1 Rewarding of extra-avoided GHG emissions in thermochemical biorefineries

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# incorporating Bio-CCS

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## 12 ABSTRACT

13 The incorporation of Bio-CCS, which involves an increase in investment and operating 14 costs, would not be of interest in thermochemical biorefineries unless some economic 15 benefit were provided. The rewarding of extra-avoided emissions encourages larger 16 savings of GHG emissions in thermochemical biorefineries incorporating Bio-CCS. 17 Therefore, there is a need for policies which reward of Bio-CCS incorporation, and in a 18 broader sense, all extra-avoided emissions. In this study, we analyze how the 19 geological storage of already captured CO<sub>2</sub> (i.e. the incorporation of Bio-CCS) could be 20 rewarded, taking different policy scenarios in the EU into consideration. Since thermochemical biorefineries achieve a GHG saving above the minimum target in the 21 22 EU, the sale of all extra-avoided GHG emissions (not only from the geological storage 23 of captured CO<sub>2</sub>) from energy carriers and chemicals is analyzed. Two different 24 configurations of thermochemical biorefineries are analyzed: a biorefinery producing an 25 energy carrier and a biorefinery co-producing an energy carrier and chemicals.

Considering the sale of CO<sub>2</sub> allowances in the European Emissions Trading Scheme (EU-ETS), current prices (5-15  $\in$ /t) would not make Bio-CCS incorporation profitable. However, it would be profitable compare with current sequestration costs for conventional power plants (50-100  $\in$ /t). If the sale of extra-avoided emissions from the production of energy carriers were included in the EU-ETS, the CO<sub>2</sub> sequestration cost would be reduced, although not enough to enhance the process economy. If chemicals were included, the sequestration cost would decrease significantly.

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Keywords: thermochemical biorefinery; Bio-CCS; CO<sub>2</sub> allowances; European
 Emissions Trading Scheme

## 37 NOMENCLATURE

- 38
- 39 BR: biomass reduction from the co-feeding of a fossil fuel in the biorefinery (%)
- 40 CC<sub>i</sub>: carbon content of i (g CO<sub>2</sub> eq. / MJ of product)
- 41 EA: extra-avoided emissions (t/h CO<sub>2</sub>)
- 42 EA<sup>Bio-CCS</sup>: extra-avoided emissions from Bio-CCS (t/h CO<sub>2</sub>)
- 43 EA<sup>w/o Bio-CCS</sup>: extra-avoided emissions excluding Bio-CCS (t/h CO<sub>2</sub>)
- 44 e<sub>ccs</sub>: emissions saving from Bio-CCS (g CO<sub>2</sub> eq. / MJ of total products from the biorefinery)
- 45 E<sub>CS,i</sub>: equivalent carbon storage in i (%)
- 46 e<sub>ec</sub>: emissions from the extraction or cultivation of raw materials (g CO<sub>2</sub> eq. / MJ of total products
- 47 from the biorefinery)
- 48 E<sub>F,i</sub>: GHG balance of fossil reference/fuel i (g CO<sub>2</sub> eq. / MJ of fossil reference/fuel)
- 49 E<sub>i</sub>: GHG balance of i (g CO<sub>2</sub> eq. / MJ of i)
- 50 e<sub>i</sub>: annualized emissions from carbon stock changes caused by land-use change (g CO<sub>2</sub> eq. /
- 51 MJ of total products from the biorefinery)
- 52 e<sub>p</sub>: emissions in the biorefinery (g CO<sub>2</sub> eq. / MJ of total products from the biorefinery)
- 53 etd: emissions from transport and distribution (g CO2 eq. / MJ of total products from the
- 54 biorefinery)
- 55  $e_{u,i}$ : emissions in the final use of i (g CO<sub>2</sub> eq. / MJ of i)
- 56 GS<sub>i</sub>: grade of substitution for i (MJ of fossil reference / MJ of i)
- 57 INPUT: biomass feedstock to the biorefinery (MW<sub>th</sub>)
- 58 PC: plant capacity (MW of total products from the biorefinery)
- 59 saving<sub>i</sub>: individual saving for i (%)
- 60 saving<sup>w/o Bio-CCS</sup>: individual saving for i excluding Bio-CCS (%)
- 61 x<sub>i</sub>: fraction of i in total plant production (low heating value basis)
- 62

