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April 27, 2021

MEMORANDUM

TO: Council Members

FROM: Massoud Jourabchi, Steven Simmons

SUBJECT: Paths to Decarbonization Scenario Discussion

BACKGROUND:

Presenters: Massoud Jourabchi, Steven Simmons

Summary: The Paths to Decarbonization Scenario is an investigation into the extent to which greenhouse gas emissions can be reduced from the entire Northwest Economy by the year 2050.

Numerous reduction strategies in transportation, building and appliance efficiency, fuel switching, carbon taxes and green hydrogen were tested. Each strategy was tested individually and when appropriate; combined with other strategies.

Strategies were also tested for reducing non-energy sources of emissions in the industrial, agricultural, and other sectors. The potential of greenhouse gas sinks to lower carbon intensities was also tested.

A new forecast scenario was developed for transportation to reflect recent policy and industry trends indicating the potential for a more aggressive move to electric vehicles in the light duty vehicle space. Hydrogen use was also modeled as an alternative fuel for transportation. Hydrogen fuel cell technology may provide a viable alternative to diesel powered long-haul freight trucking, which could result in significant demand growth for electricity from electrolysis hydrogen production while lowering emissions.

Relevance: Analysis of methods to reduce greenhouse gas emissions is of key interest to the region

Workplan: A.1 Develop and analyze scenarios analysis for the Power Plan

Background:

More Info: Scenarios

https://www.nwcouncil.org/sites/default/files/2020_02_p2.pdf

<https://www.nwcouncil.org/news/exploring-key-power-supply-questions-through-scenario-analysis>

Overview of Hydrogen -

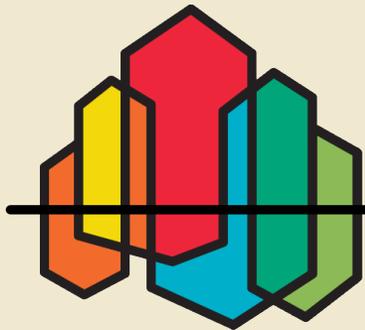
https://www.nwcouncil.org/sites/default/files/2021_01_p2.pdf

Path to Decarbonization Scenario

Massoud Jourabchi

Steven Simmons

May 4, 2021



**THE 2021
NORTHWEST
POWER PLAN**

FOR A SECURE & AFFORDABLE
ENERGY FUTURE

Introduction

To combat climate change - the states of Oregon and Washington have set goals and limits on future greenhouse gas emissions from their respective states

Oregon

45 % below 1990 levels by 2035

80 % below 1990 levels by 2050

Washington

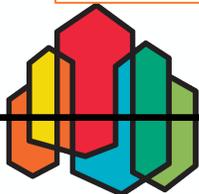
45 % below 1990 levels by 2030

70 % below 1990 levels by 2040

95 % below 1990 levels by 2050 and net zero emissions

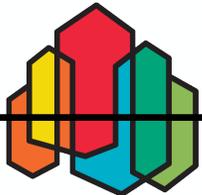
For the **2021 Power Plan** - in order to form a more comprehensive understanding of expected regional emissions - we expanded our forecasting out past the power sector to include the use of fuels for transportation, the home, the business and industry

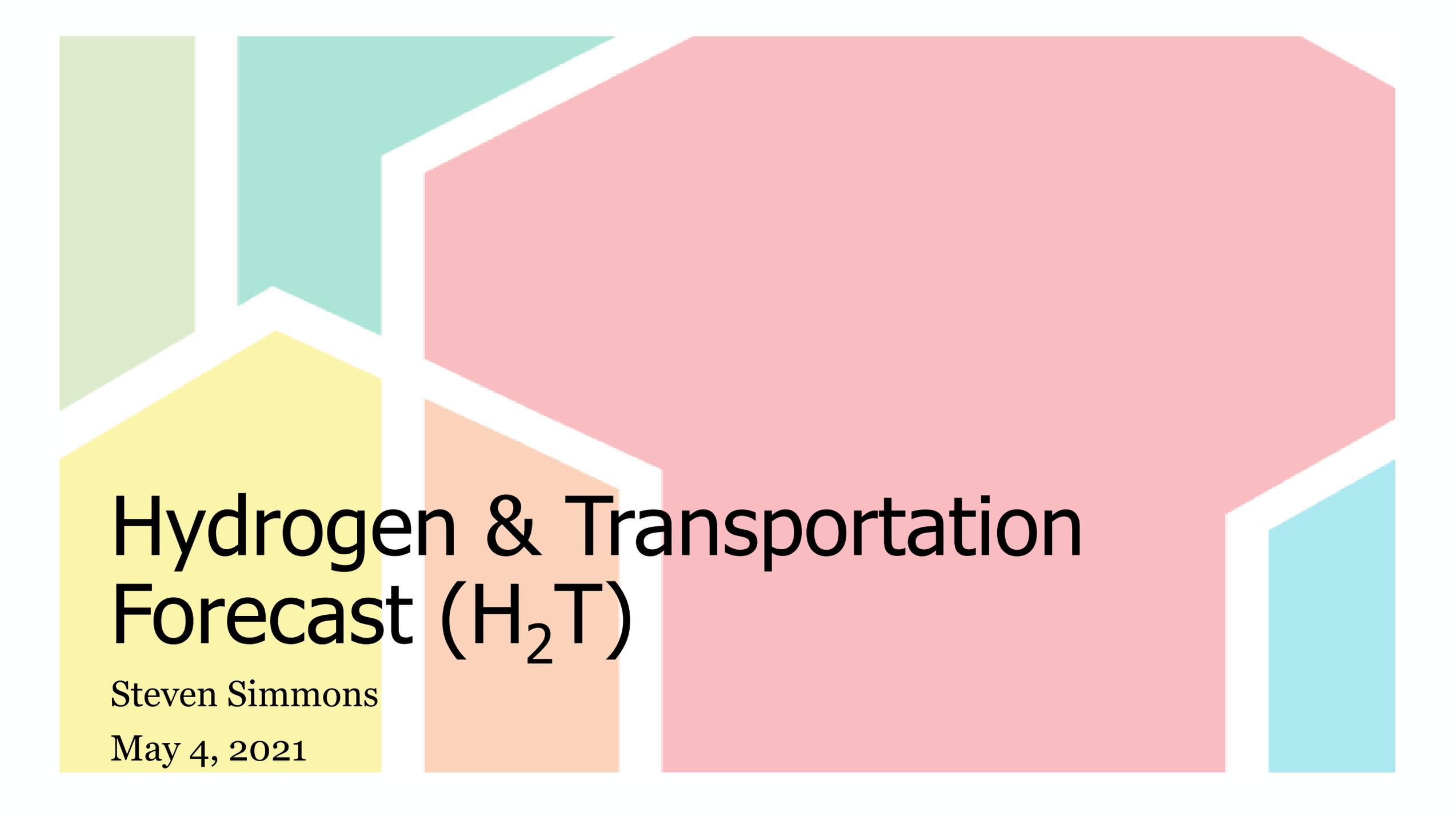
The **Paths to Decarbonization Scenario** is an investigation into methods that can reduce greenhouse gas emissions from the **entire economy** - both energy related & non-energy related



Today's Agenda

1. Discussion of the Transportation Forecast - **H₂T**
Steven Simmons
2. Discussion of the Path to Decarbonization
Massoud Jourabchi





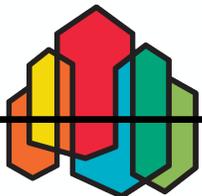
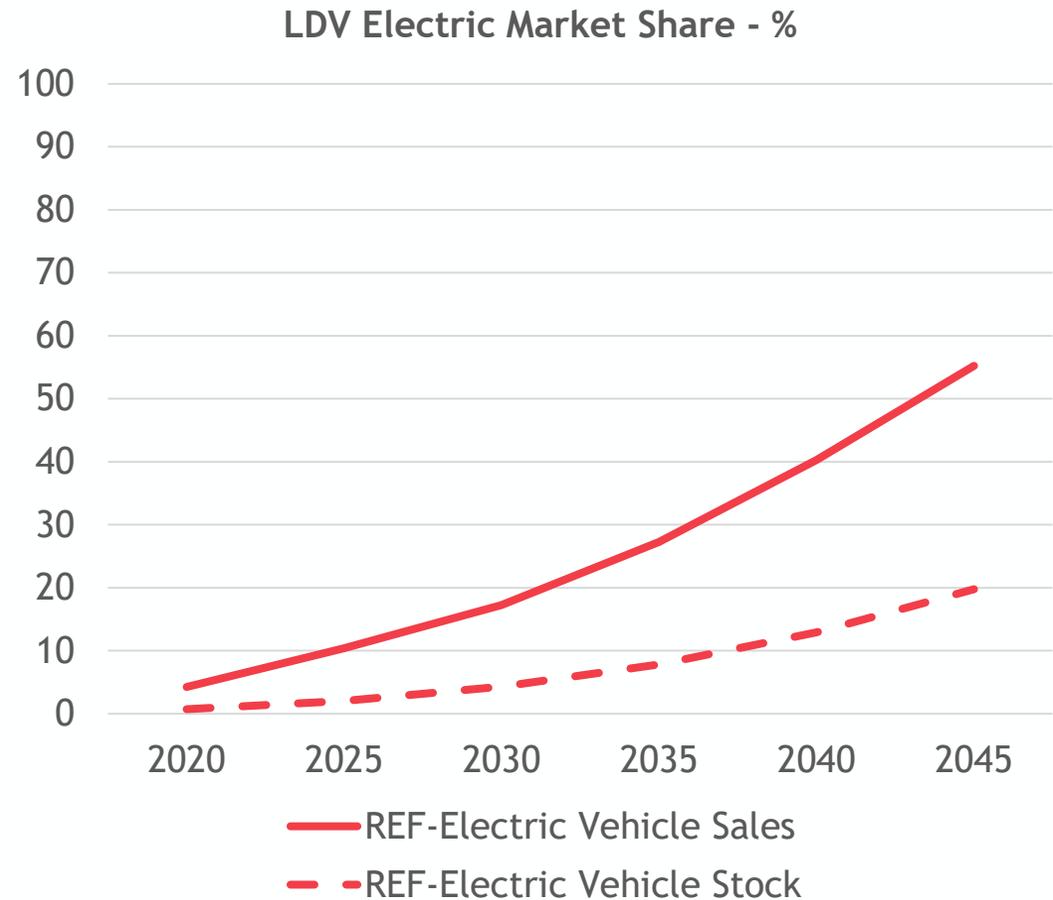
Hydrogen & Transportation Forecast (H₂T)

