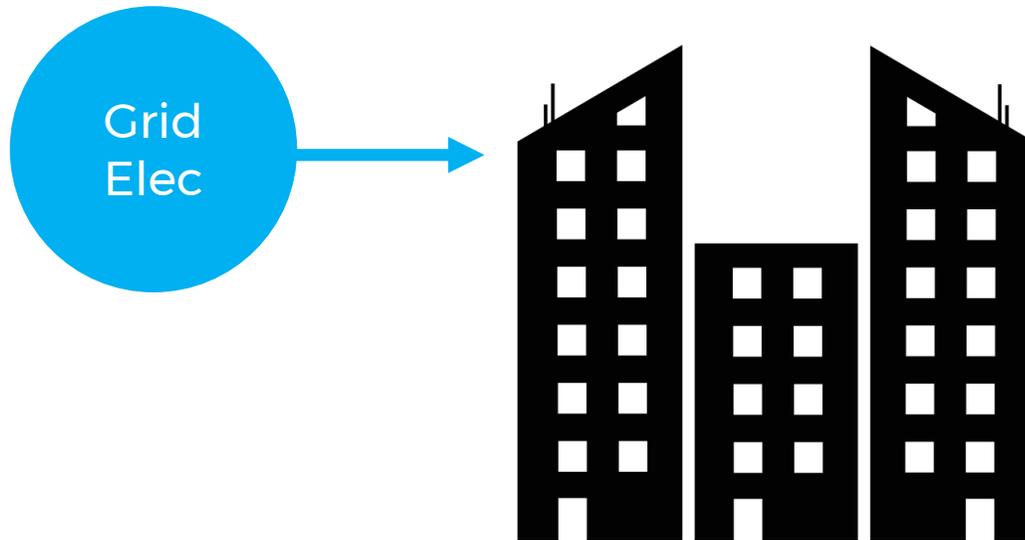
Conclusions

Agenda

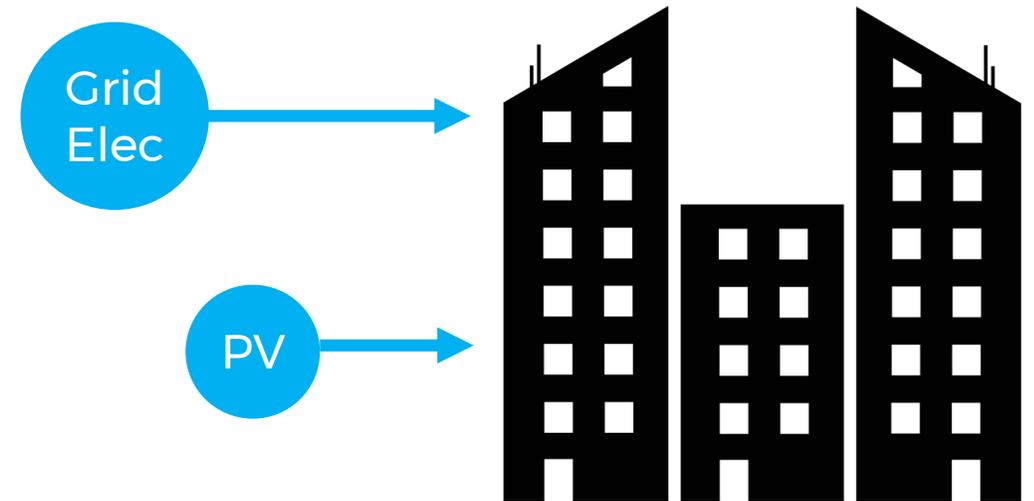
- How distributed energy resources (DER) impact greenhouse gas (GHG) emissions
- Calculating the impact
- Project and inventory accounting
- Case studies: California vs. Colorado
- Conclusions

How do distributed energy resources impact greenhouse gas (GHG) emissions?