## 63 **1. Introduction**

In the EU, Directive 2009/28/EC of the European Parliament and Council, also known as Renewable Energy Directive (RED), regulates the certification of energy carriers produced from biomass (biofuels and bioliquids) imposing a minimum saving of greenhouse gas (GHG) emissions [1]. These energy carriers can be produced in a thermochemical biorefinery, which is a facility which processes biomass by means of

69 pyrolysis and/or gasification to produce one or several products (commonly energy 70 carriers: transportation fuel or fuel for heat or electricity generation; but also chemicals) 71 and services (heat, electricity) [2]. In the calculation of the GHG saving, the GHG 72 emissions associated with the production and use of the energy carrier, i.e. the GHG 73 balance, should be calculated and compared with the corresponding fossil reference. 74 The fulfillment of the minimum GHG saving in the production of energy carriers makes 75 them eligible for tax exemptions or reductions according to national support schemes in 76 the EU [1].

77

The capture and storage of biogenic CO<sub>2</sub> (Bio-CCS) refers to the capture, compression 78 79 and transport of a biogenic CO<sub>2</sub>-rich stream to an onshore or offshore geological 80 storage facility (sequestration). Regarding the incorporation of Bio-CCS, previous 81 literature has analyzed its technical feasibility on biochemical and thermochemical 82 biorefineries [3-8]. Möllersten et al. analyzed the case of electricity production with CO<sub>2</sub> 83 capture in the Swedish pulp and paper industry [4,5]. The incorporation of Bio-CCS in 84 the production of substitute natural gas (SNG) has been analyzed including the use of 85 black liquor [6,7]. Arasto et al. compared the different processing technologies for the 86 production of biofuels, such as ethanol, SNG and Fisher-Tropsch diesel [8].

87

The need of a removal of CO<sub>2</sub> (negative emissions) from the atmosphere is widely accepted in the literature in order to limit global warming to 2°C over pre-industrial levels [8-14]. Bio-CCS is recognized as the only large-scale technology which can remove CO<sub>2</sub> from the atmosphere [15-18]. Therefore, the development of biorefineries 92 incorporating Bio-CCS is crucial for the achievement of negative emissions. An 93 interesting topic, out of the scope of this work, is the study of the GHG mitigation 94 potential of Bio-CCS. The modeling of Bio-CCS in forecasting energy scenarios is 95 described elsewhere using different methodologies [19-29].

96

97 Thermochemical biorefineries are, without incorporating Bio-CCS, above the minimum 98 target of GHG saving in the EU for 2018 [2]. Therefore, the incorporation of Bio-CCS, 99 which involves an increase in investment and operating costs, would result in extra-100 avoided GHG emissions (avoided GHG emissions above the minimum target in 101 European regulation). However, such an incorporation would not be of interest in 102 thermochemical biorefineries, unless some economic benefit were provided. The idea of 103 rewarding biorefineries for their reduction of GHG emissions has been previously 104 proposed in the literature, especially in the case of biorefineries incorporating Bio-CCS 105 [30-34]. Nevertheless, previous studies have not analyzed rewarding in terms of current 106 and/or future regulation. For example, Kalt et al. assumed all emissions below the 107 corresponding fossil reference might be sold as  $CO_2$  emission allowances [32]. If so, 108 there would be double rewarding of the reduction of GHG emission subsidies for 109 biofuels (depending on regulation in each member state) and the sale of CO<sub>2</sub> 110 allowances. Schmidt et al. assumed only emissions within the biorefinery should be 111 considered in the GHG balance (while other factors e.g. kind of biomass feedstock were 112 neglected) [33]. Ricci proposed the rewarding of CO<sub>2</sub> allowances from Bio-CCS 113 incorporation [34]. Therefore, the GHG balance is not considered, even if it involves 114 GHG savings above the minimum target. Based on these proposals, some authors have