Steven Simmons

May 4, 2021

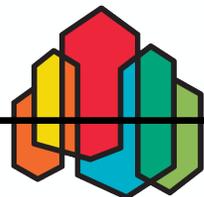
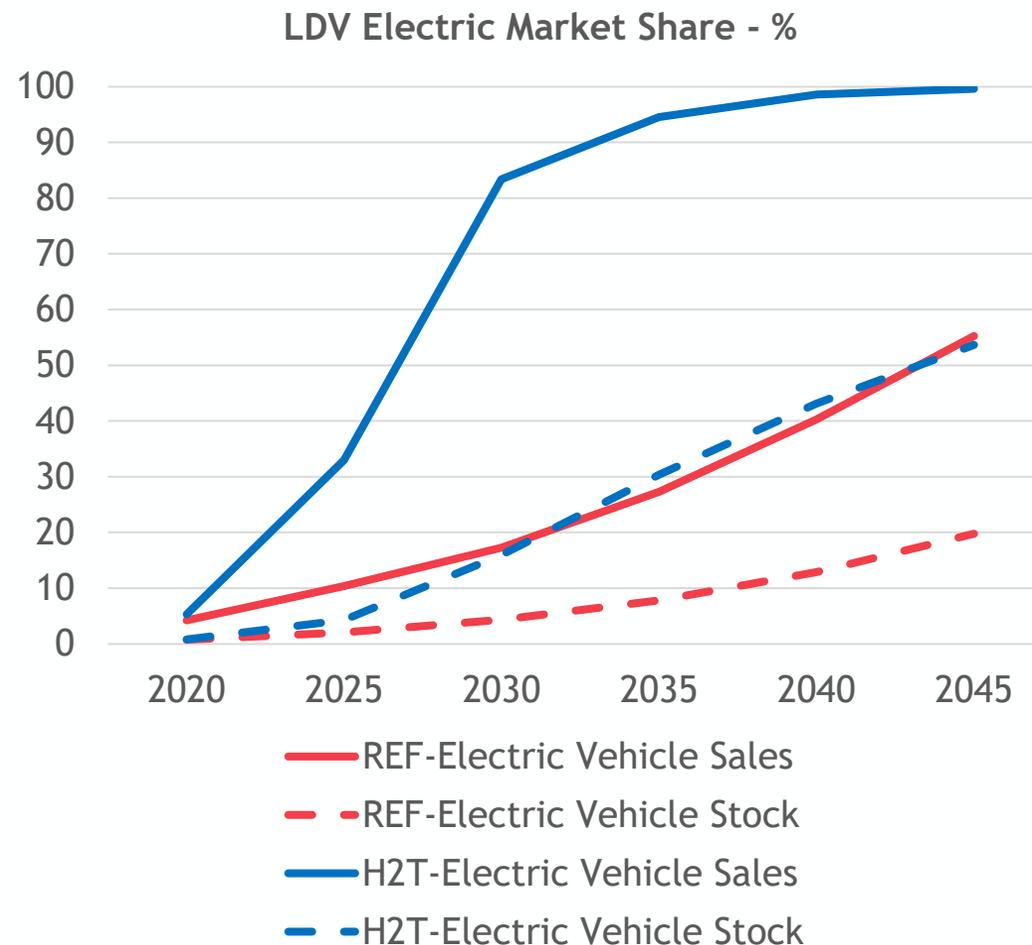
Reference Case for Transportation - **REF**

- Focused on electrification of the Light Duty Vehicle (LDV) space over time
- Results in modest growth in demand for electricity
- Emissions in the LDV space decline by 14 % from 2020 to 2045 even though vehicle miles traveled increases by 31 %
- Freight Trucks (HDV) begin to stand out as the dominant emitter



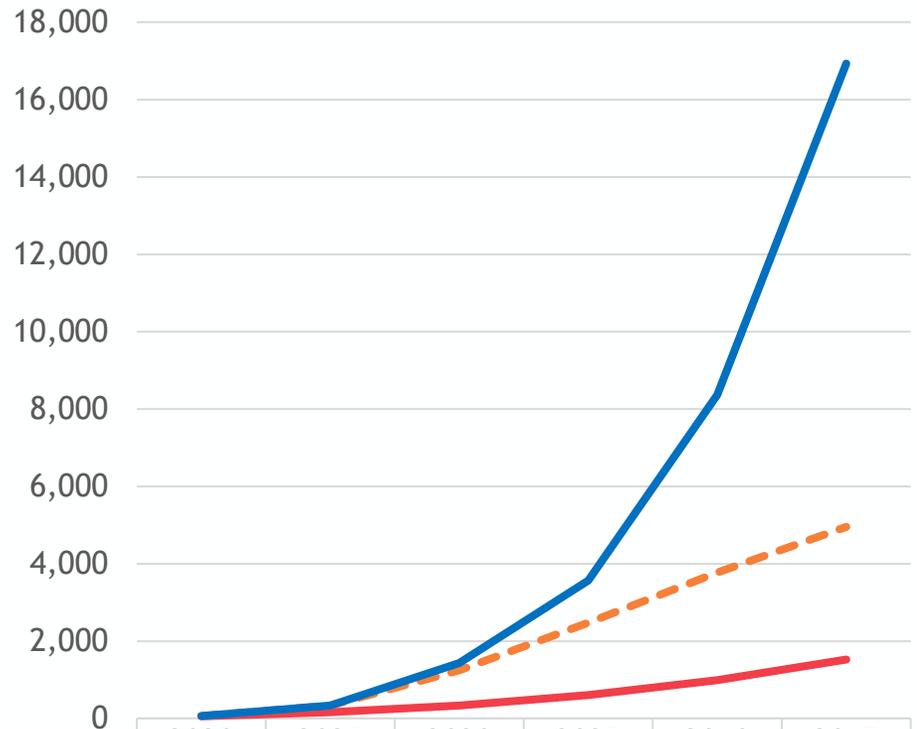
Hydrogen & Transportation Case – H₂T

- Remains consistent with REF Case in terms of transportation requirements and modes i.e. miles traveled the same, ton-miles freight the same, no switching between train/marine/HDV
- Force a faster turn to Electric in LDV space (recent policy & industry trends)
- Move some light commercial delivery trucks to electric, more buses to electric
- Move to Hydrogen Fuel Cell for HDV – medium and large freight trucks
- New demand for electricity from Hydrogen production via Electrolysis and delivery



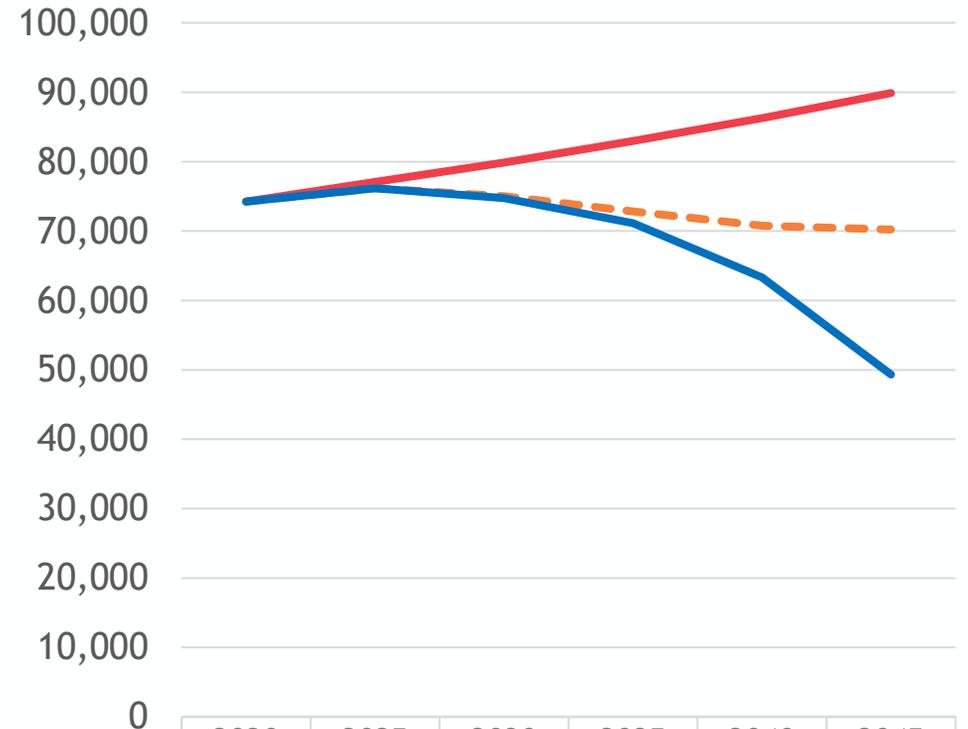
Results

Demand for Electricity
 aMW

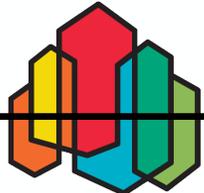


	2020	2025	2030	2035	2040	2045
REF	60	161	336	603	993	1,524
ELEC Only	63	332	1,246	2,475	3,771	4,954
H2T	63	332	1,436	3,570	8,367	16,934