Business-as-usual

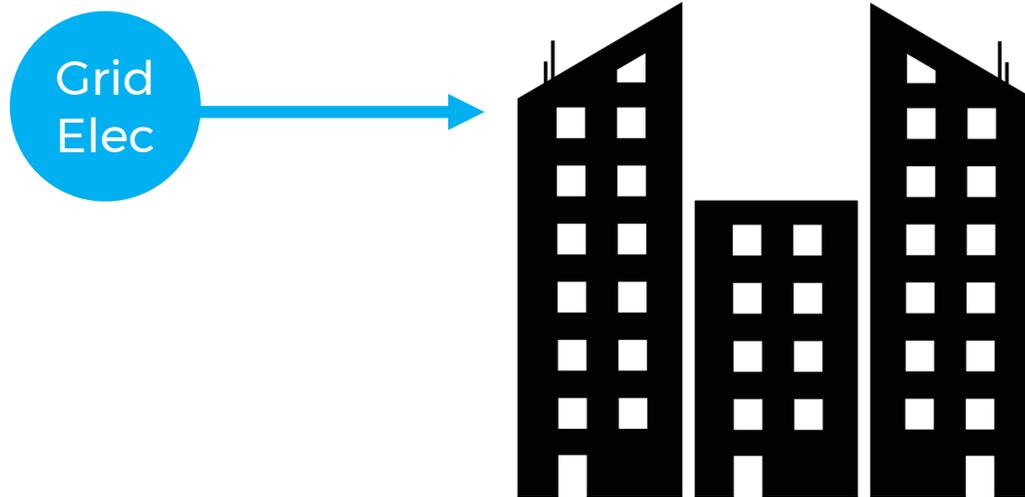


Distributed energy resource:
on-site solar PV

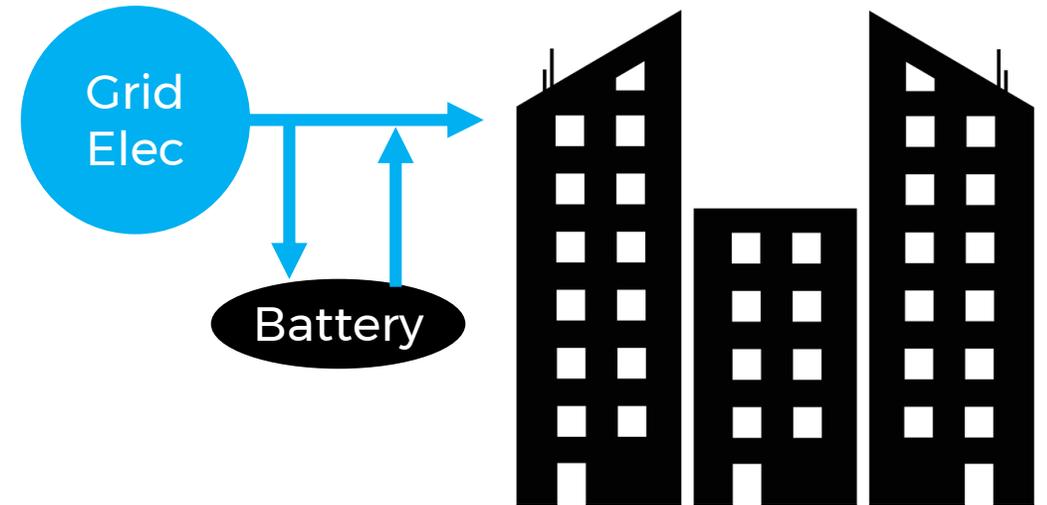


How do distributed energy resources impact greenhouse gas (GHG) emissions?

