

"Energy Systems"

A Critical National Infrastructure Slide Deck #2

James D. McCalley

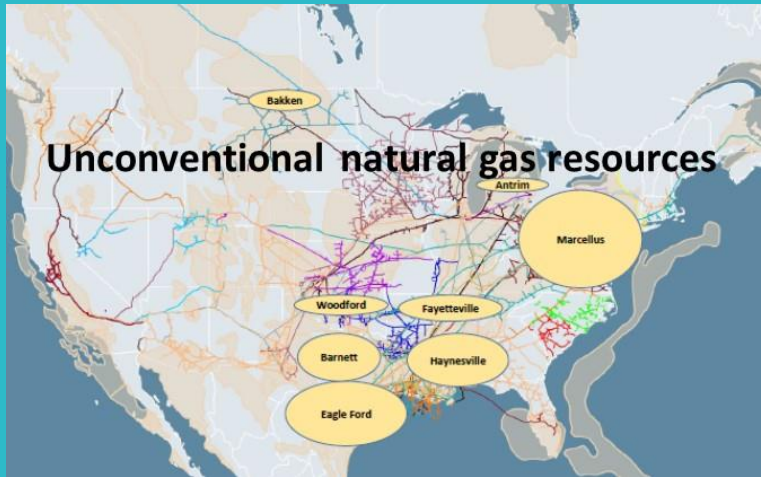
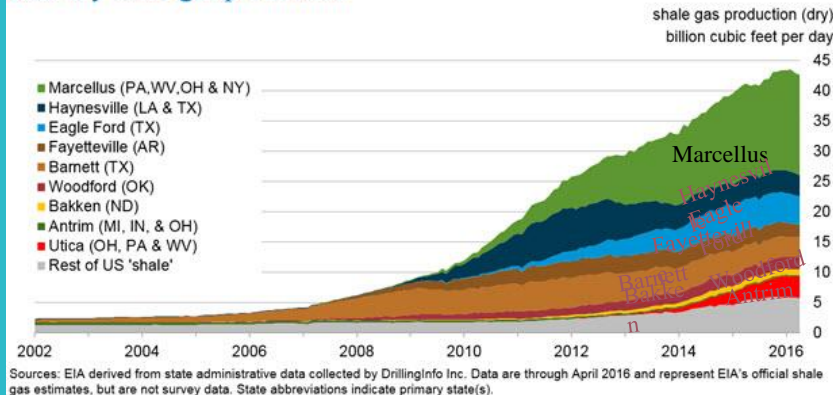
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The Future of Energy

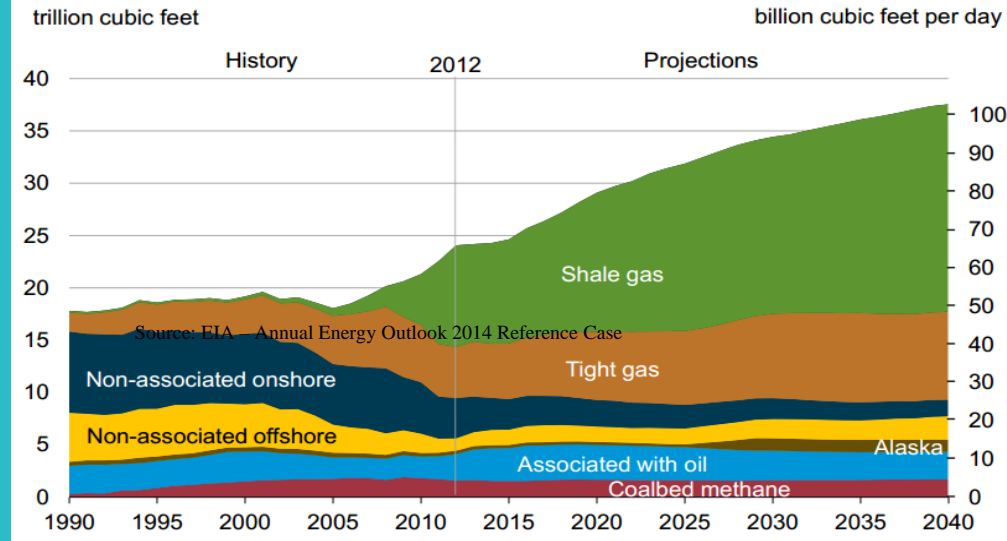
- ◆ Shale gas growth
- ◆ Big picture!
- ◆ Renewables
- ◆ Distributed generation
- ◆ Costs