Tailpipe Emmissions
 kTonne CO₂e

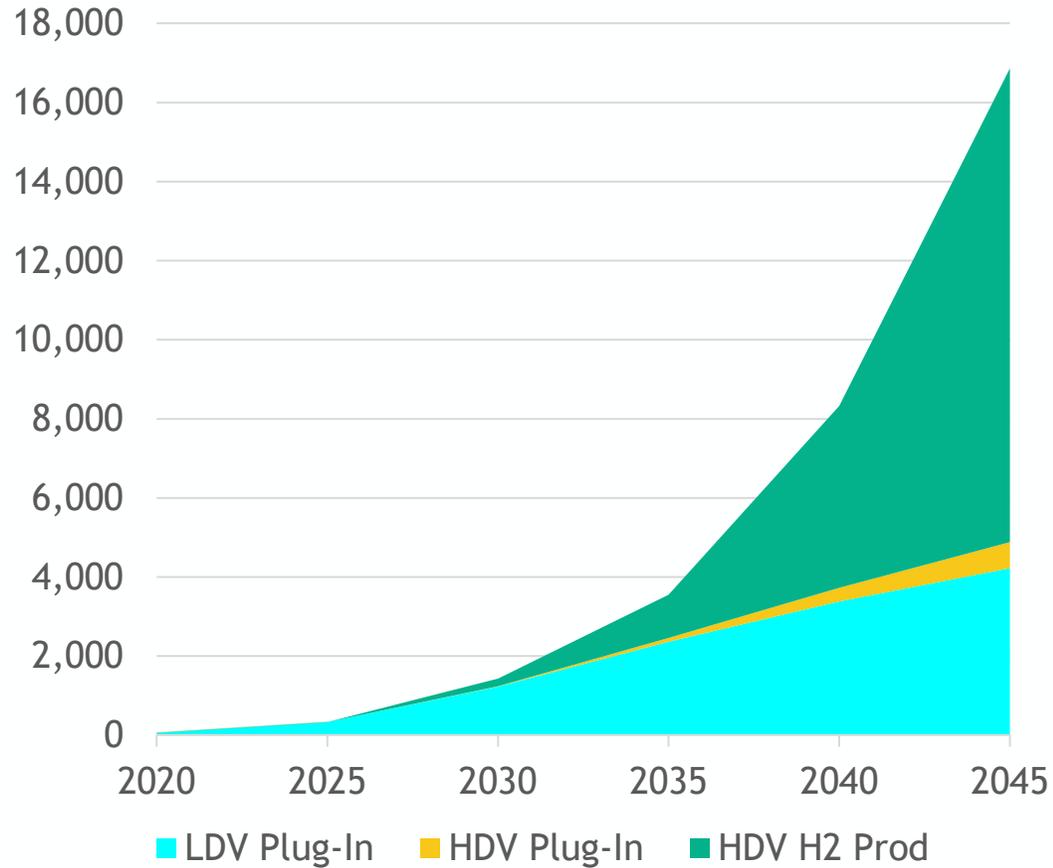


	2020	2025	2030	2035	2040	2045
REF	74,257	77,084	79,874	82,964	86,256	89,879
ELEC Only	74,232	76,156	75,034	72,803	70,756	70,240
H2T	74,232	76,156	74,750	71,112	63,325	49,332

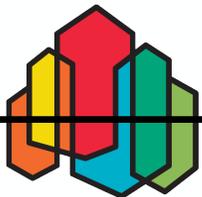
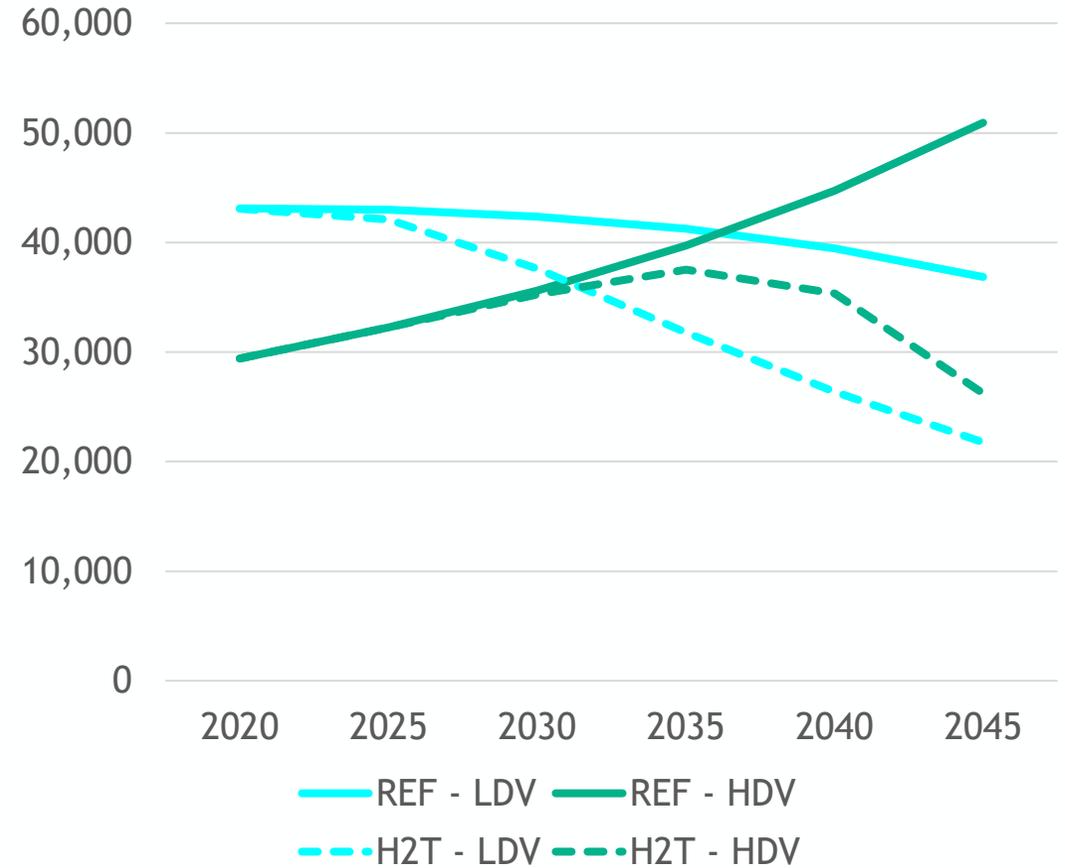


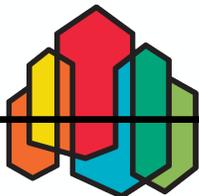
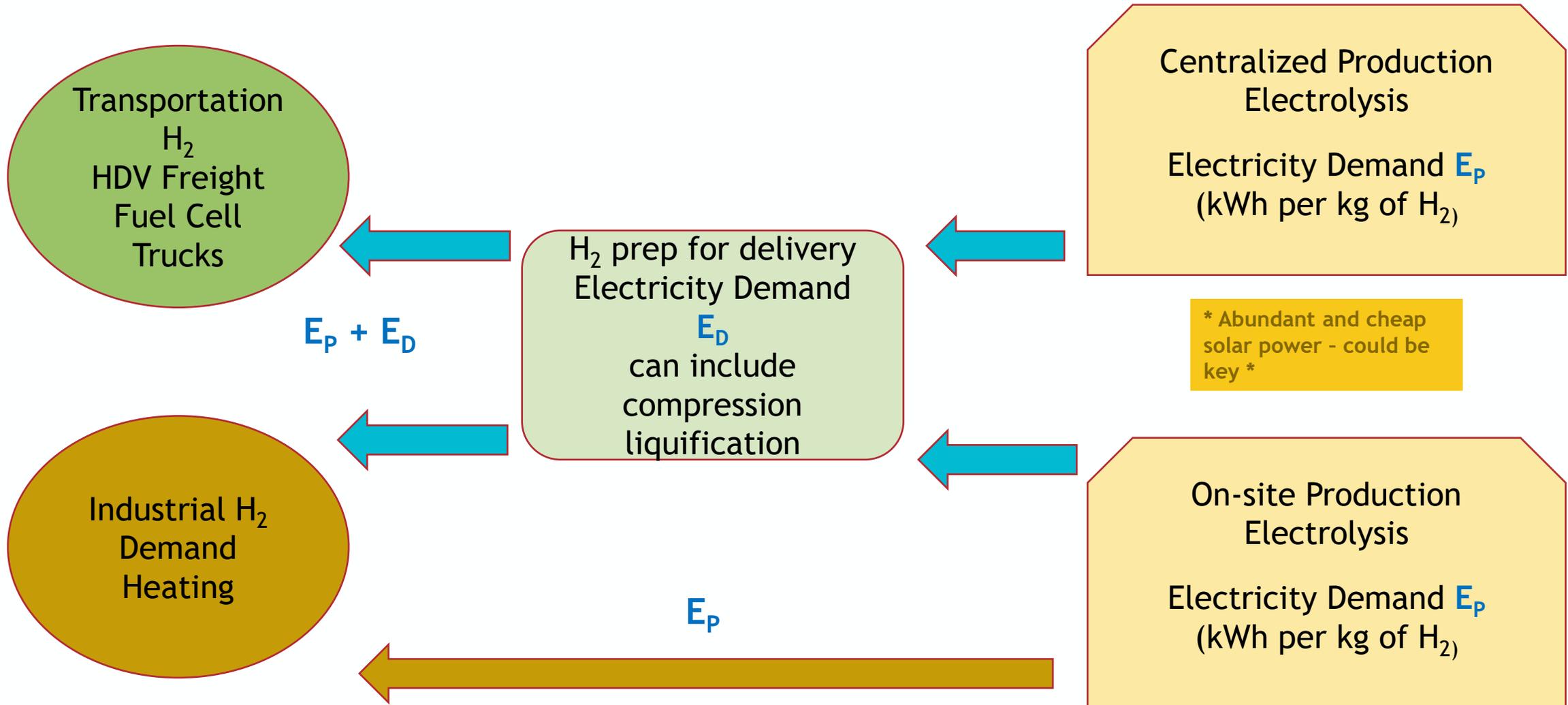
More Results

H₂T Case - Electricity Demand by Use
aMW



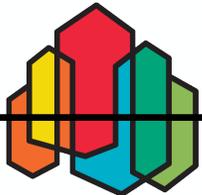
Tailpipe Emissions by Category
kTonne CO₂e





Quick Summary of H₂T Roadway Modes of Transportation

1. Kept requirements and modes consistent with REF Transportation Case
2. Earlier move to electric vehicle in LDV space, and gradual move to Hydrogen Fuel Cell in HDV freight space
3. Much lower emissions
4. Much less consumption of petrol products – gasoline and diesel
5. Much more demand for Electricity

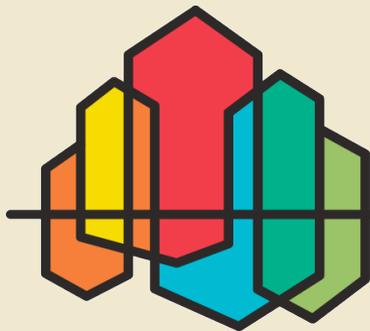


Pathways to Decarbonization

Possible Strategies and Outcomes

Massoud Jourabchi

Steve Simmons



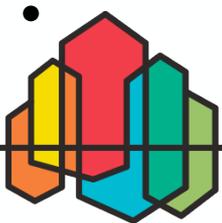
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What are Pathways that can significantly Reduce (GHG) Emissions from NW economy?