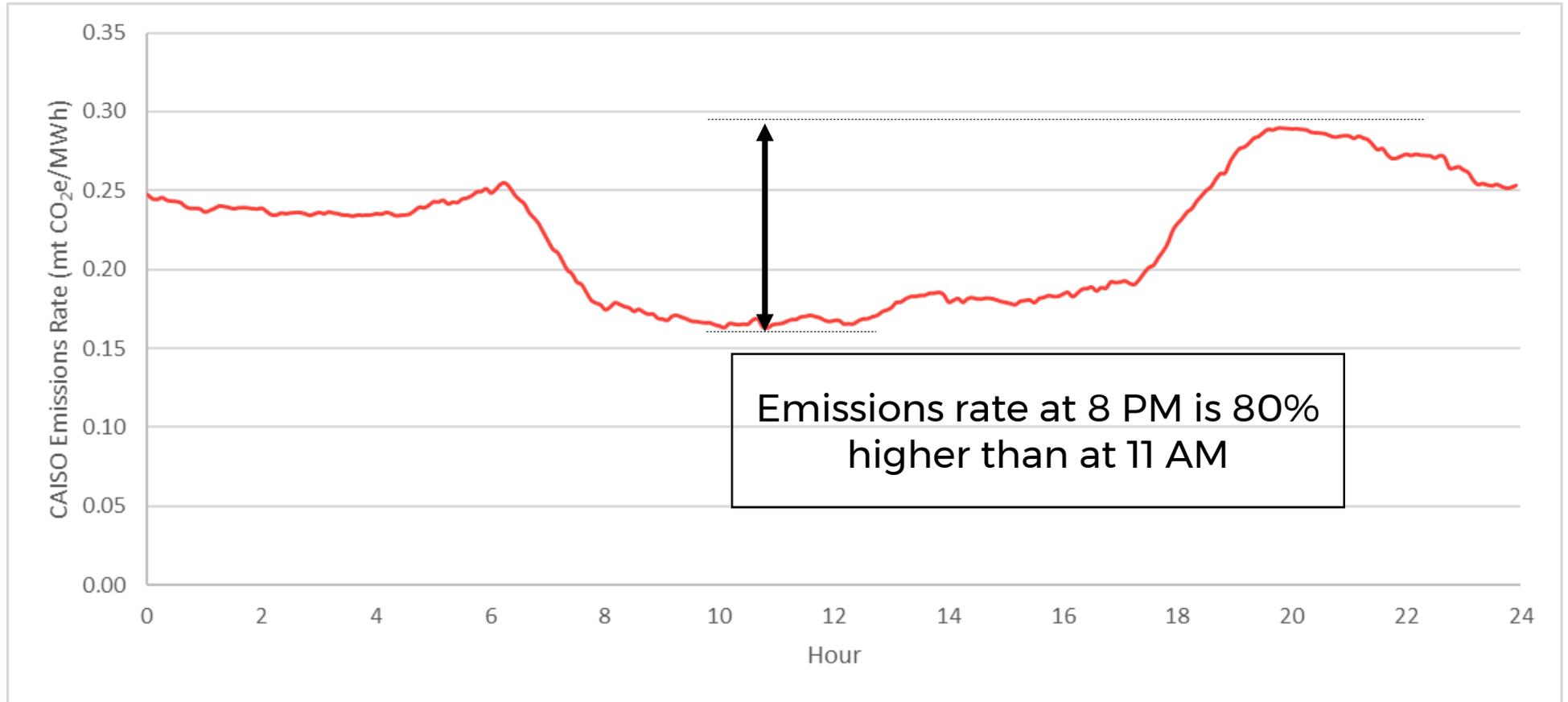
Business-as-usual



Distributed energy resource:
on-site energy storage

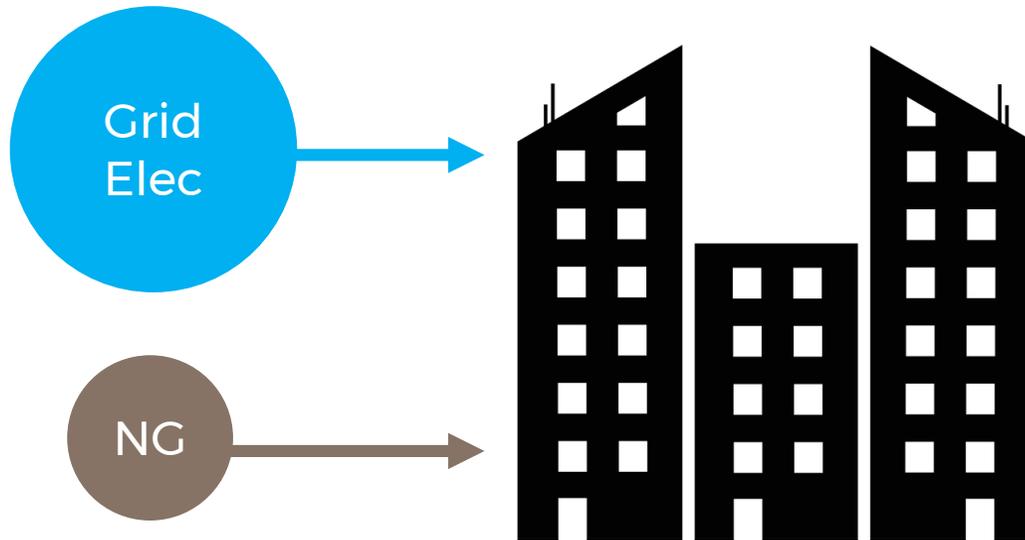


Hourly system average emissions rate from CA ISO on June 5, 2019

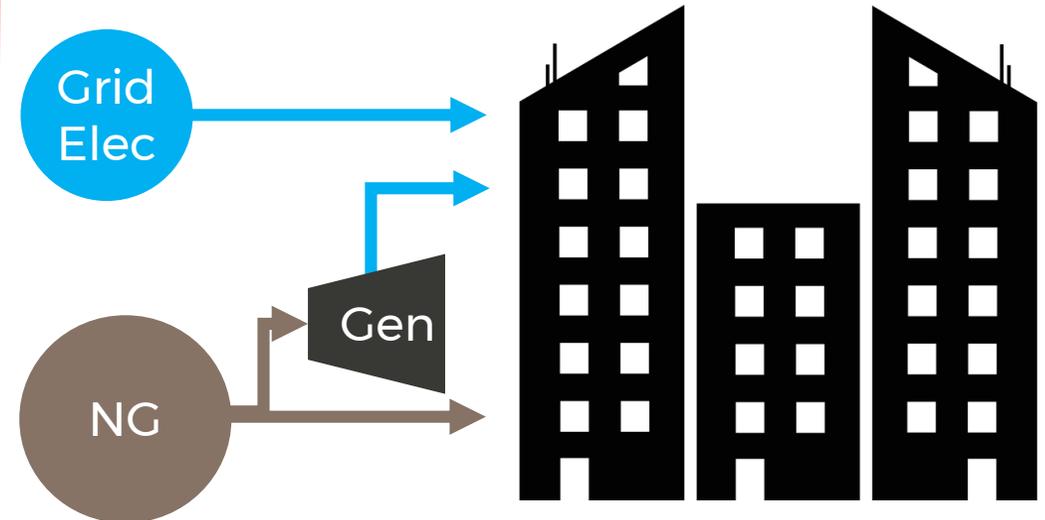


How do distributed energy resources impact greenhouse gas (GHG) emissions?

Business-as-usual



Distributed energy resource: on-site electricity generation with natural gas



Calculating the GHG impact of distributed energy resources

1. Calculate the emissions from fuel and electricity in the absence of the project
2. Calculate the emissions from fuel and electricity in the DER scenario
3. Subtract (2) from (1)

There are two approaches to calculating emissions: inventory accounting and project accounting