115 economically assessed the rewarding of Bio-CCS incorporation into different 116 configurations of thermochemical biorefineries producing energy carriers [3,33,35-43]. 117 In all cases, the rewarding was via the sale of CO<sub>2</sub> allowances. However, such 118 rewarding is not included in the European Emissions Trading Scheme (EU-ETS) [18,44] 119 and nor is CCS in conventional facilities (e.g. power plants, refineries, etc.). Therefore, 120 there is a need for policies which reward Bio-CCS incorporation, and in a broader 121 sense, all extra-avoided emissions. Considering current regulation in the EU, an 122 alternative reward for extra-avoided emissions is the co-feeding of a fossil fuel. 123 However, it depends on fossil fuel price compared to biomass. Several studies have 124 analyzed this [45-50].

125

126 In this study, we analyze how the incorporation of Bio-CCS into thermochemical 127 biorefineries could be rewarded, taking the results of the GHG balance (cradle-to-grave) 128 and different policy scenarios in the EU into account. To the best of our knowledge, 129 there is no previous studies of this kind in the literature. Unlike previous studies 130 [3,33,35-43,45-50], in this study a general analysis is presented, where the main factors 131 affecting the update of the techno-economic assessment are described. Since 132 thermochemical biorefineries achieve a GHG saving above the minimum target in the 133 EU, the sale of all extra-avoided GHG emissions (not only from Bio-CCS) is analyzed. 134 Moreover, since the co-production of chemicals in thermochemical biorefineries is as 135 yet unregulated, the impact of future regulation is estimated. Two different 136 configurations of thermochemical biorefineries are selected for the assessment: a

biorefinery producing an energy carrier (ethanol) and electricity, and a biorefinery coproducing an energy carrier (DME) and chemicals (methyl acetate and hydrogen).

139

### 140 **2. Modeling**

141 2.1. Calculation of extra-avoided emissions in thermochemical biorefineries

142 The calculation of the GHG balance in thermochemical biorefineries has been described 143 in a previous publication of the authors [2]. The GHG balance is the sum of all cradle-to-144 grave anthropogenic GHG emissions (net emitted to the atmosphere) from the process 145 (see Scheme 1) [1,2]. It is expressed in g of CO<sub>2</sub> equivalent per MJ of products leaving 146 the biorefinery (lower heating value basis) in accordance with European regulation [1]. 147 The emissions from cultivation ( $e_{ec}$ ), land-use ( $e_{l}$ ), and biorefinery ( $e_{p}$ ) are allocated for 148 each product. Carbon capture and geological storage (eccs) constitutes a negative 149 contribution in the GHG balance. The emissions in the transport and distribution (etd) 150 and final use (e<sub>u</sub>) are set for each product. The GHG balance is a simplified version of a 151 carbon footprint assessment (cradle-to-grave), which aims to be useful for the 152 calculation of the saving of anthropogenic GHG emissions in a non-commercial process 153 like thermochemical biorefineries [2]. In the case of co-producing chemicals and 154 regarding their final use (e.g. production of plastics), there could be long-term storage of 155 biogenic carbon (for example, a period of 100 years, as stated by LCA standards) 156 [51,52]. An equivalent storage of biogenic carbon (Ecs), is used to model this long-term 157 storage [2]. The value for the corresponding fossil reference is regulated in the EU 158 (Scheme 1) [1]. In the case of chemicals, the fossil reference is not currently regulated. 159 However, data can be found in the literature [2].