Shale gas growth

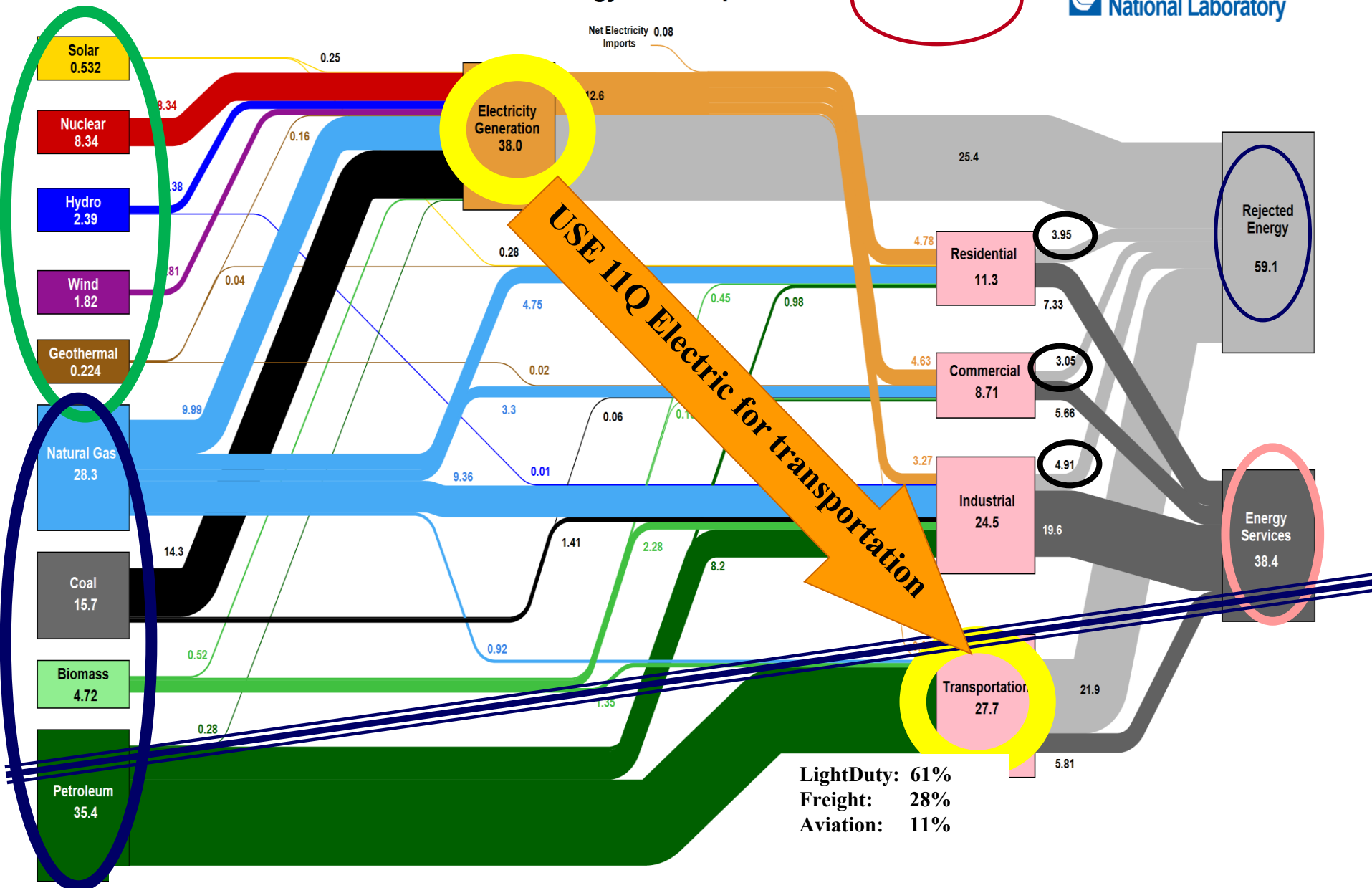
U.S. dry shale gas production



U.S. dry natural gas production



Estimated U.S. Energy Consumption in 2015: 97.5 Quads



US Energy View: 2015

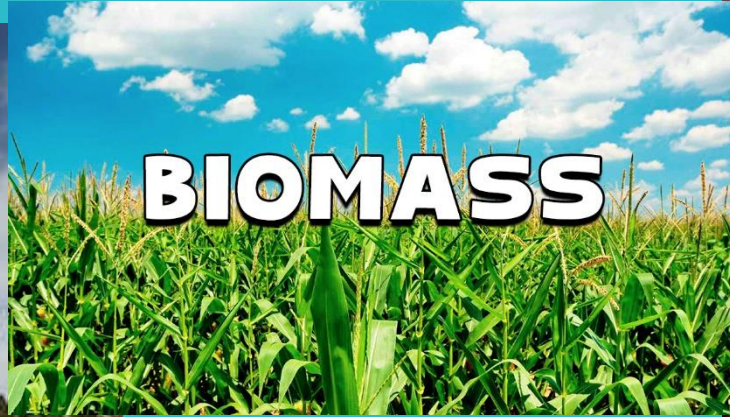
Renewable Energy

Geothermal

Solar



BIOMASS



Tidal



Where are US wind turbines today?