Using the appropriate GHG emission factors depends on objective of the analysis

Inventory accounting

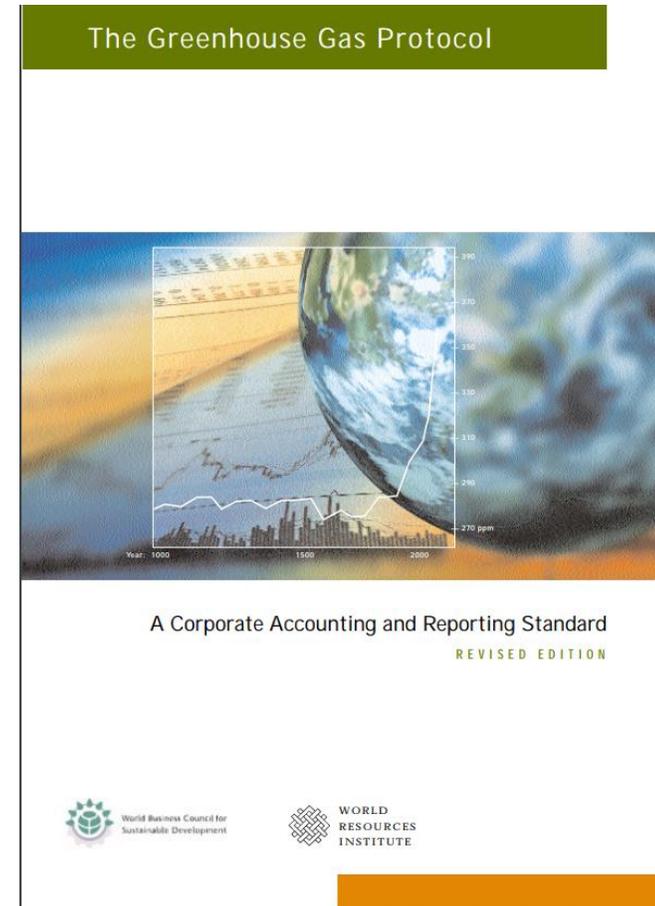
- An organization (university, company, government) wants to understand impact of project on its annual GHG inventory
- Typically uses system average emission factors for grid electricity

Project accounting

- Project sponsor or policy maker wants to understand impact of project on global emissions
- Typically uses non-baseload or marginal emission factors for grid electricity

Inventory accounting answers the questions: what happens to our emissions when we build this project?

- In inventory accounting, organizations follow accepted methodologies for quantifying emissions from their operations; a project will impact those emissions and the organization will likely want to quantify what that impact would be
- Inventory accounting uses system average emission factors for grid electricity*



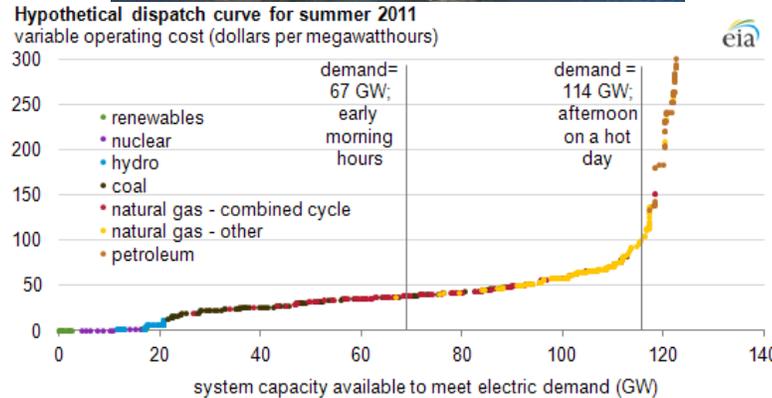
*System average emission factors are total emissions from production of grid electricity divided by total electricity generated. Typically derived on an annual basis but available in some places hourly.

Project accounting answers the question: what happens systemically when we build this project, and how does that impact global emissions?

1. DER starts producing power



2. Plants at the top of the dispatch stack ramp down

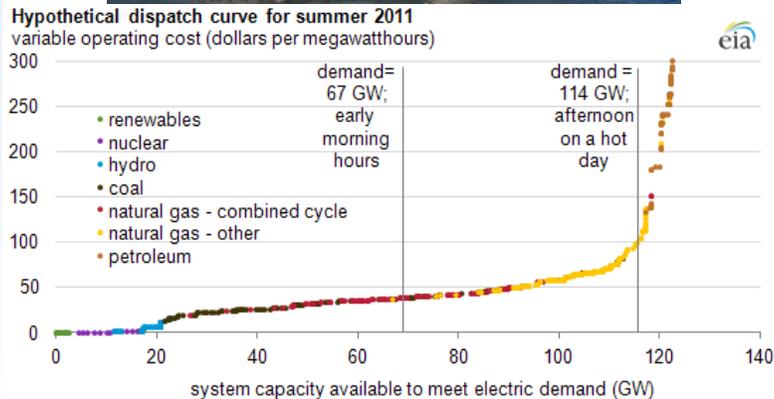


3. Future demand is reduced and fewer new plants need built



There are multiple approaches for determining a marginal emission factor for project accounting

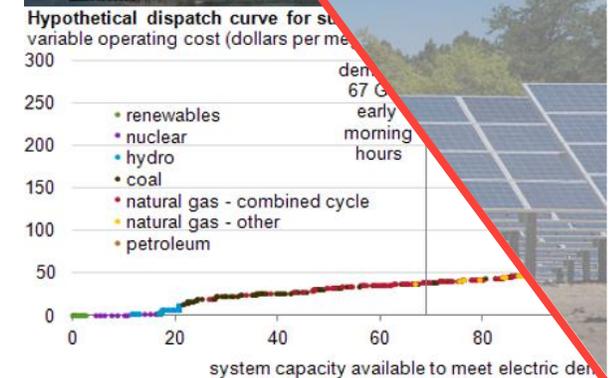
eGrid non-baseload emission factors represent the operating margin



