California's Route to Carbon

Neutrality



Stanford | Doerr | Stanford Center School of Sustainability | for Carbon Storage



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Pathways to Carbon Neutrality in California



Agenda

- Motivation
- Model Background
- Comparison between DECAL and the CARB Scoping Plan
- What is it going to take to get to net-zero by 2045?
 - Economy Wide
 - Electricity Sector
 Buildin
 - Transportation Sector
 - Industrial Sector
- Buildings Sector

F-Gases

- Renewable Diesel
- Direct Air Capture
- Conclusions and Future Work



California's Historic Emissions and Future Targets

Source: Adapted from CARB (2022)



California's Historic Emissions and Future Targets



Source: Adapted from CARB (2022)



CARB 2022 Scoping Plan

- Every five years, CARB creates a scoping plan to help meet climate goals
- CARB Reference Case CARB's BAU forecast
- CARB Proposed Scenario CARB's proposal for reaching net-zero by 2045



Stanford DECAL Model

Stanford Model: DECAL (DEcarbonize CALifornia)

- Built using LEAP (Low Emissions Analysis Platform)
- 3 results we care about most:
 - Emissions
 - Costs
 - Resources
- System boundary: CA, scope 1 & 2 emissions ^C/₄
- Economics from perspective of the state
- Stock & flow in buildings & transport sectors
- Optimization in electricity sector
- Driven by exogenously defined levers
- Not an equilibrium model



DECAL Levered Emissions



■ Bottom Up ■ Not Levered ■ Top Down

- Bottom up detailed understanding of emissions and costs
 - Automobiles, residential space heating, electricity generation, etc.
- Top down superficial understanding of emissions and costs
 - Residential-other emissions, trains/planes/boats, etc.
- Not levered levers were not used in these scenarios
 - Leftover landfill gas (8.5 Mt), fertilizers (3.6 Mt), waste (2.4 Mt); each less than 1 Mt: aerosols, foams, fire protection, solvents, residue burning, crop residue, liming, manure, rice cultivation

Economy Wide A few policies and programs will be key Research, development, & scaling is still needed



- Plot shows the impact of each measure in DECAL Version of CARB Proposed scenario
- CARB proposed scenario is highly reliant on DAC
- 80% of the way to net zero in 8 key areas
- 40% with technologies available at scale, 30% pilot scale, 30% R&D

Econ Wide e- Transport Industry F-Gases Buildings RD DAC 9

Economy Wide Overview Some policies/programs are affordable, some less so



- Avaliable at Scale
 Pilot Scale
 R&D
 8 key areas
 - Four of the eight key areas appear to be cost effective, the other four are more expensive
 - Available technologies typically have lower cost
 - Technologies at pilot scale can still be cost effective
 - Technologies in R&D phase tend to be more expensive

RD

Econ Wide

Transport

e-

Industry

F-Gases

Buildings

DAC

10



Electricity Sector

- Today Low Electricity Medium Electricity High Electricity
- Between ~20 70 GW increase in peak load from the reference case
- · Shift to a winter peaking system



Low: Choose H2, biofuels, & CCS

Med: CARB Proposed

High: Choose electricity

- Bounds of capacity addition for the decarbonized future: 250 – 450 GW
 - Current in-state capacity: 80 GW
 - ~29 GW added since 2000
 - 0.5-2% of CA land taken up by added solar





--- Low Electricity --- Medium Electricity --- High Electricity

Going from 99% to 100% CGC requires enormous capacity installations, partially due to lack of NGCCS

Going from 99% to 100% CGC has small impact on electricity emissions



Low: Choose H2, biofuels, & CCS Med: CARB Proposed High: Choose electricity

1



Industry

F-Gases

--- Low Electricity --- Medium Electricity --- High Electricity

Going from 99% to 100% CGC requires enormous capacity installations, partially due to lack of NGCCS