Source: US DOE, 2015 Wind technologies market report, <https://energy.gov/sites/prod/files/2016/06/23/2015-Wind-Technologies-Market-Report-06162016.pdf>

- 15 of top 20 are in the interior of the nation.
- Top 3 coastal states are West.
- East coast is light on wind but heavy on load.
- Implication?

→ 3 options for East coast use of wind:

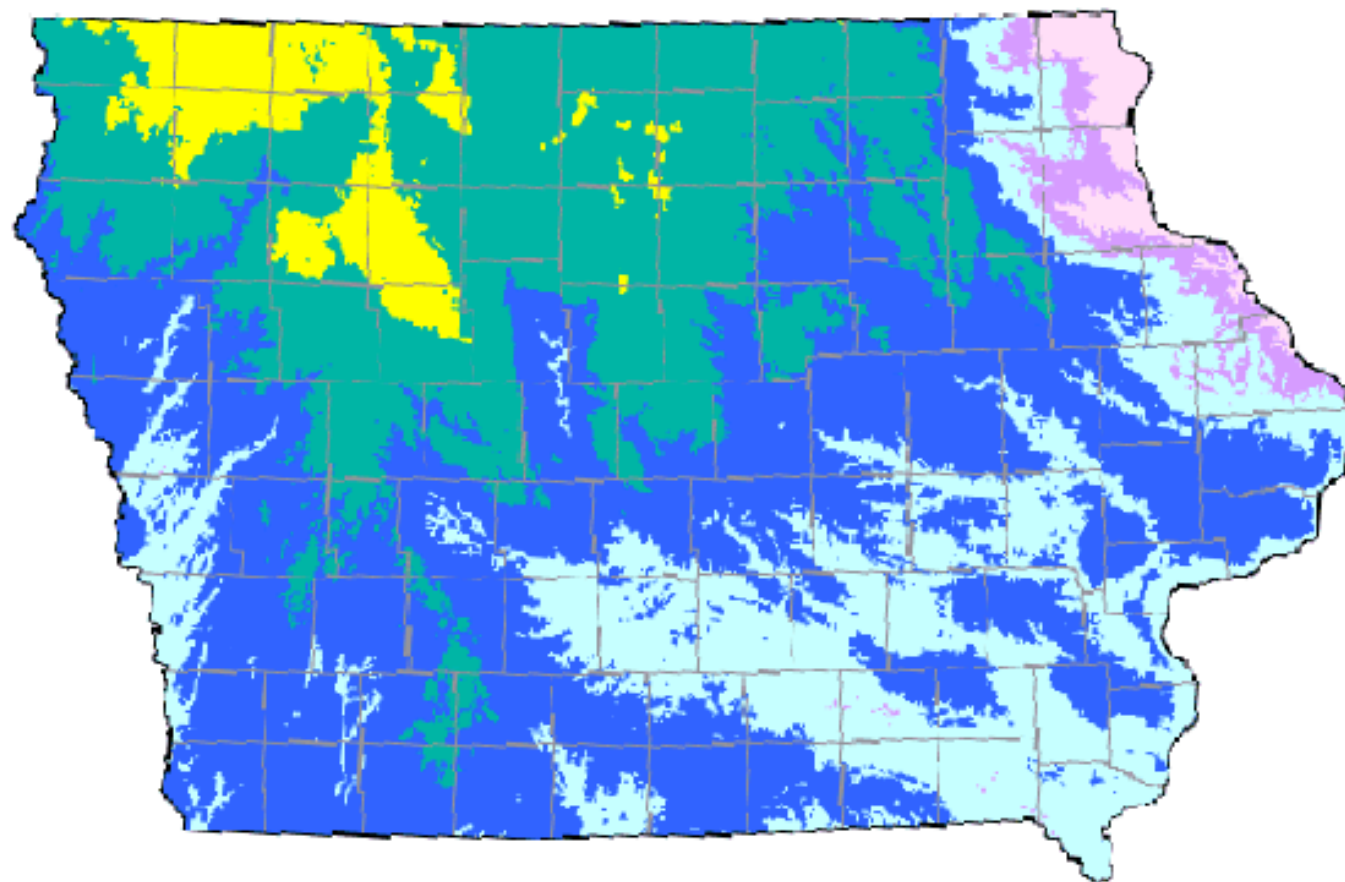
Build high cost inland wind, go offshore, or use transmission to move it from Midwest