Build margin emission factors typically must be calculated



Combined margin reflects operating and build margin



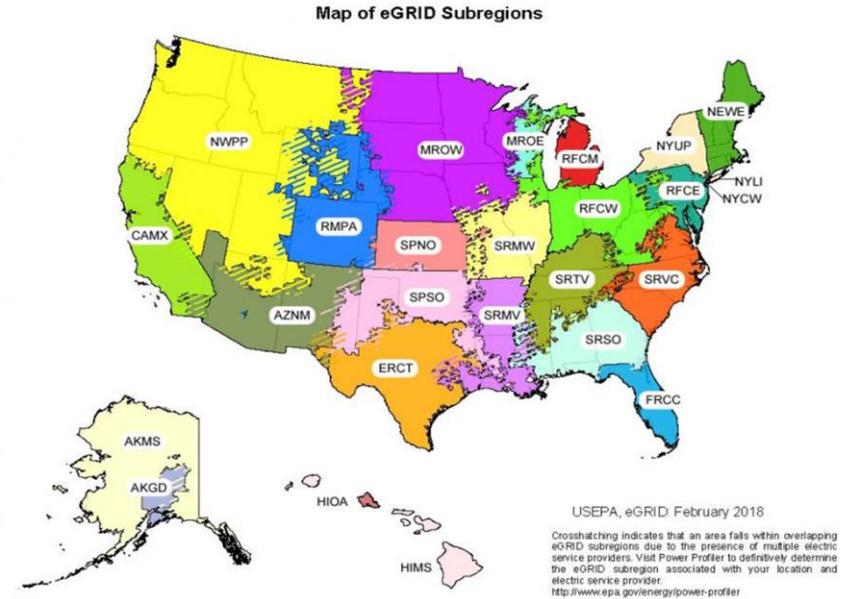
Why do accounting methods and emission factor selection matter?

1. Understanding which accounting method aligns best with quantification goals is important when optimizing project design for GHG impacts
2. A project could reduce GHG emissions when using project accounting, but increase GHG emissions when using inventory accounting

System average and non-baseload emission factor comparison in the US

eGRID Subregion	System Average		Non-baseload	
	Emission factor (lb CO2e/ MWh)	Natural gas efficiency equivalent (% eff HHV)	Emission factor (lb CO2e/ MWh)	Natural gas efficiency equivalent (% eff HHV)
MROE	1,680	24%	1,751	23%
HIOA	1,676	24%	1,648	24%
SRMW	1,622	25%	1,967	20%
SPNO	1,423	28%	2,004	20%
RMPA	1,377	29%	1,698	24%
RFCM	1,279	31%	1,816	22%
SPSO	1,255	32%	1,671	24%
RFCW	1,252	32%	1,947	21%
MROW	1,248	32%	1,834	22%
SRTV	1,193	34%	1,768	23%
NYLI	1,186	34%	1,341	30%
HIMS	1,159	34%	1,541	26%
SRSO	1,095	36%	1,461	27%
AKGD	1,078	37%	1,375	29%
AZNM	1,049	38%	1,391	29%
FRCC	1,017	39%	1,194	33%
ERCT	1,014	39%	1,410	28%
SRMV	842	47%	1,191	34%
SRVC	810	49%	1,431	28%
RFCE	762	52%	1,441	28%
NWPP	655	61%	1,534	26%
NYCW	637	63%	1,063	38%
NEWE	564	71%	981	41%
CAMX	530	75%	946	42%
AKMS	505	79%	1,539	26%
NYUP	296	135%	1,022	39%