Transport

Econ Wide

 With affordable 100% clean baseload. overbuilding is mitigated

Buildings

Effect only becomes important with CGC > 0.95

RD

DAC

13

Transportation Sector Gradual progress towards an ambitious goal is effective



- Important to have gradual progress towards ambitious goal
- Existing 2035 policy will substantially reduce transport emissions; zero near impossible



Transportation Sector BEVs are an effective option



- BEVs are cheaper than FCEVs
- HDVs are a "less costly" problem than LDVs
- Significant cost drivers: vehicle costs, resource savings, H2 D&S, refueling stations, electricity T&D
- Less significant cost drivers: electricity & H2 generation, BEV chargers



Industrial Sector CCS is an effective and affordable option



• CCS is the only modeled option for cement, upstream O&G facilities, and refineries & SMRs

 CCS is an <u>affordable</u> option for all facilities but may be logistically difficult for small manufacturing plants, even if cost effective

F-Gases

Buildings

RD

DAC

• CCS made more affordable by incentives (45Q and LCFS)

Transport

• Petrochemical and mineral plants cannot use HPs for process heating due to temp constraints

Industry

Fuel switching to H2 is not a cost-effective solution

e-

Econ Wide

F-Gases

Existing solutions are helpful Innovation is needed for deep reductions



- EOL F-Gas strategies can help keep F-Gas emissions constant, despite installing millions of heat pumps
- Deep reductions will require low GWP refrigerants, like CO₂ or propane

RD

Buildings

17

DAC

Buildings Sector

Gradual progress towards an ambitious goal is effective



- Existing policy aimed at new homes only has little impact
- Important to have gradual progress towards ambitious goal
- CARB's proposed 2030 policy would substantially reduce building emissions; zero near impossible

Econ Wide e- Transport Industry F-Gases Buildings RD DAC 18

Buildings Sector HPs are overall more effective



- ER is less effective with a dirty grid
- Whether choosing ER or HPs, the F-Gas stock will remain relatively similar because HPs replace ACs, while ERs still require ACs
 - ACs & HPs both use F-gases; ER do not



- HPs are more efficient than ER (56 GW delta)
- HP higher upfront costs, lower e- costs
- ER lower upfront costs, higher e- costs



Renewable Diesel RD will require careful planning DECAL Version CARB Reference

Current Global Demand for RD www.iea.org/reports/renewables-2021/biofuels

DECAL Version CARB Proposed



- Contour maps and resource proxies can help guide planning
- CARB Proposed strategy may pose risk to resource constraints
- Note: CARB projects 362 | 176 PJ/yr of RD in the Reference | Proposed scenarios

Direct Air Capture (DAC) Net-zero will be difficult without DAC and/or other innovations



	CARB 2045	DECAL 2045
DAC	64.4 Mt	66.6 Mt
BiCRS	9.1 Mt	8.0 Mt
NWL	1.5 Mt	0 Mt
Total	75 Mt	74.6 Mt

CARB highly reliant on DAC



Direct Air Capture (DAC) Net-zero will be difficult without DAC and/or other innovations

	DECAL version of CARB Proposed Scenario		Minimum DAC Scenario			
Electricity	• •	97% clean generation by 2045 NGCCS is 90% clean RNG is not used in the electricity sector	• •	99% clean generation by 2045 NGCCS is 98% clean The electricity sector reaches the same RNG blend as the rest of the economy, 30% by 2045		
Transportation	• •	100% LDV sales ZEV by 2035 100% HDV sales ZEV between 2035-2040 100%/50%/25% reduction in emissions from planes/trains/boats	• •	100% LDV sales ZEV by 2030 100% HDV sales ZEV by 2030-2035 100%/80%/55% reduction in emissions from planes/trains/boats		
Buildings	•	100% clean sales by 2035/2045 Residential/Commercial	•	100% clean sales by 2030		
Industry	• • •	 90% CCS capture rate 65% deployment of CCS in refining subsector 50% electrification of "Industry Other" 0% deployment in remaining landfill capture, fugitive sealants, and waste mitigation strategies 	• • •	 98% CCS capture rate 100% deployment of CCS in refining subsector 100% electrification of "Industry Other" 30% deployment in remaining landfill capture, fugitive sealants, and waste mitigation strategies 		
Hydrogen Production	•	RNG is not used to make hydrogen New hydrogen production consists of 35% Gasification with CCS and 65% Electrolysis.	•	Hydrogen SMRs reach the same RNG blend as the rest of the economy, 30% by 2045 New hydrogen production consists of 65% Gasification with CCS and 35% Electrolysis.		
Agriculture	•	Seaweed: 50% adoption, 30% reduction in emissions 0% deployment of low emitting fertilizers	•	Seaweed: 80% eligibility, 60% reduction in emissions 30% deployment of low emitting fertilizers		
Refrigerants	•	Approximately 85% reduction in refrigerant GWP by 2050	•	Approximately 85% reduction in refrigerant GWP by 2045		
CDR	•	67 Mt DAC / 8 Mt BECCS in 2045	•	15 Mt of DAC / 31 Mt BECCS in 2045		