160	
161	$E_i = x_i \cdot (e_{ec} + e_l + e_p - e_{ccs}) + e_{td,i} + e_{u,i} [energy carriers]$
162	$E_i = x_i \cdot (e_{ec} + e_l + e_p - e_{ccs}) + e_{td,i} + e_{u,i} + E_{CS,i} \cdot CC_i \text{ [chemicals]}$
163	$E_i^{w/o Bio-CCS} = E_i + e_{ccs} \cdot x_i$
164	$E_{F,i}$ = 83.8 (g CO <sub>2</sub> eq. / MJ) [regulated, transportation fuel]
165	$E_{F,i}$ = 77.0 (g CO <sub>2</sub> eq. / MJ) [regulated, heat generation]
166	$E_{F,i}$ = 91.0 (g CO <sub>2</sub> eq. / MJ) [regulated, electricity generation]
167	$E_{F,i} = e_{u,i} + (1-E_{CS,i}) \cdot CC_i$ [not regulated, chemicals]
168	Scheme 1
169	
170	The GHG saving is calculated regarding the final use of the energy carrier as a
171	transportation fuel (biofuel), or for the generation of electricity or heat (bioliquids). The
172	grade of substitution (GS) allows for a better comparison of the GHG balance with the
173	corresponding fossil reference [2]. The saving is calculated as shown in Scheme 2. The
174	value of the GHG saving excluding Bio-CCS will be necessary for the calculation of the
175	extra-avoided GHG emissions.
176	
177	saving <sub>i</sub> (%) = $(E_{F,i} - E_i/GS_i)/E_{F,i}$
178	savingi <sup>w/o Bio-CCS</sup> (%) = ( $E_{F,i} - (E_i + e_{ccs} \cdot x_i)/GS_i$ )/ $E_{F,i}$
179	Scheme 2
180	
181	Extra-avoided emissions are the avoided GHG emissions above the minimum target in
182	European regulation. In this study, we consider the 2018 target (i.e. 60%) as the

required saving for thermochemical biorefineries [1]. The extra-avoided emissions are calculated by adding the extra-avoided emissions of each regulated co-product (Scheme 3). The extra-avoided emissions from Bio-CCS do not depend on production in the biorefinery.

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$$EA = 3.6 \cdot 10^{-3} \cdot PC \cdot \sum \left[ \left( saving_i^{w/o Bio-CCS} - 60\% \right) \cdot E_{F,i} \cdot x_i \right] + EA^{Bio-CCS}$$

188

 $EA^{Bio-CCS} = 3.6 \cdot 10^{-3} \cdot PC \cdot e_{ccs}$ 

- 189
- 190 Scheme 3
- 191

193 The proposed policy scenarios are:

Current regulation in the EU. There is no incentive for the incorporation of Bio CCS. Therefore, the rewarding of extra-avoided emissions is possible only via
 the co-feeding of fossil fuels in the biorefinery.

Bio-CCS is included in the EU-ETS. The International Energy Agency has declared Bio-CCS would represent significant removal of CO<sub>2</sub> from the atmosphere in the future and, therefore, should be included in future regulation [16]. The Fifth Assessment Report on Climate Change recognizes the importance of carbon dioxide removal (CDR) from the atmosphere, including Bio-CCS [17]. In this scenario, extra-avoided emissions from Bio-CCS (EA<sup>Bio-CCS</sup>) are rewarded via the EU-ETS.

All extra-avoided emissions are included in the EU-ETS. The rewarding of extra avoided emissions is not limited to Bio-CCS incorporation, but to all extra avoided emissions from the process [2,44]. In this scenario, extra-avoided
 emissions (EA) are rewarded via the EU-ETS.

208 Chemicals are regulated and included in the EU-ETS. The EU aims to 209 progressively reduce and finally eliminate all for-free emission allowances within 210 the EU-ETS, including the petrochemical sector [53]. Besides, materials made 211 from biomass represent long-term storage of biogenic carbon and constitute, 212 therefore, CDR from the atmosphere [5]. Thus, regulation of chemicals may be 213 real in the near future [34,54,55,56]. In this study, we propose biomass-derived 214 chemicals will be regulated like energy carriers, i.e. imposing a minimum GHG 215 saving. In this scenario, all extra-avoided emissions including chemicals are 216 rewarded via the EU-ETS. The same target for GHG saving is used for energy 217 carriers and chemicals (60%).