The primary focus is on reducing the energy-related emissions from:

- Use of fossil fuels in the Residential, Commercial, Industrial and Transportation, agricultural Sectors
- Electric Generation Systems
- Secondary focus is on reducing emissions from rest of the economy. The non-energy sectors, that provide the food we eat and things we make.
- Third area of focus is on Sinks for GHG emissions in land, forest.

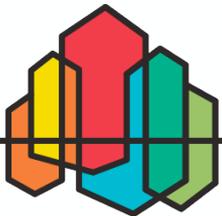


Examples from end-use sectors (not a comprehensive list)	1	2	3.a	3b.	3c.
	More efficient use of fossil fuels (natural gas, oil)	Conversion to Electricity	Green hydrogen H ₂	More efficient use of electricity	More distributed generation
Residential	Conservation	Various end-uses		Conservation	Rooftop PV
Commercial	Conservation	Various end-uses		Conservation	Rooftop PV
Industrial	Conservation	Various end-uses	High temp applications	Conservation	Rooftop PV
Transportation	Higher MPG standards	Battery Electric Vehicles	Heavy Duty Vehicles/Marine		

Examples from the Gas and Electric Systems (not a comprehensive list)	4a. Greater mix of non-emitting or low emitting supply	4b. Early retirement of high emitting supply	4c. Cleaner fuel delivery systems
Electricity Generation System	Utility scale solar, wind, geothermal, storage, and emerging techs	Coal plants, inefficient natural gas plants	Reduce upstream Methane emissions to the power plant delivery point
Natural Gas System	Renewable Natural Gas (RNG)		Reduce upstream Methane emissions to all delivery points

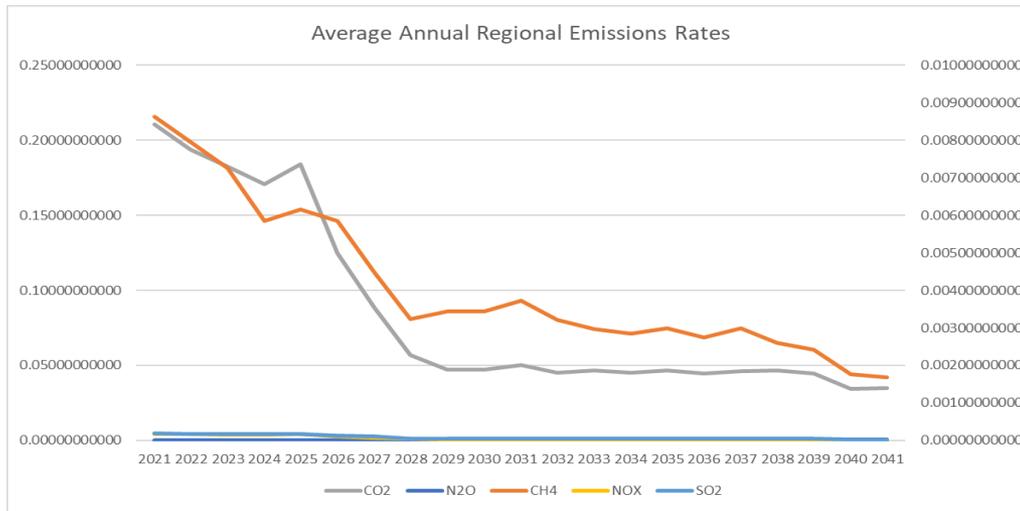
Methodology for GHG reduction Strategies

- After establishing a baseline or reference forecast . A number emission reduction strategies were evaluated.
- Each strategy was tested individually, then a subset were combined into a combined scenario.
- Yearly emissions from energy sector (electric power and fossil fuels) were calculated using emission rates from Aurora, and forecast of loads from long-term model (E2020).
- Economywide, non-energy sources and sinks are then combined with energy related emissions.
- Economywide Net Emissions were calculated for the region/state.



Key Exogenous Input – Emission Coefficients from Power Sector

- 2022-2041 Emission Coefficients for 6 pollutants are from Coal Retirement scenario.
- **Average Regional Emissions Rate (tons/MWh)**

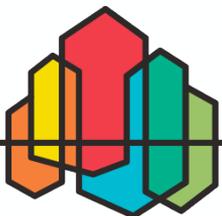


Reduction in emission coefficients

2022-2041	AAGR
N2O	-5%
CH4	-8%
CO2	-9%
NOX	-9%
SO2	-8%

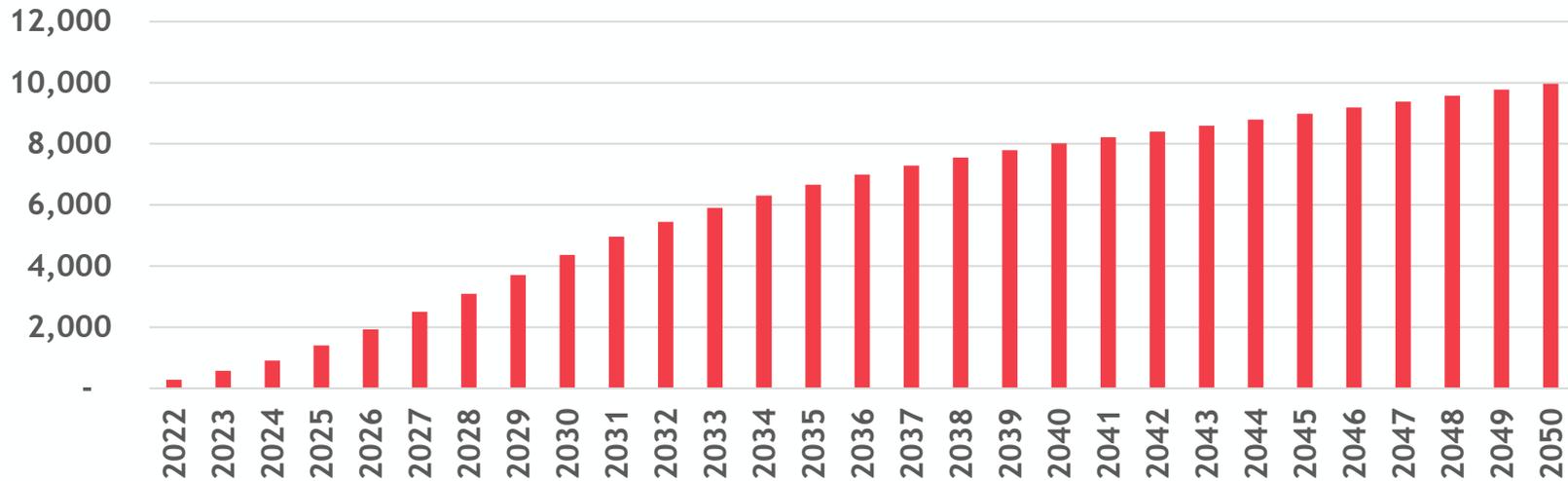
Post 2041 emissions are kept at the 2041 levels.

We will test cases with declining emission coefficients for 2042-2050.

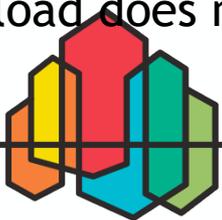


EE Targets

Energy Efficiency Technical Potential aMW

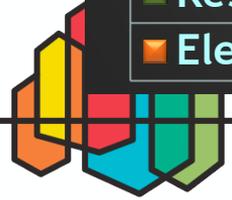
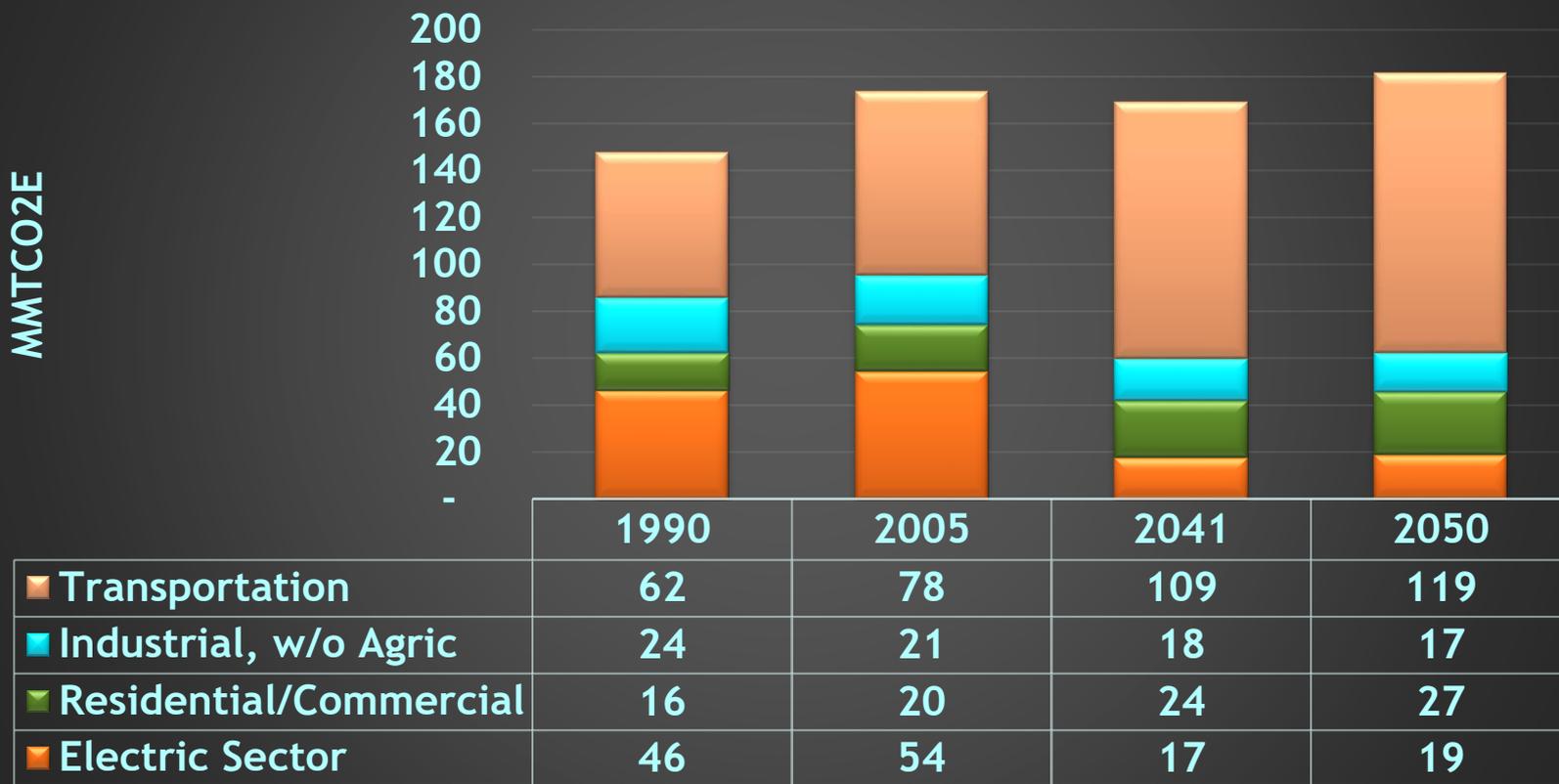