Direct Air Capture (DAC) Net-zero will be difficult without DAC and/or other innovations



- Even with (beyond) extreme decarbonization assumptions, reaching net-zero emissions still requires 15 Mt/yr of DAC and 31 Mt/yr of BECCS in 2045
- 15 Mt not levered, 10 Mt Industry (Refining, NG leaks, Other), 6 Mt enteric fermentation, 5 Mt LDVs, 4 Mt Refrigerants, 3 Mt HDVs, 3 Mt Buildings, 3 Mt Electricity, 1 Mt Hydrogen



What will it take to reach net-zero emissions by 2045?

- All technologies and resources will be needed to get to net zero by 2045
- Electrification will require major expansion to the existing grid (approximately 250 450 GW of capacity depending on degree of electrification)
- Going from 99% to 100% carbon-free electricity generation is very expensive without 100% clean dispatchable power
- Gradual progress towards ambitious ZEV sales goals is effective
- Point source CCS is effective and economically favorable for the industrial sector
- F-Gas mitigation requires innovation
- Gradual progress towards ambitious HP/ER sales goals is effective
- Expanding use of H2 may be very expensive, especially due to distribution & storage
- RNG and RD usage may be limited by feedstock availability
- It is very difficult to reach net-zero by 2045 without significant DAC/CDR

Action Items

R&D Focus Areas

- DAC cost and parasitic load reduction for DAC technologies
- F-Gases low GWP F-Gases (e.g.: CO2, propane)
- Li Ion battery costs (vehicles and grid)
- Biofuel feedstocks identifying additional feedstocks
- H2 Distribution and Storage cost reductions

Policy Implications

- NG water and space heating sales reductions are needed
- Electricity generation 99% CGC is more cost effective than 100%; clean baseload power can help reduce costs
- Streamline permitting and building of infrastructure e.g., electricity generation and T&D, BEV charging, DAC, CCS, and biofuel production
- Extend 45Q, especially for some industrial sub-sectors

Future Opportunities DECAL can address additional important issues:

- What is the cost impact of delaying the net-zero target past 2045 or accelerating it to earlier than 2045?
- What is the impact of peaker and NGCC plant retirements?
- How much cheaper do FCEV's, hydrogen distribution and storage, and/or refueling stations need to be to achieve cost parity with BEVs, especially for HDVs?
- How would a state limit on CCS impact industrial emissions and statewide costs?
- Where should we act first i.e., which geographic zone (buildings)?
- What are the emissions/cost implications of using excess solar capacity to make H2, store it geologically, and then convert back to e- to meet later demand?
- Where (which subsectors) should alternative fuels be prioritized?
- What are the emissions associated with other pollutants (SOx, NOx, particulate matter) which can have a major impact on local health outcomes?

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Thank you! Questions?