Installed Capacity (MW)				Percentage of In-State Generation	
Annual (2015)		Cumulative (end of 2015)		Actual (2015)*	
Texas	3,615	Texas	17,711	Iowa	31.3%
Oklahoma	1,402	Iowa	6,209	South Dakota	25.5%
Kansas	799	California	5,662	Kansas	23.9%
Iowa	524	Oklahoma	5,184	Oklahoma	18.4%
Colorado	399	Illinois	3,842	North Dakota	17.7%
Illinois	274	Kansas	3,764	Minnesota	17.0%
New Mexico	268	Minnesota	3,235	Idaho	16.2%
North Dakota	258	Oregon	3,153	Vermont	15.4%
Minnesota	200	Washington	3,075	Colorado	14.2%
California	194	Colorado	2,965	Oregon	11.3%
South Dakota	175	North Dakota	2,143	Maine	10.5%
Maine	173	Indiana	1,895	Texas	10.0%
Indiana	150	New York	1,749	Nebraska	8.0%
Nebraska	80	Michigan	1,531	Wyoming	7.7%
Arizona	30	Wyoming	1,410	Montana	6.6%
Maryland	30	Pennsylvania	1,340	Washington	6.5%
New Hampshire	14	New Mexico	1,080	New Mexico	6.3%
Ohio	8	South Dakota	977	California	6.2%
Connecticut	5	Idaho	973	Hawaii	6.1%
New York	1	Nebraska	890	Illinois	5.5%
Rest of U.S.	0	Rest of U.S.	5,203	Rest of U.S.	1.0%
TOTAL	8,598	TOTAL	73,992	TOTAL	4.7%

→ 35% for 2016

Estimated Average Annual Wind Speeds

Typical average wind speeds on well exposed sites at 50 m above ground



MPH

m/s

>19.0



>8.5

17.9-19.0



8.0-8.5

16.8-17.9



7.5-8.0

15.7-16.8



7.0-7.5

14.5-15.7



6.5-7.0

13.4-14.5



6.0-6.5

12.3-13.4



5.5-6.0

<12.3



<5.5

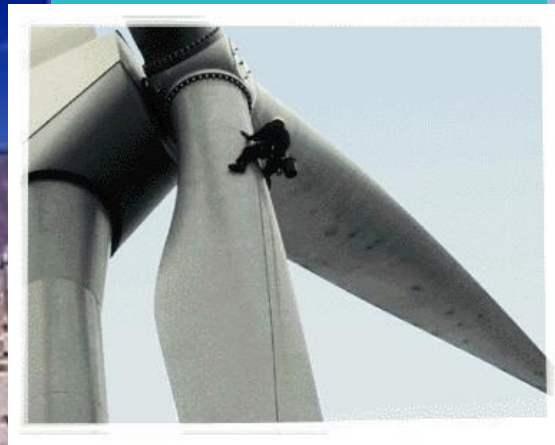
Iowa Energy Center

This map was generated from data collected by the Iowa Wind Energy Institute under Iowa Energy Center Grant No. 93-04-02. The map was created using a model developed by Brower & Company, Andover, MA.

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Wind



The future: US wind potential by state



Annual wind energy
potential (10^{12} w-hrs)



Annual wind energy potential

R= -----

2006 state annual retail sales

**States with high production and R-ratio have high export potential
(Montana, Dakotas, Wyoming, Nebraska, Kansas)**

Analysis assumes (a) only sites having capacity factor > 20% included; (a) loss of 20% and 10% of potential power for onshore and offshore, respectively, caused by interturbine interference, (c) offshore siting distance within 50 nm (92.6 km) of nearest shoreline.

The future: US wind potential

Contiguous US annual wind energy potential , 10 ¹⁵ wh		Multiples of Total US Energy Consumption*
Onshore	62	2.12
Offshore, 0-20 meter	1.2	.041
Offshore, 20-50 m	2.1	.072
Offshore, 50-200 m	2.2	.075
Total	68	2.321

Total US Energy consumption across all sectors is 100 Quads:

$$100Q \times \frac{1E15BTU}{Q} \times \frac{kwh}{3413BTU} \times \frac{1000wh}{kwh} = 29.3E15wh$$