218

219 2.3. Update of the techno-economic assessment for the incorporation of Bio-CCS 220 The incorporation of Bio-CCS in thermochemical biorefineries has been modeled in the 221 literature [3,33,35-43]. In the design of thermochemical biorefineries, it is common to 222 have a unit for the removal of CO<sub>2</sub> from the syngas (equivalent to pre-combustion CO<sub>2</sub> 223 capture in IGCC power plants) in order to meet the requirement of the synthesis section 224 [42]. In such a case, the installation and operating costs of the CO<sub>2</sub> removal unit would 225 be included in the original assessment. Therefore, the incorporation of Bio-CCS, would 226 add only the compression (multi-stage) and conditioning (de-watering) of the CO<sub>2</sub> stream. In the case of a biorefinery without  $CO_2$  removal, the capture of  $CO_2$  from several sources has the same technical consideration as for conventional power plants (post-combustion  $CO_2$  capture). Both investment and operating costs of the  $CO_2$ removal unit should be included.

231

Regarding the transport of  $CO_2$  to the geological storage (sequestration), in contrast to a commercial power plant incorporating CCS (which would capture 800-1600 t/h of  $CO_2$ [57]), the flowrate of captured  $CO_2$  in a thermochemical biorefinery is much lower [2]. Therefore, the costs associated with the transport of  $CO_2$  in the literature for power plants could be out of range. However, no specific analysis has been carried out in previous studies on Bio-CCS [9,15,16,30,58-60].

238

239 2.4. Rewarding of extra-avoided GHG emissions

In this section, we describe how extra-avoided emissions are rewarded andincorporated into the techno-economic assessment.

242

For the co-feeding of fossil fuels, the design of the biorefinery has to be update, thereby becoming more complex. In the case of coal, the co-feeding fuels constitute a substantial modification of the configuration involving the installation of a coal gasifier along with the modification of gas cleaning and conditioning sections. Only if the plant originally had an entrained-flow (EF) gasifier, might the co-feeding of coal be done in the same gasifier. The co-feeding of natural gas requires modification of the conditioning section in order to process natural gas into syngas. If there was not a reformer in the original design, a reforming unit has to be included. There are different alternatives for the reforming of natural gas: steam methane reforming (SMR), autothermal reforming (ATR) and partial oxidation (POx) [61-68]. All cases except SMR require an air separation unit (ASU), which penalizes the process economy.

254

Regardless of the fossil fuel, the co-feeding leads to a reduction of extra-avoided emissions (limited to fulfill the minimum GHG saving). The reduction of biomass feedstock and the amount of fossil fuel co-feeding are calculated, maintaining constant energy output from the biorefinery (Scheme 4).

259

$$BR (\%) = \frac{EA}{INPUT \cdot \left(\frac{E_{F,i}}{GS_i} + \frac{EA}{INPUT}\right)}$$

260

261 Co-feeding (MW of fossil fuel i) = 
$$\frac{EA}{\frac{EA \cdot GS_i}{INPUT} + E_{F,i}}$$

262 Scheme 4

263

The sale of CO<sub>2</sub> allowances does not require modifications in the biorefinery. CO<sub>2</sub> becomes a co-product of the biorefinery thereby adding revenue. The sale price of the CO<sub>2</sub> is assumed to be equal to the price of CO<sub>2</sub> allowances in the EU-ETS.