Website link: https://sccs.stanford.edu/californiaprojects/pathways-carbon-neutrality-california

Term	Description	Term	Description	Term	Description
AC	Air conditioner	EOL	End of life	PHEV	Plug in hybrid electric vehicle
AD	Anaerobic digestion	ER	Electric resistance	РТС	Production Tax Credit
BAU	Business as usual	FCEV	H2 fuel cell electric vehicle	RD	Renewable diesel (diesel fuel made from a biofeedstock)
BEV	Battery electric vehicle	LCFS	Low Carbon Fuel Standard	Remaining Electricity	Load satisfied by distributed solar
BiCRS	Biomass carbon removal and storage	LDV	Light duty vehicle	Res	Residential
CA	California	LEAP	Low Emissions Analysis Platform	RNG	Renewable natural gas
CARB	California Air Resources Board	F-Gas	Fluorinated gas (e.g., refrigerant)	RPS	Renewable Portfolio Standard
ccs	Carbon capture & sequestration	GWP	Global warming potential	ѕн	Space heater / space heating
CDR	Carbon dioxide removal	H2	Hydrogen	SMR	Steam methane reforming plant
CGC	Clean generation constraint	HDV	Heavy duty vehicle	T&D	Transmission and distribution (electricity)
CI	Carbon intensity	HP	Heat pump	D&S	Distribution and storage (hydrogen)
Comm	Commercial	Li lon	Lithium-Ion batteries	∨мт	Vehicle miles traveled
CO2e	Carbon dioxide equivalent	LPG	Liquid propane gas	WH	Water heater / water heating
DAC	Direct air capture	Mfg	Manufacturing Small: <25kt co2e/ yr Large: >25kt co2e/ yr	ZEV	Zero emission vehicle
DECAL	Our model – DE carbonize CAL ifornia	NGCCS	Natural gas power plant with CCS	45Q	Federal program incentivizing CCS & DAC
e-	Electricity	O&G	Oil and gas	% Blend	Blend percentage of specified fuel (RD, biodiesel, RNG, Ethanol)
E-Gen	Electricity generation	O&G Upstream	Upstream oil and gas, including crude extraction		

Backup Slides

Conclusions: What will it take to reach net-zero emissions by 2045?

Economy Wide

- All resources will be needed
- A few policies are key
- Only some are affordable

Electricity Sector

- We must be proficient at building electric infrastructure
- A clean grid is key, but 100% clean may not be needed
- Clean baseload power reduces cost
- Demand response can be helpful but won't replace storage

Transportation Sector

- Gradual progress towards ambitious goal is effective
- BEVs are an effective and affordable option

Industrial Sector

- CCS is an effective and affordable option
- Incentives have a large impact on CCS technoeconomics

F-Gases

- EOL programs are helpful but not enough on their own
- Innovative low GWP refrigerants are needed for deep reductions

Buildings Sector

- Gradual progress towards ambitious goal is effective
- HPs are overall more effective than ER, though there are different tradeoffs

Fuel Switching

- **Hydrogen**: H2 is expensive, but is most cost-effective in HDVs. Generation costs are small compared to the cost of end-technologies and distribution & storage.
- **RNG & RD**: Careful resource planning will be required due to feedstock constraints

DAC

- Net-zero will be difficult without DAC/CDR
- DAC add lots of load

Question List

DECAL has been used to address these questions:

CARB and DECAL comparison

- Can the DECAL model match the yearly emissions forecast by the CARB Reference case and Proposed scenario when run under the same set of assumptions?
- Do DECAL decarbonization costs align with CARB cost estimates? •

System Wide

- Can one resource or technology get us to net-zero by 2045?
- Is there a 'silver bullet'?
- What policies and technologies have the most impact on emissions reductions?
- Is there any "low hanging fruit"? •
- Which policies and technologies will have the most impact on the electric load? Fuel Switching

Electricity Sector

- How much capacity needs to be added to the grid and from what resources?
- What is the cost and resource impact of a 100% clean generation constraint in 2045?
- How does a 100% renewable grid compare to a grid that maintains firm power resources (e.g., NGCCS)
- What is the impact of shifting loads (e.g., day vs night EV charging)

Transportation Sector

- What is the effect of changing the start date of the Clean Cars II regulation and the Advanced Clean Truck program?
- How do costs and emissions of different vehicle fuel types (BEV, FCEV) compare?