As a strategy we netting out all of EE technical potential from loads. Although loads go down by over 10,000 aMW by 2050 (from about 25,000 aMW to 15,000 aMW) GHG emissions in 2050 decrease by about 7 MMTCO₂e. Proportionally speaking loads go down by 40% but emissions go down by 4%. Much less than expected. Reason being power system has very low emissions by 2050, so reduction in load does not significantly lower emissions.



Reference Case Energy System GHG Emissions Prior to mitigation Strategies

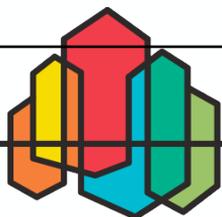
Reference Case CanESM2, Medium Economic conditions, FE



Is this strategy included in the Combined Case	Transportation Mitigation Strategies	change by 2040	change by 2050
	Baseline (MMTCO2e)	169	182
YES	Model International Standards required a 2% per year reduction in CO2 emissions for all Air travel (starting in 2025) and Ocean Freight (starting in 2028)	(9)	(14)
YES	Set market share for electric BUS exogenously, 0.1% in 2020 growing to 94% in Idaho and Montana by 2050 and 100% for Oregon and Washington	(0.5)	(1)
NO	CAFÉ standards to increase to 100 MPG by 2050 from current 25 mpg	(3)	(5)
NO	CAFÉ standards to increase to 65 MPG by 2040 from current 25 mpg	(4)	(7)
YES	CAFÉ standards to increase to 80 MPG by 2040 from current 25 mpg	(4)	(7)
YES	Forced early retirement of older, inefficient gasoline & diesel fueled passenger vehicles and light duty trucks	(1)	(1)
YES	set market share for HDV2 vehicles exogenously, 0.5% in 2026 increasing to 100% by 2050	(2)	(4)
YES	set market share for HDV6 vehicles exogenously, 0.6% in 2026 increasing to 94% by 2050	(2)	(8)
YES	set market share for HDV8 vehicles exogenously, 0.6% in 2026 increasing to 94% by 2050	(3)	(13)
YES	Set market share for LDV vehicles exogenously set. Starting in 2020 Market share 1-5% increasing to 100% by 2030, 2035, 2045 for Washington, Oregon, Idaho and Montana	(12)	(14)
YES	Increase Electric marine so marginal market share so that it goes to 50% by 2050	(5)	(9)
YES	Increase Electric Freight Train marginal market share so that it goes to 50% by 2050	(1)	(2)
YES	Reduce VMT per capita from 2020 levels by 1% per year	(11)	(13)
	Total for included strategies	(49)	(86)

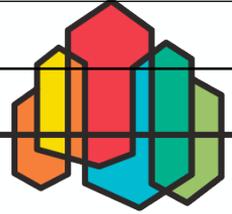
Emission Reduction Impact of Efficiency Strategies

Is this strategy included in the Combined Case		Change by 2041	change by 2050
	Efficiency in Building		
	Baseline (MMTCO₂e)	169.2	181.6
NO	Increase Max. efficiency of residential lighting and appliance standards every 5 years by 5%	(15.0)	(23.5)
NO	Increase efficiency of residential lighting and appliance standards every 5 years by 10%	(7.8)	(12.7)
NO	Increase lighting efficacy – at 5% per year instead of current 3% per year	(0.2)	(0.3)
YES	More Aggressive retrofit for Appliances	(13.5)	(15.7)
NO	Increasing shell efficiency in multifamily (update building codes on a 5-year cycle, 5% improvement per cycle)	(0.2)	(0.3)
NO	Use proposed HUD standards for manufactured homes	(0.4)	(0.5)
NO	Increasing shell efficiency in single family (update building codes on a 5-year cycle, 5% improvement per cycle)	(1.8)	(2.9)
NO	Reduce size of new homes by 20% over the next 20 years (compared to base case)	(5.0)	(5.5)
Yes	Include EE Technical Potential	(6.0)	(7.3)
	Total for included strategies	(20)	(23)



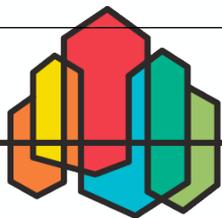
Emission Reduction Impact of Fuel-Switching and Conversion Strategies

Is this strategy included in the Combined Case	Fuel Switching/conversions	Change by 2041	change by 2050
	Baseline	169	182
NO	Baseboard heating would be converted to heat pump upon replacement	(0.1)	(0.2)
NO	Requiring HP in place of zonal heating at end of life	(5.2)	(7.5)
NO	All other forms of heating fuel use is shifted to electricity upon natural replacement	(7.1)	(10.6)
NO	Water heating will be shifted to electric and heat pump	(1.4)	(2.0)
NO	Residential Cooking fuel will shift from fossil fuel to Electric.	(0.8)	(1.2)
NO	Moving all non-electric demands (wood, oil, natural gas, propane) to electric at end of equipment life in both residential sectors.	(14.8)	(19.4)
	Total for included strategies	-	-



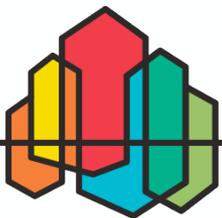
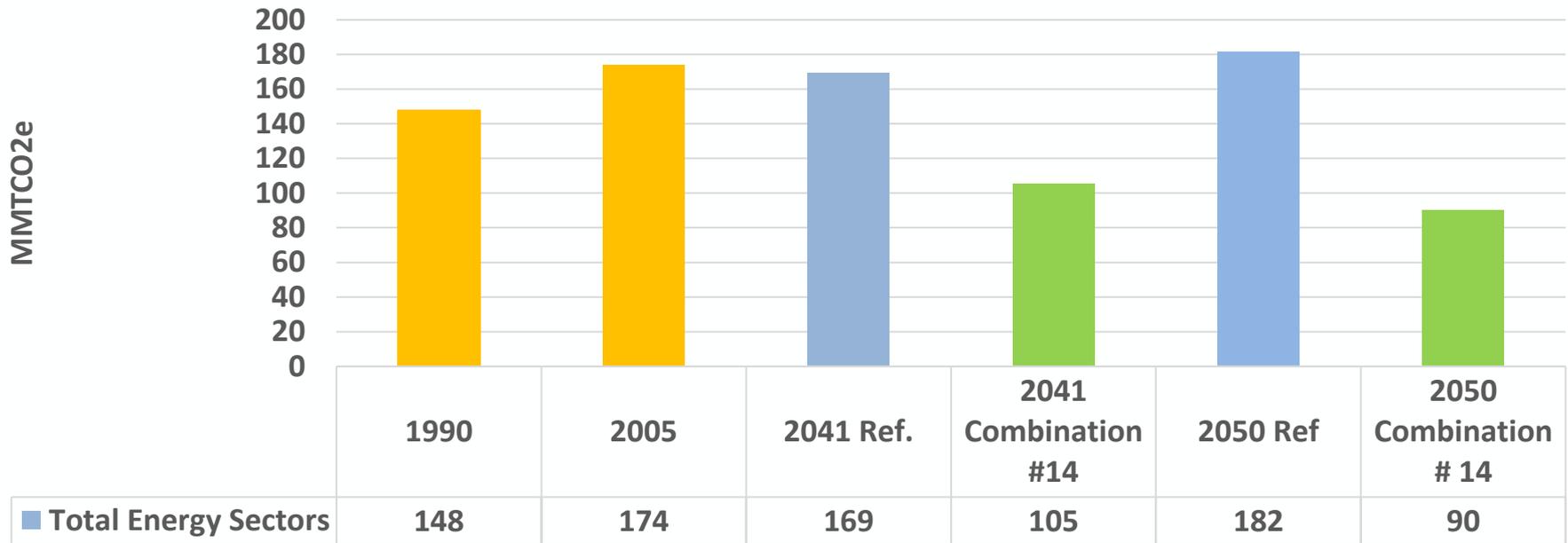
Emission Reduction Impact Misc. Strategies Tested

Is this strategy included in the Combined Case	Solar, RNG, Industrial and CO2 tax	Change by 2041	change by 2050
	Baseline (MMTCO2e)	169.2	181.6
YES	Increase ratio of battery to solar from 1 to 1 to one to five by 2050	(2.1)	(4.8)
YES	Reduce cost curves for Solar so by 2050 costs are 75% lower compared to 2022	(0.2)	(0.1)
YES	Increase ITC for solar. ITC at 30%	(0.2)	(0.1)
YES	Increased RNG penetration as a replacement for natural gas fuel	(2.6)	(4.1)
YES	shift industrial fossil fuel demand to electricity	(2.8)	(4.4)
YES	shift industrial fossil demand to electricity then Hydrogen	(3.5)	(5.6)
YES	reflect increased electrical demand from H2 production	2.3	3.9
NO	Nominal \$50/ton eCO2 charge by 2050	(1.2)	(1.9)
YES	Nominal \$100/ton eCO2 charge by 2050	(2.0)	(3.5)
	Total for included strategies	(11.04)	(18.52)



In Combinations above Strategies Could lower GHG Emissions from Residential, Commercial, Industrial, Agriculture and Electric Utilities from 182 to 90 MMTCO₂e in 2050

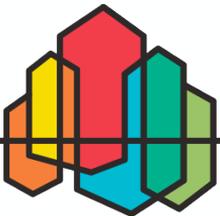
GHG Emissions from Energy used in Residential, Commercial, Industrial, Agriculture and Electric Utilities



Can we further reduce Regional GHG Emissions from energy sector?