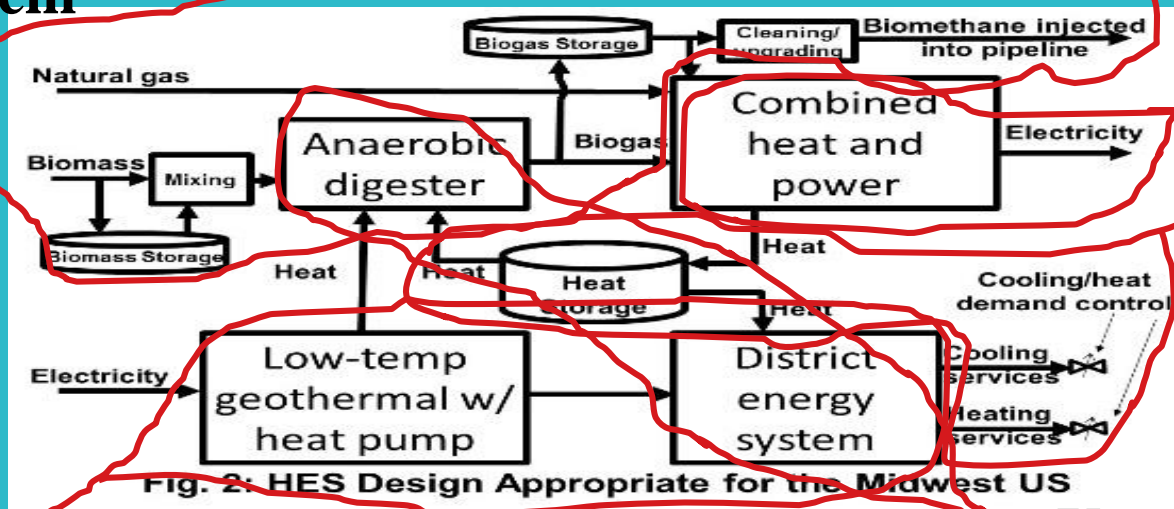
Source: Xi Lua, M. McElroya, and J. Kiviluomac, “Global potential for wind-generated electricity,” Proc. of the National Academy of Sciences, 2009, www.pnas.org/cgi/doi/10.1073/pnas.0909101106.

What about biomass & heat?

Biomass to anaerobic digester to biogas provides low-GHG flexibility in gas system

CHP provides high ramp capability

Heat storage & heating & cooling demand control enables electric-side flexibility



Use of low-temp geothermal w/heat pump or district heating system from CHP is more efficient than gas furnaces

Use of CHP waste-heat in low-temp apps increases plant efficiency

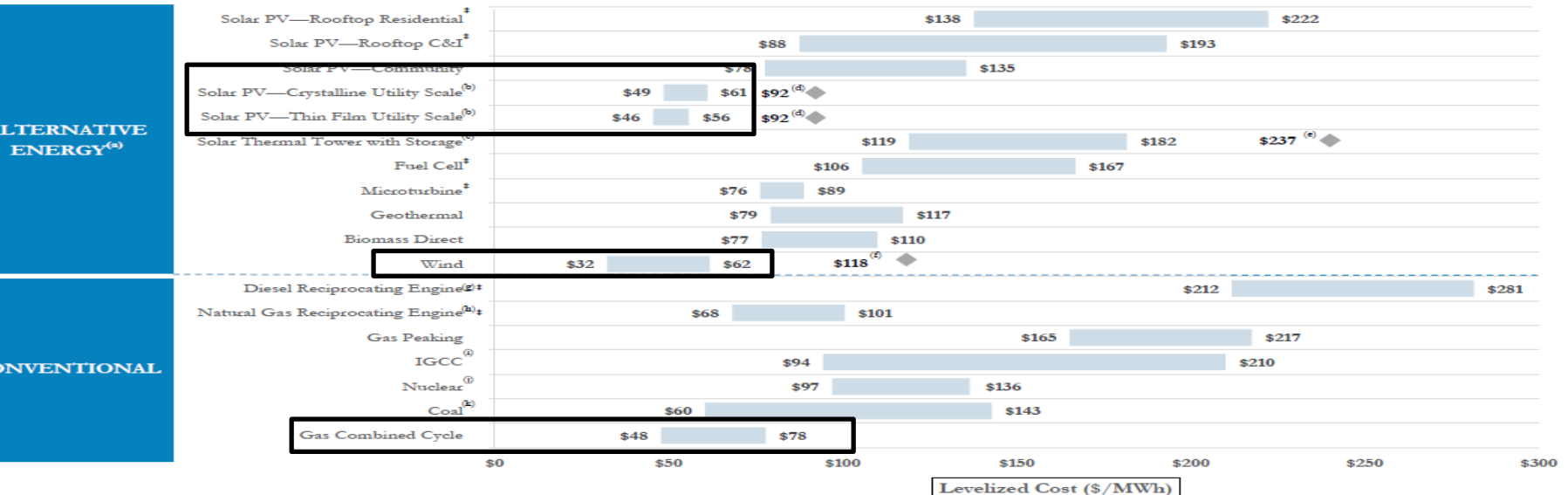
Cost comparison of different energy resources