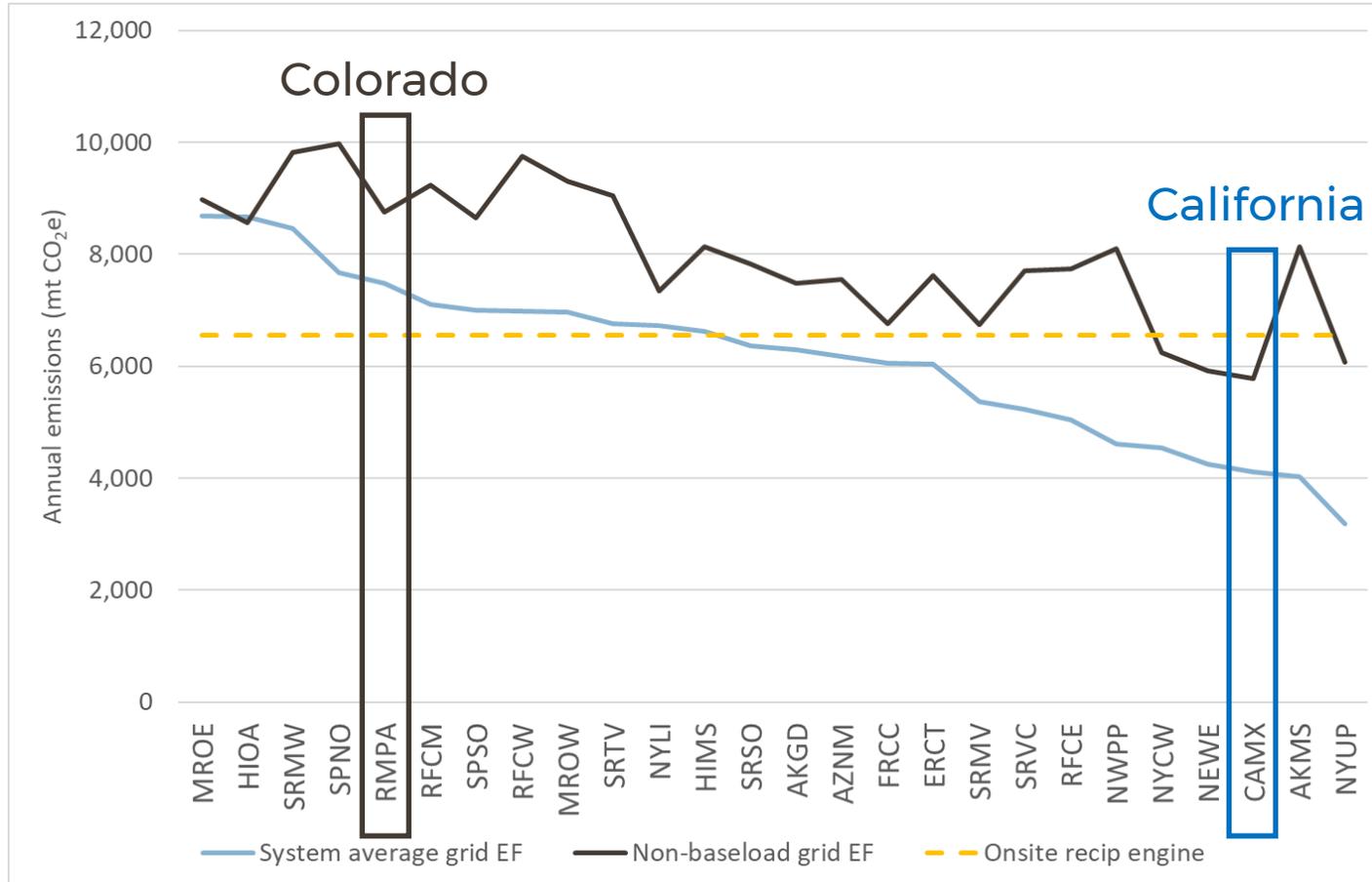
Source: emission factors from eGRID2016



Key Takeaways

- Non-baseload emission factors are generally higher than system average emission factors
- System average emission factors vary widely by region
- Non-baseload factors have lower variance as they typically reflect simple cycle natural gas and oil/diesel “peaker” plants

Reciprocating natural gas engines emission impact by eGRID region: project accounting vs. inventory accounting



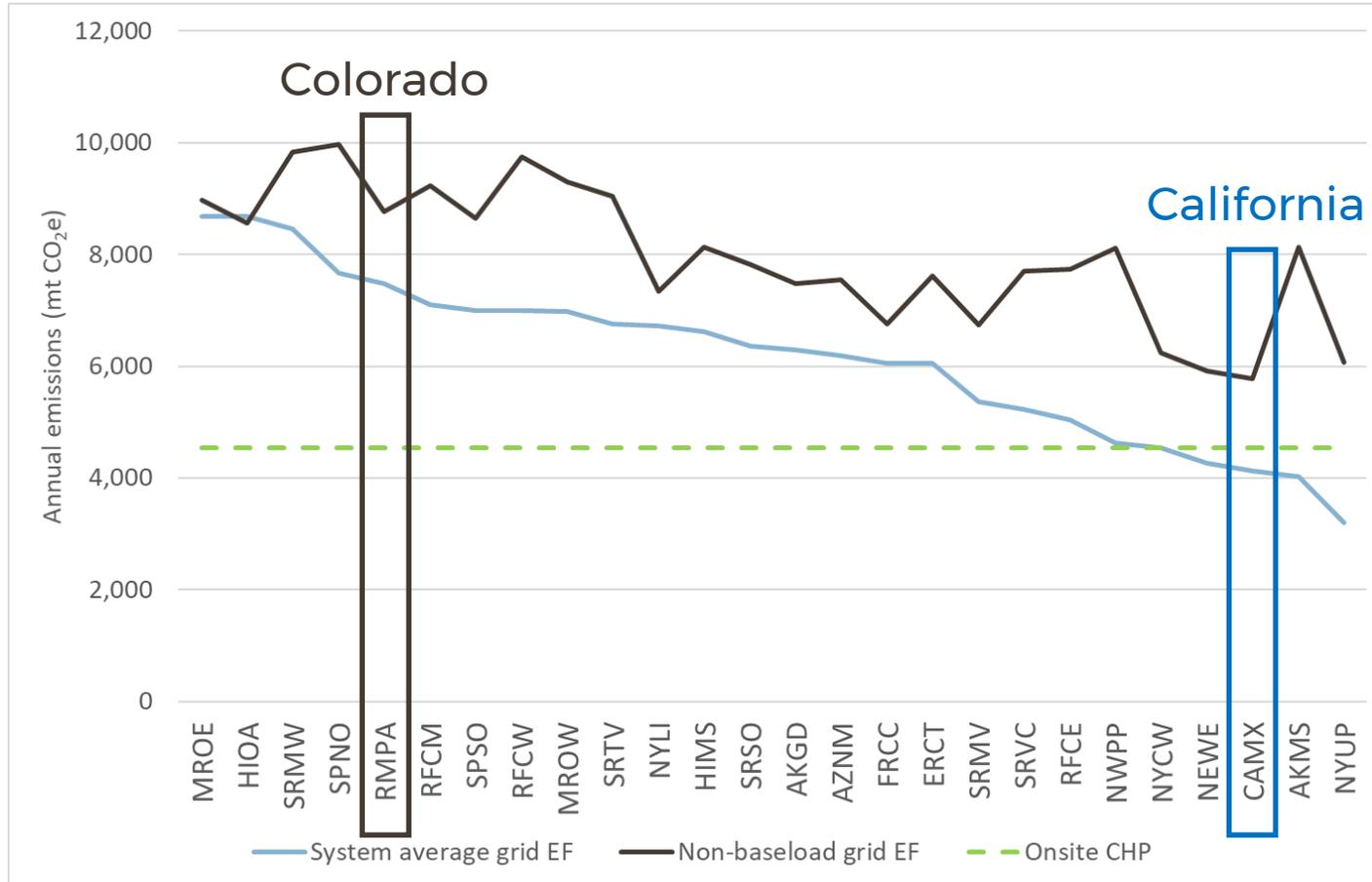
On-site reciprocating engines...