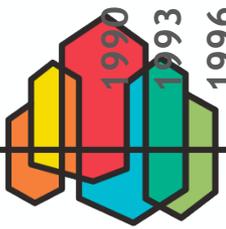
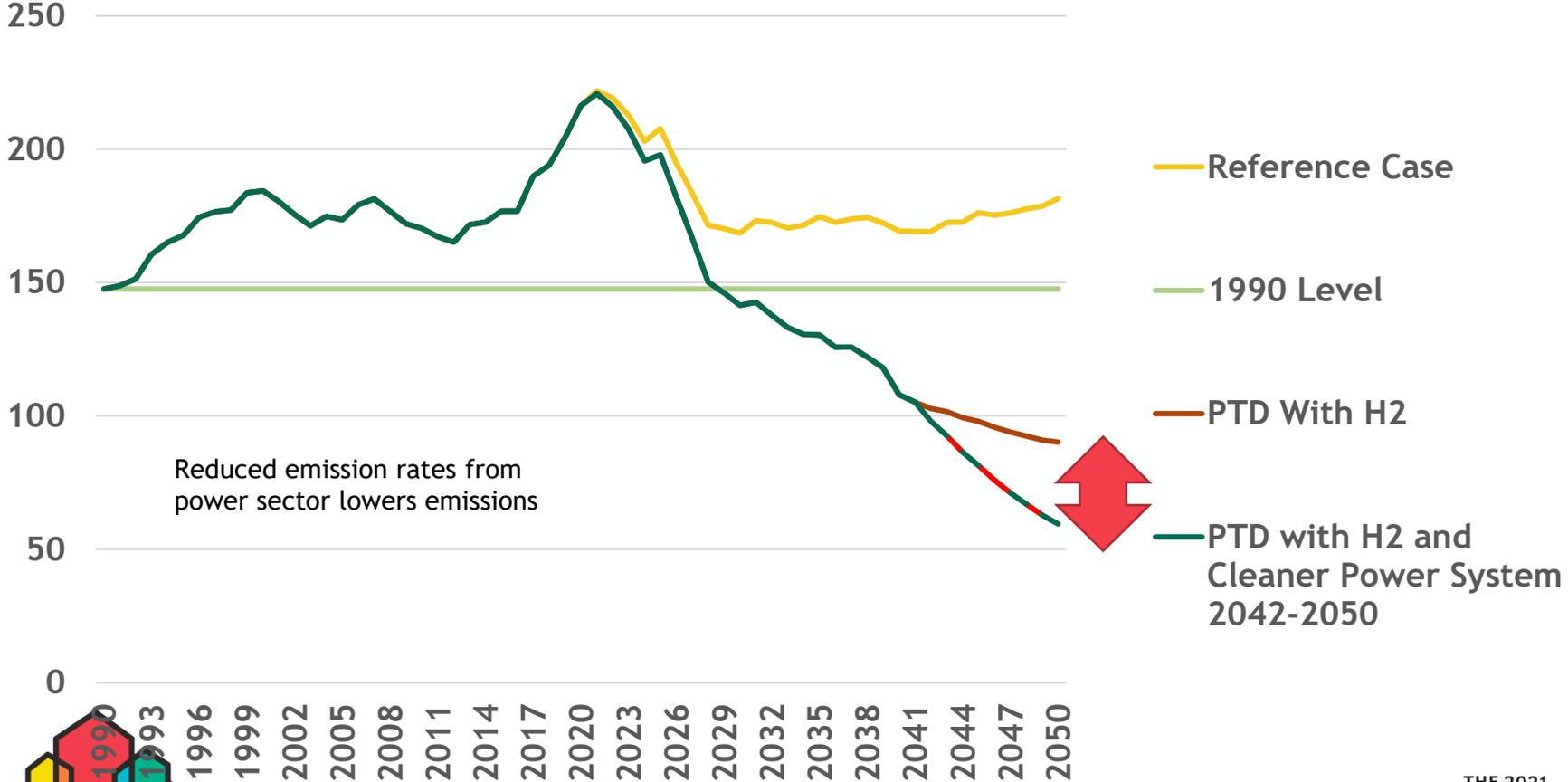
- Some Options

1. If power system can continue to decarbonize at the same rate as 2035-2041 then emissions from power sector can be reduced by 30 MMTCO₂e by 2050.
2. Incorporating H₂ into the supply mix lowers GHG emissions in 2050 by 14 MMTCO₂e. Increasing efficiency of H₂ production. post 2041 will further reduce emissions.
3. Test different combination of strategies- by more aggressive conversion strategies and front-loading EE.
4. Direct Carbon Capture and Use applications



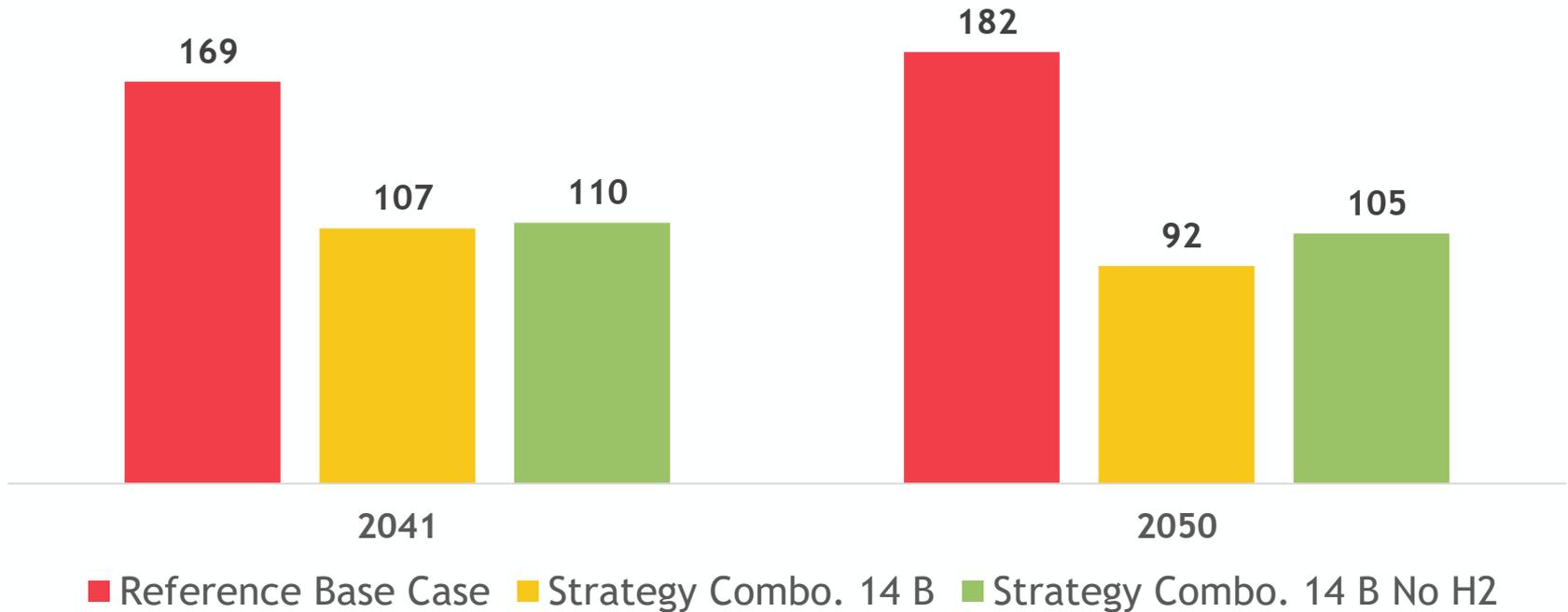
Option1- Cleaner Power System (2042-2050) Can Further Reduce Emissions from Energy Sector by over 30 MMTCO2e

NW Energy Sector GHG Emissions
MMTCO2e

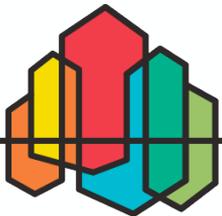


Option 2: H2 Production adds 34,000 aMW to Regional Load but by 2050 it can reduce emissions by 13 MMTCO_{2e}

Energy System GHG Emissions (MMTCO_{2e})
Reference, Strategy Combination with and without H2

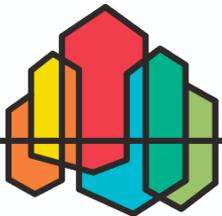


Do we have enough excess generation/curtailed renewable to meet H2 needs?



Non-Energy Sector Emissions

- These sectors include, all non-energy related processes that emit greenhouse gases.
- Major categories include:
 - Industrial Processes
 - Agricultural and Dairy Processes
 - Waste disposal- solid and waste water processes
- Also included:
 - Emissions from forest fires
 - Emissions from man-made reservoirs
- We track and project emission levels by subsector and gas using EPA/State Inventory Tool Model.



Source of Economy-wide Sources & Sinks

Energy
CO2 from Fossil Fuel Combustion- From Council Models
Stationary Combustion (N2O, Ch4 from Council LTM)
Mobile Combustion (from Council LTM)
Coal Mining & Abandoned Mines
Natural Gas and Oil Systems (from Council RNG analysis)
Industrial Processes (from Council LTM)
Agriculture (from SIT model)
Enteric Fermentation
Manure Management
Rice Cultivation
Agricultural Soil Management
Liming
Urea
Burning of Agricultural Crop Waste
Waste (From SIT model)
Municipal Solid Waste
Wastewater
Forest Fire (From council analysis)
Man-made reservoirs (WSU/IPCC)

Sinks

Net Forest Carbon Flux

Urban Trees

Landfilled Yard Trimmings and Food Scraps

Agricultural Soil Carbon Flux



Industrial Processes Sources of Emissions

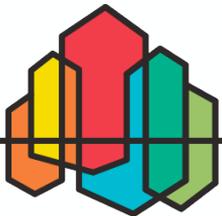
Carbon Dioxide Emissions
Cement Manufacture
Lime Manufacture
Limestone and Dolomite Use
Soda Ash
Aluminum Production, CO2
Iron & Steel Production
Ammonia Production
Urea Consumption
Nitrous Oxide Emissions
Nitric Acid Production
Adipic Acid Production
HFC, PFC, SF6 and NF3 Emissions
ODS Substitutes
Semiconductor Manufacturing
Magnesium Production
Electric Power Transmission and Distribution Systems
HCFC-22 Production
Aluminum Production, PFCs

Industrial Sector is projected to emit 35 MMTCO₂e by in 2050.