(Unsubsidized)

LAZARD'S LEVELIZED COST OF ENERGY ANALYSIS—VERSION 10.0

Unsubsidized Levelized Cost of Energy Comparison

Certain Alternative Energy generation technologies are cost-competitive with conventional generation technologies under some scenarios; such observation does not take into account potential social and environmental externalities (e.g., social costs of distributed generation, environmental consequences of certain conventional generation technologies, etc.), reliability or intermittency-related considerations (e.g., transmission and back-up generation costs associated with certain Alternative Energy technologies)



Source: Lazard estimates.

Note: Here and throughout this presentation, unless otherwise indicated, analysis assumes 60% debt at 8% interest rate and 40% equity at 12% cost for conventional and Alternative Energy generation technologies. Reflects global, illustrative costs of capital, which may be significantly higher than OECD country costs of capital. See page 15 for additional details on cost of capital. Analysis does not reflect potential impact of recent draft rule to regulate carbon emissions under Section 111(d). See pages 18–20 for fuel costs for each technology. See following page for footnotes.

[‡] Denotes distributed generation technology.

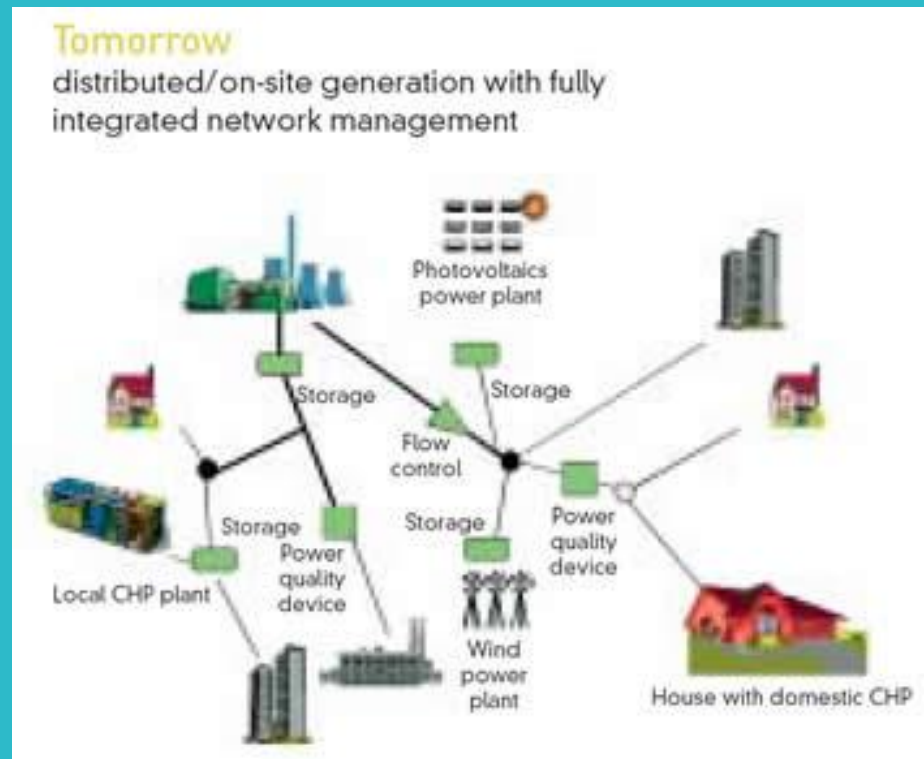
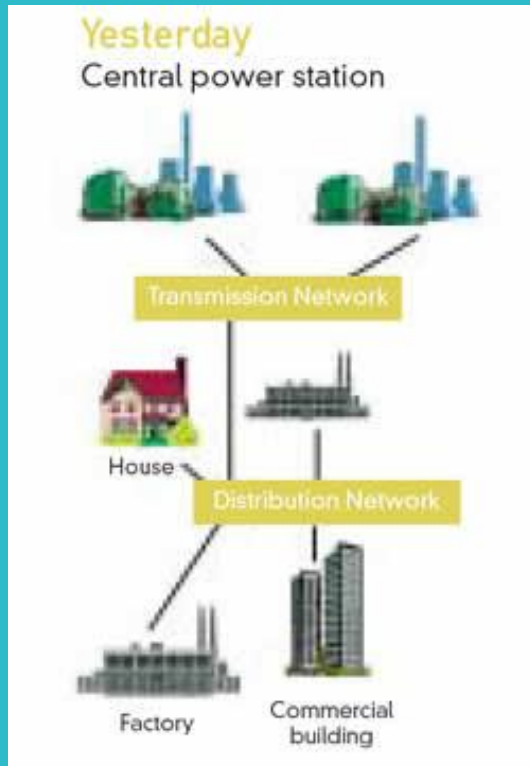
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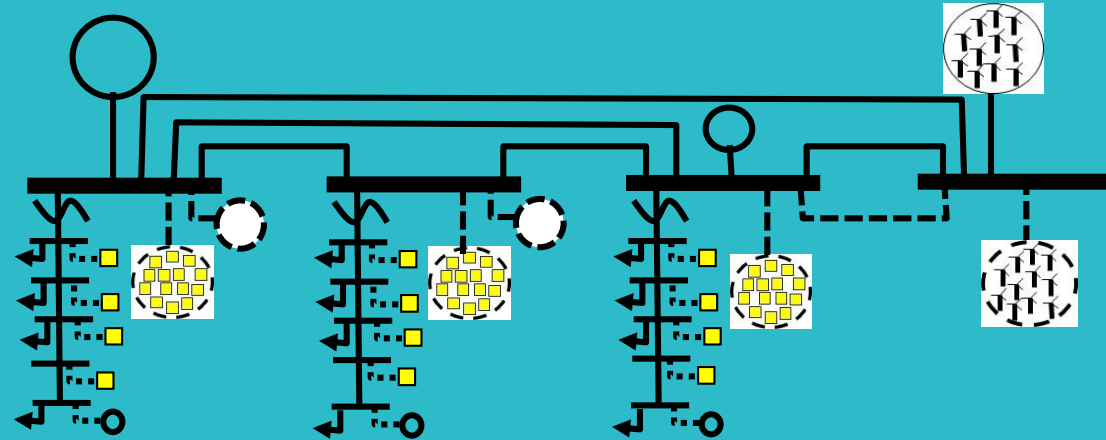
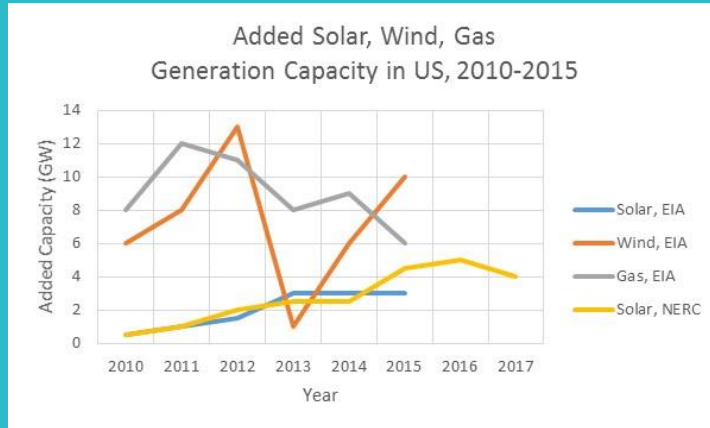
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Distributed Generation