...reduce emissions in 22 regions using project accounting

...reduce emissions in 12 regions using inventory accounting

...have mixed results in 10 regions

Natural gas CHP emission impact by eGRID region: project accounting vs. inventory accounting



On-site CHP...

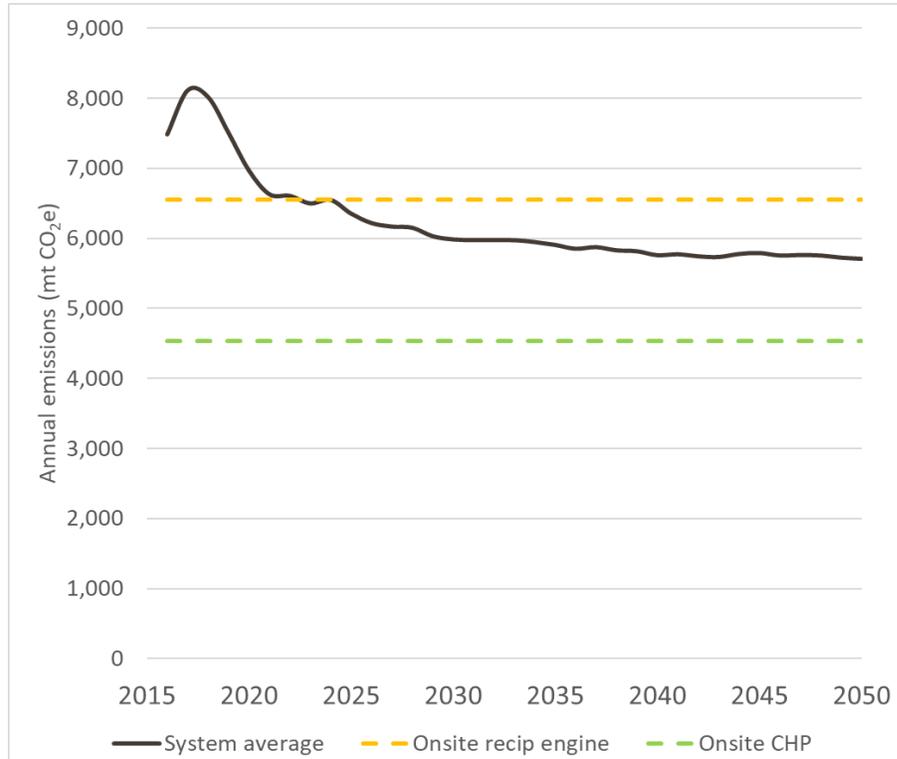
...reduces emissions in 26 regions using project accounting