Industrial emissions growing at between 1.3 to 2.3 annually, depending on the industry

Emissions (MMTCO ₂ E)	1990	2022	2041	2050	Cumulative 2022-2050	2022-2050 AAGR
Carbon Dioxide Emissions	3.5	7.3	10.4	12.0	278	1.8%
Cement Manufacturing	0.5	2.6	3.6	4.1	97	1.7%
Iron & Steel Production	0.0	2.9	4.6	5.4	121	2.3%
HFC, PFC, NF ₃ , and SF ₆ Emissions	3.9	16.1	22.2	23.0	612	1.3%
ODS Substitutes	0.0	12.1	16.6	16.6	463	1.2%
Semiconductor Manufacturing	0.5	3.4	5.2	6.0	137	2.1%
Total Emissions from all industrial sectors	7.4	23.5	32.5	35.0	890	1.5%

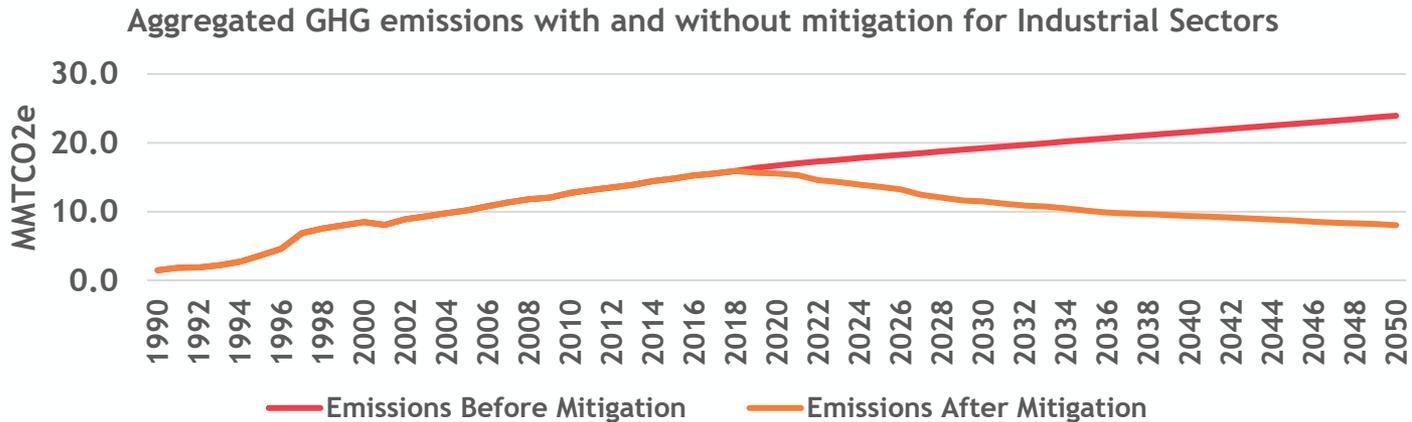
ODS: Ozone Depleting Substitutes



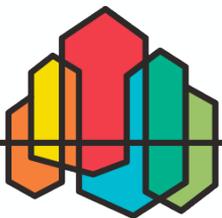
Mitigation Strategies for Non-Energy Sectors

- Things we make

- Cement, (2% annually post 2022)
- Iron & Steel (4% annually post 2022),
- Semiconductor Manufacturing (1% annually post 2022),
- Replacement of Ozone Depleting Substances (4% annually post 2022)



Cumulative Emissions 2022-2050 MMTCo2e	Before Mitigation	After Mitigation	% reduction- By 2050
Cement	97	59	39%
Iron and Steel	95	61	36%
Semiconductors	137	106	22%
Ozone Depleting Substance Substitutes	249	64	74%
Lime manufacturing	21	15	25%
Sum of above	598	305	49%



GHG Emissions from Agriculture and Dairy in the NW

Major categories of GHG emissions from agricultural and Dairy businesses, are CH₄ and N₂O). As population grows, so do emissions. By 2050, over 61 MMTCO₂e emissions are expected, absence any mitigation strategies. A growth 75% growth over 1990 levels and 77% growth over 2022.

MMTCO ₂ E	1990	2022	2041	2050
CH₄	20.1	26.5	32.5	37.2
Enteric Fermentation	14.2	18.6	24.9	30.3
Manure Management	1.1	3.5	3.6	3.6
Rice Cultivation	-	-	-	-
Waste	4.2	3.7	3.1	2.3
Wastewater	0.6	0.8	0.9	0.9
N₂O	15.4	20.6	22.5	23.3
Manure Management	0.4	0.7	0.7	0.8
Agricultural Soil Management	14.9	19.9	21.7	22.5
Total (MMTCO₂e)	35	47	55	61



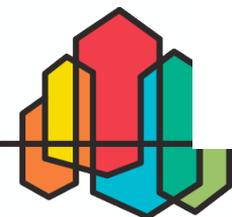
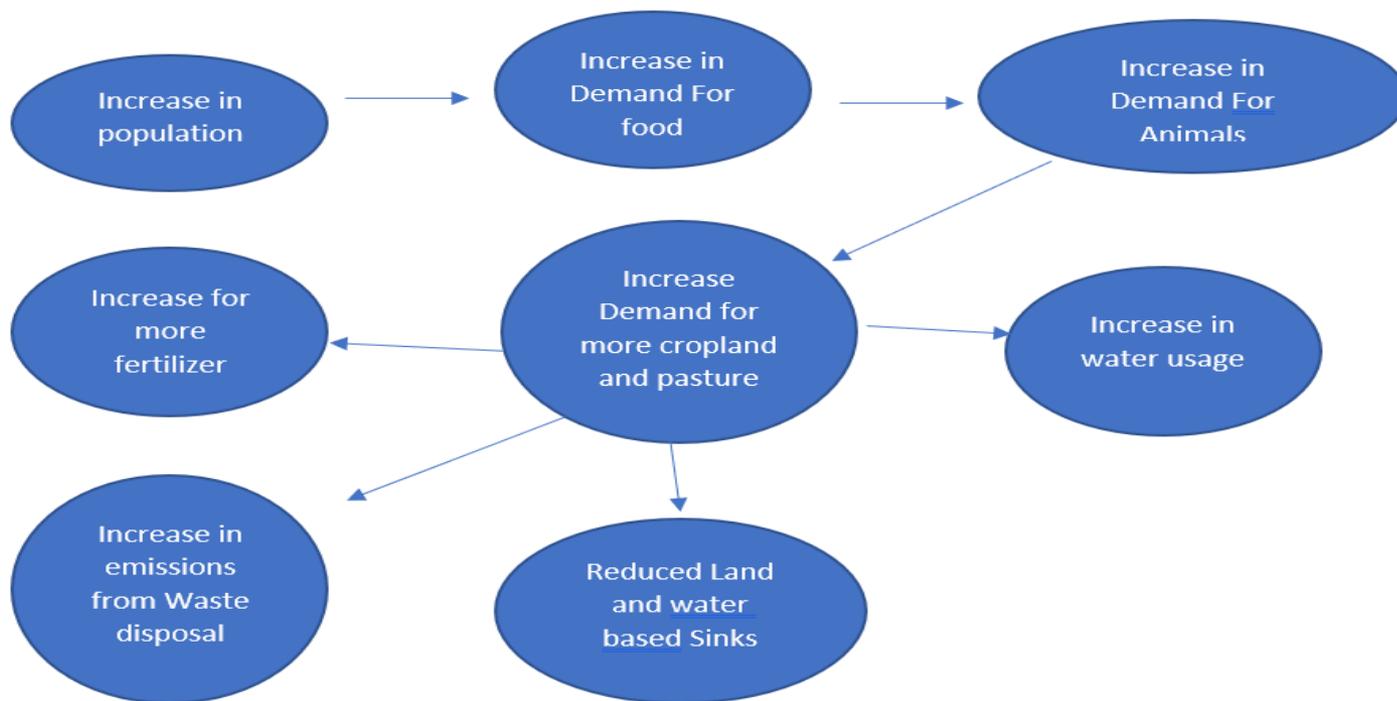
Foods We Eat

Strategies to Reduce Methane and N2O Emissions

Meat is still what is for dinner, But:

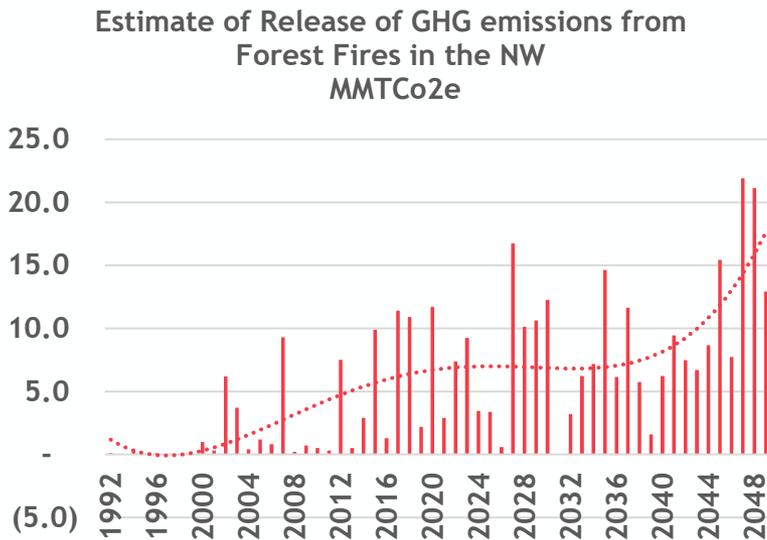
Following Mitigation (1% annual reduction post 2022, 1.5% annually post 2031)

- Increase in Plant-Base Food
 - Reduced number of animals
 - Reduced lands planted for feed
 - Reduced water for irrigation
 - Reduced manure/better manure management
 - Increased land and water based sinks
- Can help reduce GHG emissions



Additional Sources of Emission

- Two additional sources of emissions
 - Forest Fires
 - Man-made reservoirs



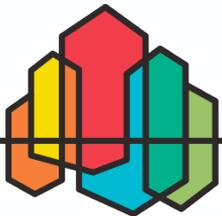
- Forest fire emissions are estimated using econometric relationships. Emission vary based on temperature and precipitation.
- Annual emission from Northwest man-made reservoirs estimated at about 6.5 MMTCO2E/YR.