- **Distributed Generation:** generation of energy close to the point of use.
- DG typically ranges from 1 kilowatt to 5 Megawatts in capacity, contrasting with Central Generation, which is associated with large 500 to 3000 MW generating plants usually located remote end-use location.
- DG resources include wind, solar, fuel cells, cogeneration, and microturbines (gas, propane, fuel-oil).

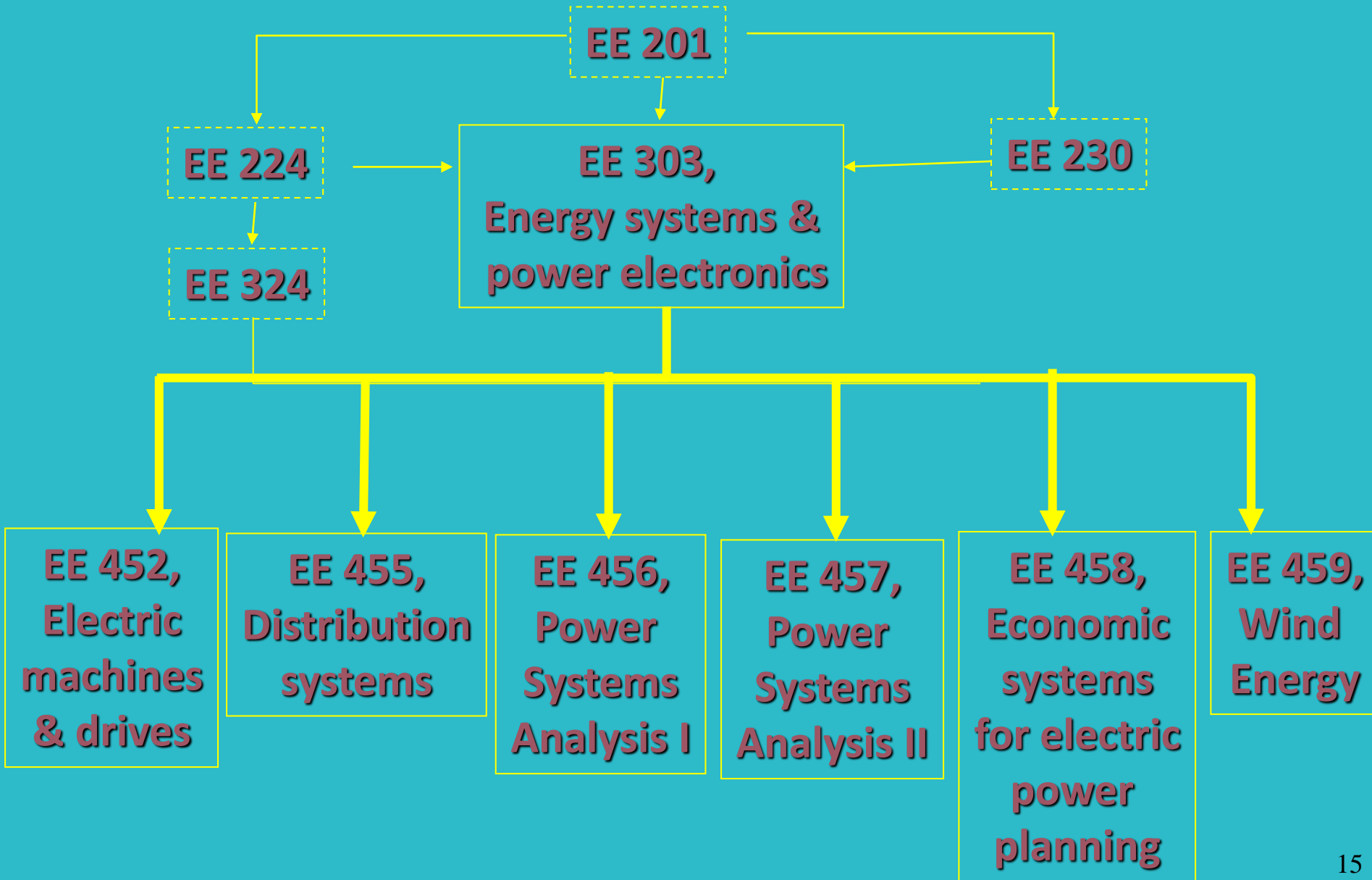


Other infrastructure – distributed resources



- DG benefits: less transmission, loss reduction.
- Investment cost: LCOE - \$242 PV-rooftop; \$64 PV-utility, \$55 wind; \$65 NGCC.
- Reliability: It is unclear whether reliability improves (w/, w/o microgrid), and if it does, whether improvement justifies the cost. Check SAIDI & SAIFI.
- O&M: Low for solar, hi for wind. Low for utility scale, high for DG.
- Green people: Can be satisfied with community solar.
- Analysis: Need co-optimization to answer these questions.

The Electric Power + Energy Systems Group has excellent series of courses to prepare you for an exciting career....



For whom might you work? (below - mainstream comp only)

- Investor-owned utilities: 239 (MEC, Alliant, Xcel, Exelon, ...)
- Federally-owned: 10 (TVA, BPA, WAPA, SEPA, APA, SWPA...)
- Public-owned: 2009 (Ames, Cedar Falls, Dairyland, CIPCO...)
- Non-utility power producers: 1934 (Alcoa, DuPont,...)
- Power marketers: 400 (e.g., Cinergy, Mirant, Illinova, Shell Energy, PECO-Power Team, Williams Energy,...)
- Coordination organizations: 10 (ISO-NE, NYISO, PJM, MISO, SPP, ERCOT, CAISO, AESO, NBSO)
- Oversight organizations:
 - Regulatory: 50 state, 1 Fed (FERC)
 - Reliability: 1 National ((NERC), 8 regional entities
- Manufacturers: GE, ABB, Toshiba, Schweitzer, Westinghouse
- Consultants: Black&Veatch, Burns&McDonnell, HD Electric,...
- Vendors: Siemens, Areva, OSI,...
- Govt agencies: DOE, EPA, Labs,...
- Professional & advocacy organizations: IEEE, IWEA, ...