...reduces emissions in 22 regions using inventory accounting

...has mixed results in 4 regions

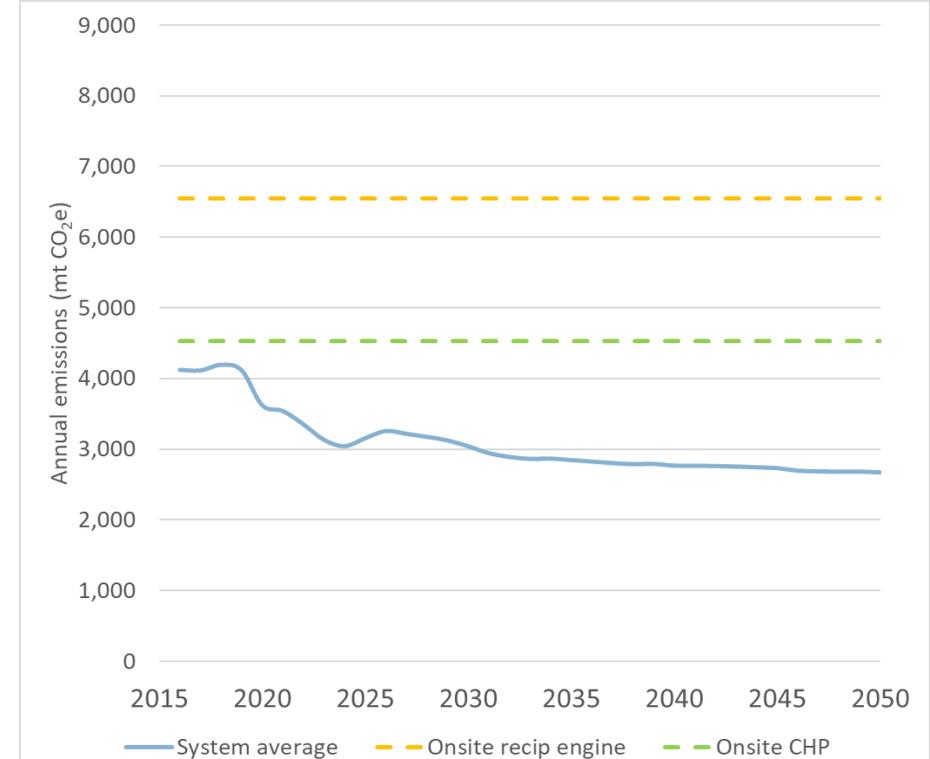
Improving carbon intensity of electric grid means fossil fuel DERs are less likely to reduce emissions using inventory accounting in the future

Colorado



- Beginning in ~2023, reciprocating engines in Colorado will be more carbon intensive than the grid average emissions
- CHP will offer reductions compared to the grid average emissions through 2050

California

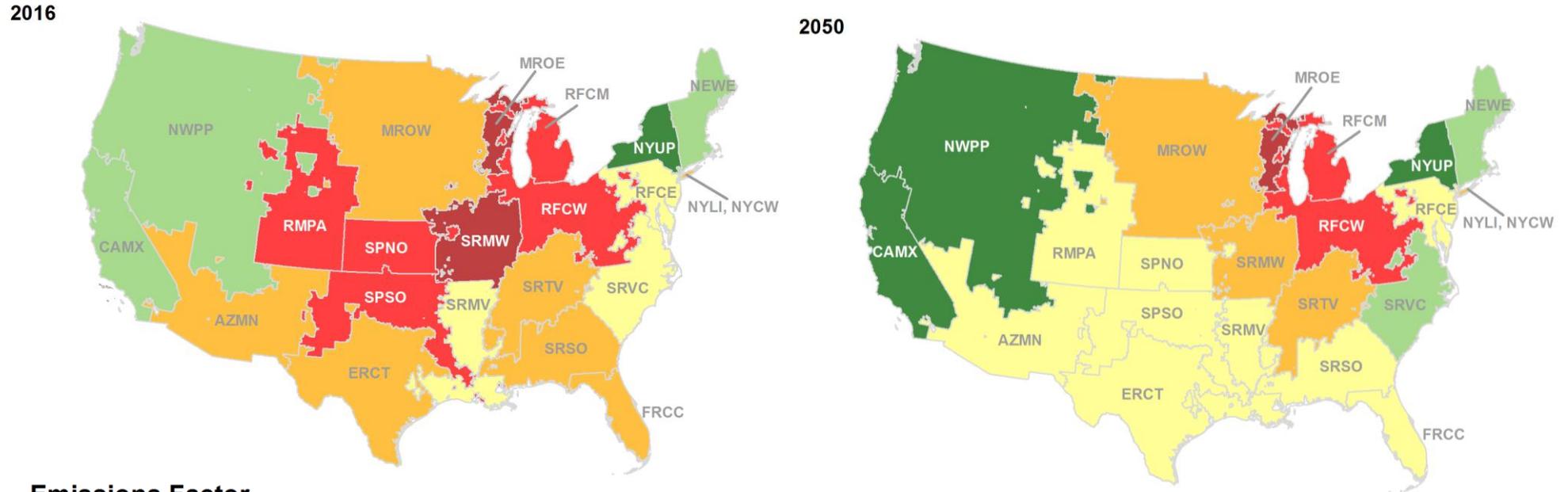


- Neither reciprocating engines or CHP reduce emissions compared to the grid average



*Charts based on system average emission factors. Projections from EIA AEO2018 calibrated to eGRID 2016.

Grid electricity is expected to get cleaner across the country, not just in CA or CO



Emissions Factor

lbCO₂e/MWh

- >1,500
- 1,500-1,250
- 1,250-1,000
- 1,000-750
- 750-500
- <500

Measuring the impact of DERs against grid electricity should consider increasing renewable penetration. Understanding of hourly impacts will become increasing important, especially in areas with significant amounts of solar.

Conclusions

- GHG accounting approach should align with objectives of analysis
- Ability for DERs to reduce GHG emissions depends on local grid conditions
- Future grid conditions should be considered in project planning

Questions?

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<https://www.wsp.com/en-US/services/sustainability-energy-and-climate-change>

Additional resources

- [GHG Protocol Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects](#)
- [EPA CHP Energy and Emissions Savings Calculator](#)
- [EPA Emissions & Generation Resource Integrated Database \(eGRID\)](#)
- [EIA Annual Energy Outlook 2018](#)
- [CAISO daily CO₂ emissions](#)