Source research for reservoir emission:

Year-2020 Global Distribution and Pathways of Reservoir Methane and Carbon Dioxide Emissions According to the Greenhouse Gas from Reservoirs

(G-res) Model -

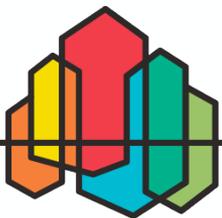
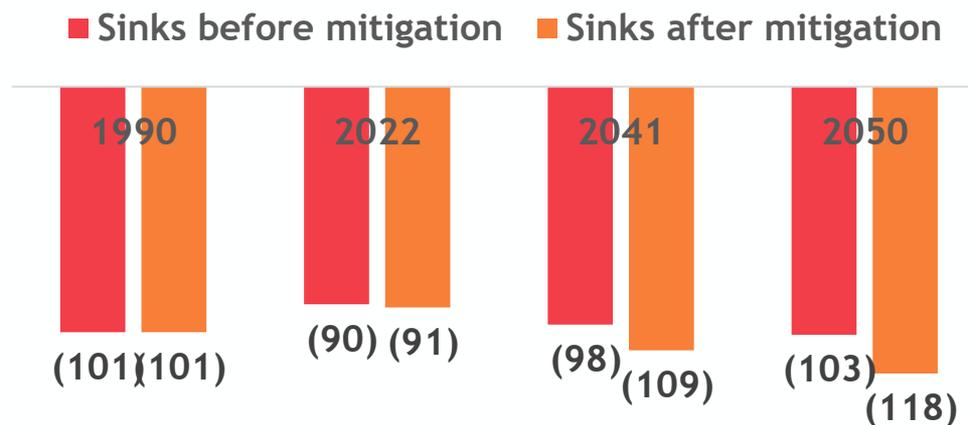
John A. Harrison, Yves T. Prairie, Sara Mercier-Blais, and Cynthia Soued



Sinks (Land-Use and Land-Use Change and Forests) are major contributor to reducing GHG emissions

- LULUCF sector is a net "sink" of emissions in the US (e.g., more greenhouse gas emissions are sequestered than emitted from land use activities).
- Although LULUCF in the United States can be considered as a sink for emissions, this sink has declined by 9% since 1990.
- We used default values in EPA SIT model to generate forecast of sinks for the NW.
- We assumed LULUCF mitigation strategies can increase sinks in agricultural land, urban and rural forests.

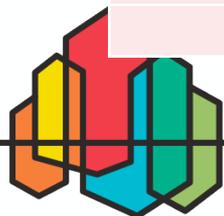
NW Sinks MMTCO₂e



Mitigation strategies on Sources and increased sinks, makes is possible to have a negative Net Emission

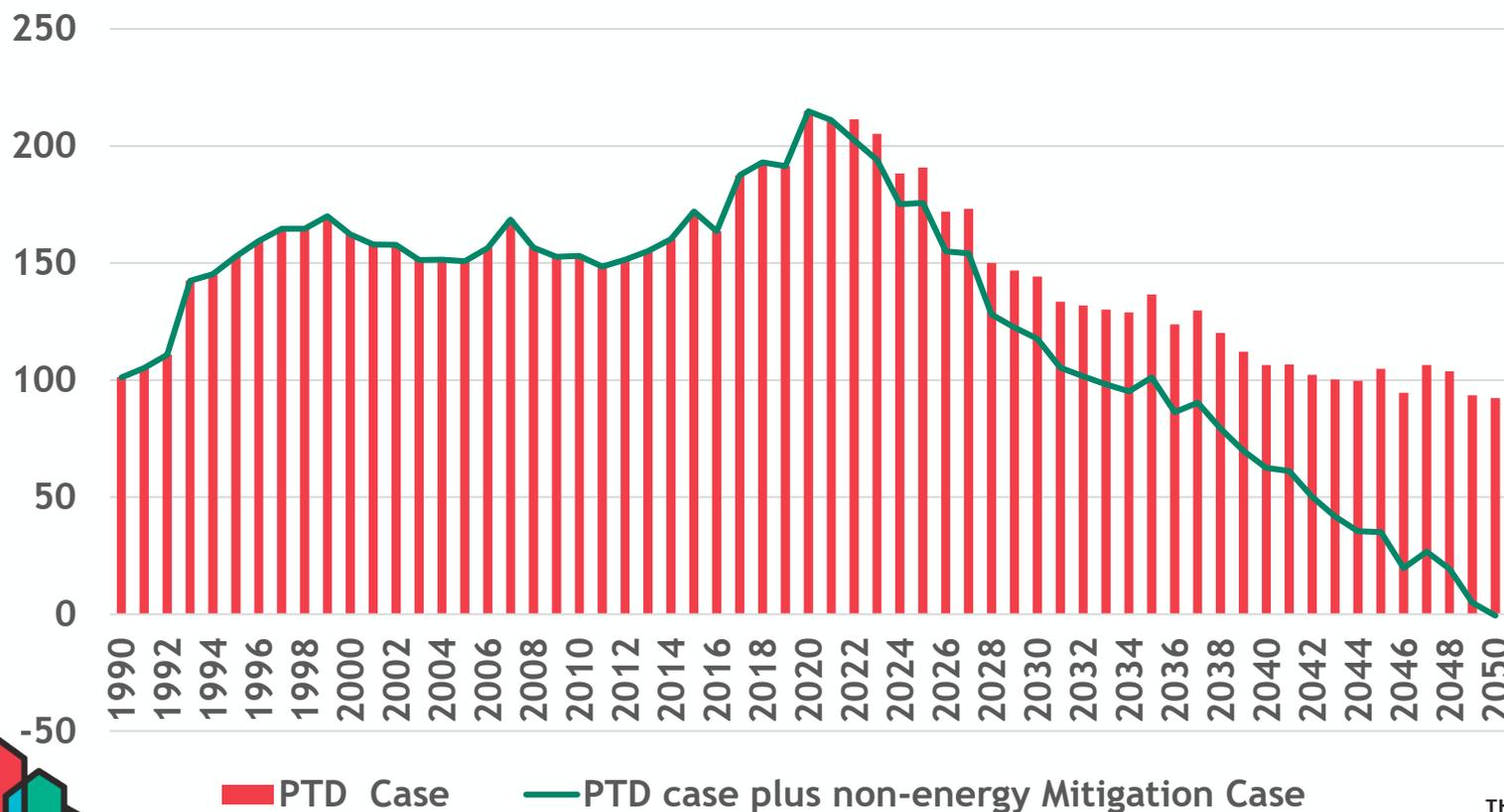
MMTCO2E	1990	2050 PTD	2050 PTD Case*
Energy	148	90	63
Coal Mining & Abandoned Mines	2	0.4	0.4
Natural Gas and Oil Systems	3	0.3	0.3
Industrial Processes	7	35	9
Agriculture	32	41	24
Municipal Solid Waste	4	2	1
CH4 From Reserviours	7	6.5	6.5
Emissions from Foreast fires	-	13	13
Aggregate Sources	203	189	118
Aggregate Sinks	(101)	(103)	(118)
Net Emissions	101	86	(1)

*- Includes further reduction in emission coefficients in power sector POST 2041



Pathways to Decarbonize Economy of NW can Produce Negative Emissions

Comparison of Net Emissions in the PTD case and PTD plus Non-Energy Mitigation Strategies MMCO₂e



PTD Case

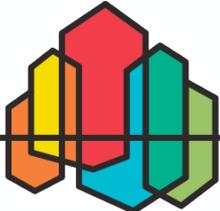
PTD case plus non-energy Mitigation Case



Although it is feasible to reduce GHG emissions in 2050 to less than zero

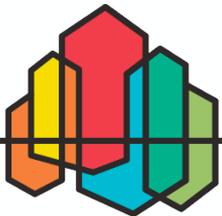
Cumulatively region will be adding between 4 to 2.4 billion metric tons of CO₂e to the atmosphere between 2022-2050

Cumulative MMTCO ₂ Emissions	2022-2050 Billions of Metric Tons CO ₂ e
Baseline/Reference	7
PTD case	4
PTD plus non-energy sources and sinks	2.5



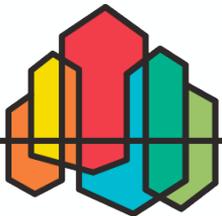
Summary

- Without mitigation strategies, region is projected to emitting over 7 Billion metric tons of GHGs.
- PTD loads increase to 57,000 aMW by 2050, compared to 25,000 in the reference case.
- Power sector alone, even under aggressive set decarbonization strategies cannot reach zero emissions by 2050.
- Improving efficiency of power system post 2042, can lower emissions by 30 MMTCO_{2e}.
- Netting out EE supply curve from loads, did not reduce emissions significantly, because emission coefficients for power system are declining rapidly.
- Adding hydrogen will add load but lowers emissions.
- We tested and incorporate a set non-energy sources and sinks. This allowed testing economy-wide decarbonization strategies of things we make and eat.
- Mitigation strategies in the non-energy sector allowed for major reduction in emissions.
- With mitigation strategies, cumulative GHG emissions are lowered to 4 Billion metric tons.
- Improving agricultural, pastural lands and urban and rural forest help significantly in increasing GHG sink,

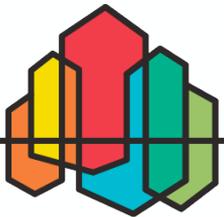


NEXT STEPS

- Incorporate feedback from this meeting
- Expand the analysis across economic and climate change scenarios.
- Present current finding to Demand Forecast Advisory Committee, in a near future.
- Complete documentation for PTD scenario.



Questions



Natural Gas Consumption (Excludes Electric Utility Demand)