Industrial Sector

- Which decarbonization technology is preferable for the industrial sector?
- What is the impact of incentives on CCS technoeconomics?

F-Gases

- What is the impact of F-gases?
- What is the effect of EOL versus annual F-gas policies?

Buildings Sector

- What is the effect of changing the rate of electrification in the buildings sector?
- How do costs and emissions of different electrification options compare?
- Can the F-gas 'problem' be mitigated by focusing on electric resistive heating instead of heat pumps?
- - What role can hydrogen play to decarbonize California and what is the impact of different generation methods on costs?
 - What role can renewable diesel play to decarbonize California?
 - What role can renewable natural gas play to decarbonize California?

CDR

What is the minimal amount of CDR/DAC required while still meeting a net-zero goal?

Other

- Where a choice is available, which technology is most effective?
- What are the 'next best' options in case the first fails?
- How will cost reductions over time affect overall costs?
- How sensitive are overall system costs to fuel prices?
- How important are incentives?

Future Opportunities

- Stanford team thinks there are additional important issues to be addressed
 - Equilibrium & optimization modeling
 - Multi agent modeling
 - State
 - Resident
 - Business owner
 - Risk-based modeling
 - Model scope (other states and countries)
 - Impacts (example criteria air pollutants)
 - Energy distribution infrastructure
 - Poles & wires (electricity)
 - Pipelines (NG, H2, CO2)
 - More technologies
 - Energy efficiency (buildings, industry)
 - New industrial heating and electric storage options
 - Hydrogen economy



Key Differences:

- Industry: DECAL starts 6 Mt higher than scoping plan to align with GHG inventory; refineries unable to reduce output due to high diesel demand
- Electricity: Iteration on DECAL's CGC was done in an attempt to match CARB's results as closely as possible
- **Buildings**: DECAL starts 7 Mt higher than scoping plan to align with GHG inventory; residential & commercial 'other' untouched in Reference
- Agriculture: DECAL does not assume any changes to livestock populations or manure management practices



Key Differences:

- Transportation: slower transition dynamics in DECAL Version of CARB Proposed
- Industry: DECAL starts 6 Mt higher than scoping plan to align with GHG inventory; DECAL assumes only certain refinery units are eligible for CCS; general inefficiencies in CCS capture (90% capture rate assumed)



CARB Proposed Scenario DECAL Version CARB Proposed





CARB Proposed Scenario DECAL Version CARB Proposed



Comparison between DECAL and GHG Inventory



Economy-Wide All resources and technologies will be needed



There is no silver bullet – resources and technologies must be combined to reach our goals



Economy Wide Overview Electric load will grow in every sector



DAC has large impact on electric load

Econ Wide

e-

- Buildings are and will remain the largest sectoral electric load
- Growth in electric load in transportation, industry, and buildings are all significant



Medium Electricity, CGC = 99% by 2045

<u>Transport</u>

Econ Wide



F-Gases

Buildings

Medium Electricity, CGC = 100% by 2045

RNG

RD

DAC

42

 Going from 99% to 100% "clean" requires enormous capacity installations, in large part due to lack of NGCCS

Industry

Medium Electricity, CGC = 99% by 2045



Medium Electricity, CGC = 100% by 2045

 Going from 99% to 100% "clean" requires enormous capacity installations, partially due to lack of NGCCS







⁻⁻⁻ Low Electricity --- Medium Electricity --- High Electricity

Low: Choose H2, biofuels, & CCS <mark>Med: CARB Proposed</mark> High: Choose electricity



- 99% → 100% clean generation requires much more solar & batteries, largely because NGCCS must be used less
- A small amount of NGCCS can help prevent significant overbuild



Electricity Sector Clean dispatchable power limits overbuilding



NGCCS & Hydro make a big difference

Transport

Econ Wide

- Diablo Canyon makes a small difference
- Small amount of clean dispatchable power reduces capacity expansion significantly



Electricity Sector Shiftable loads make some difference Deep shifting will be more challenging



---- Shift Industry

Econ Wide

 Industry makes the biggest difference, but is also the least shiftable

Industry

Transport



- By shifting load to day-time, less solar and battery storage are required
- Decarbonized future will require significant Li-Ion regardless of shifting

RNG

RD

H2

Buildings

F-Gases

(Scenarios are additive, not independent)

46

DAC

(Scenarios are additive, not independent)

Electricity Sector Shiftable loads make some difference Deep shifting will be more challenging



Transport

F-Gases

Industrv

Buildings

H2

Econ Wide



- By shifting load to day-time, less solar and battery storage are required
- Decarbonized future will require significant Li-Ion regardless of shifting

RNG

RD

DAC

47





Important to have gradual progress towards ambitious goal

Transport

Industry

Econ Wide

e-

• Existing 2035 policy will substantially reduce transport emissions; zero near impossible

F-Gases

• Reaching goal by 2055 / 2025 can change cumulative emissions mitigation by about -16% / +12%

Buildings

RNG

RD

DAC

49

H2

Industrial Sector

Incentives have a large impact on CCS technoeconomics



- 45Q Extended, LCFS On 45Q and LCFS Off
- 45Q and LCFS On

• CCS is financially attractive with incentives, less so without them

• Extending 45Q can help in cases where CCS is less viable in near term



F-Gases

Existing solutions are helpful Innovation is needed for deep reductions





- EOL F-Gas strategies can help keep F-Gas emissions constant, despite installing millions of heat pumps
- Deep reductions will require low GWP refrigerants, like CO₂ or propane
- Handling of F-Gases can change cumulative emissions mitigation by about -10% to +2%



Buildings Sector

Econ Wide

e-



LEAP Version CARB

Gradual progress towards an ambitious goal is effective

• Existing policy aimed at new homes only has little impact

Transport

Important to have gradual progress towards ambitious goal

Industry

CARB's proposed 2030 policy would substantially reduce building emissions; zero near impossible

Buildings

RNG

H2

RD

DAC

52

Reaching goal by 2055 / 2022 can change cumulative emissions mitigation by about -9% / + 4%

F-Gases

Hydrogen Usage H2 is expensive and will require careful planning



Buildings

H2

RNG

RD

Left plot provides helpful guideposts as to "how much" H2 can be used in each sector

F-Gases

• H2 is expensive; cost should play into planning as well

Industry

H2 may be best prioritized in HDVs

Transport

Econ Wide

e-

• H2 distribution & storage is significant driver in overall costs; H2 generation is not

53

DAC

Hydrogen Usage H2 is expensive and will require careful planning



Buildings

H2

RNG

RD

• Left plot provides helpful guideposts as to "how much" H2 can be used in each sector

F-Gases

• H2 is expensive; cost should play into planning as well

Industry

H2 may be best prioritized in HDVs

Transport

Econ Wide

e-

• H2 distribution & storage is significant driver in overall costs; H2 generation is not

54

DAC

Renewable Natural Gas RNG can only play a limited role

DECAL Version CARB Reference

*US Potential for RNG -www.nrel.gov/docs/fy14osti/60178.pdf **RNG In State Production – Arifi et. al, 2022 (assumes food waste used for AD instead of compost)

DECAL Version CARB Proposed



- Contour maps and resource proxies can help guide planning
- Note: CARB projects 12 | 59 PJ/yr of RD in the Reference | Proposed scenarios

Econ Wide e- Transport Industry F-Gases Buildings RNG RD DAC 55

Renewable Natural Gas RNG can only play a limited role

DECAL Version CARB Reference

*US Potential for RNG -www.nrel.gov/docs/fy14osti/60178.pdf **RNG In State Production – Arifi et. al, 2022 (assumes food waste used for AD instead of compost)

DECAL Version CARB Proposed



Using RNG in electric and hydrogen sectors changes planning

Econ Wide e- Transport Industry F-Gases Buildings RNG RD DAC 56