267

3. Assessment of two configurations of thermochemical biorefineries
 incorporating Bio-CCS

270 In a previous study, the authors proposed and assessed several configurations of 271 thermochemical biorefineries [69]. The main innovation of the study was the design of a 272 biorefinery using DME as a platform chemical (intermediate compound, which can be a 273 product or converted into other products). The design of the process led to 274 multiproduction configurations, where energy carriers and chemicals were co-produced. 275 The co-production of methyl acetate, a high-value chemical for the petrochemical 276 industry, improved the process economy making the biorefinery profitable [69]. A 277 detailed description of the process configurations (design basis and technical 278 description) is given in Appendix A. Figure 1 shows a general overview of the selected 279 configurations in this study: a thermochemical biorefinery producing an energy carrier 280 (ethanol) and electricity, and a thermochemical biorefinery co-producing an energy 281 carrier (DME) and chemicals (methyl acetate and hydrogen). The capture of CO<sub>2</sub> was 282 included in the original design of both configurations because of the conditioning 283 requirements of downstream catalysts [69]. The captured CO<sub>2</sub> represents 12.8% of 284 carbon (biomass) input to the plant in both configurations because of identical syngas 285 conditioning (see Appendix A). However, the differences in downstream processing 286 result in slightly higher CO<sub>2</sub> emissions for the configuration producing ethanol and 287 electricity. Table 1 shows the original results from the techno-economic assessment 288 without Bio-CCS. It is remarkable that in spite of the high energy efficiency of the 289 configurations, less than a quarter of biomass carbon goes to final products (see Figure 290 1). Table 2 shows the update in total capital investment (TCI) and total operating cost 291 (TOC), when Bio-CCS is incorporated into the configurations (for already captured 292 CO<sub>2</sub>). The update of the techno-economic assessment for Bio-CCS incorporation is

293	carried out using original results from energy and material balances (see [69] for further
294	details in the methodology) and economic assumptions from the original assessment
295	(see Appendix B). The GHG balance of the selected configurations was analyzed in a
296	previous study [2]. Table 3 shows the GHG balance and saving for the two selected
297	configurations. The values for extra-avoided emissions are calculated for the policy
298	scenarios described in section 2.2.
299	
300	
301	Figure 1. General overview and carbon balance of selected configurations: (a)
302	producing an energy carrier and electricity; (b) co-producing an energy carrier and
303	chemicals. i-CFB: indirectly-heated circulating fluidized bed gasifier.

Table 1. Results of the original techno-economic assessment for the two selected
 configurations of thermochemical biorefineries.<sup>a</sup>

	Producing an energy carrier (a)	Co-producing energy carrier and chemicals (b)
Inputs to the	Biomass: 500	Biomass: 500
biorefinery (MW <sub>th,e</sub> )		Electricity: 1
Energy efficiency (%) <sup>b</sup>	43.6	49.1
Products (MW <sub>th,e</sub> )	Ethanol: 157	DME:118

	Electricity: 61	Hydrogen: 77
		Methyl acetate: 51
Biomass price (€/GJ)	2.4	2.4
Total capital	363.5	360.3
investment, TCI		
(M€ <sub>2010</sub> )		
Total operating cost,	61.8	61.6
TOC (M€/year)		
	Ethanol: 24.5 (transportation	DME: 22.5 (transportation
Deise and final was of	fuel)	fuel)
products (€/GJ)	Electricity: 10.3	Methyl acetate: 64.0
p		(chemical)
		Hydrogen: 6.0 (chemical)
Internal rate of return,	5.4	23.9
IRR (%)		

<sup>a</sup> The data is taken from our previous study [69]. The configuration "thermochemical biorefinery producing an energy carrier" corresponds to configuration TR-01 and "thermochemical biorefinery co-producing an energy carrier and chemicals" to configuration TR-05.

$$\text{Calculated using the formula } \eta_{th,total} = \frac{products (MW_{th}) + nst^{output} \text{ electricity } (MW_{e})}{biomass (MW_{th}) + \frac{nst^{input} \text{ electricity } (MW_{th})}{\eta_{e}}} \text{ as }$$

312 described in [44,69].  $\eta_e$  = 35%.

Table 2. Update of TCI, TOC and revenue for the two configurations of thermochemical

	Producing an energy	Co-producing energy
	carrier (a)	carrier and chemicals (b)
Change in TCI (M€)ª	4.5	4.4
Change in TOC	2.9	5.7
(M€/year)ª		
Reduction of revenue	2.9	-
(M€/year) <sup>b</sup>		

biorefineries after Bio-CCS incorporation (geological storage of already captured CO<sub>2</sub>).

- <sup>a</sup> See Appendix B.
- <sup>317</sup> <sup>b</sup> The export of electricity is reduced through compression of the CO<sub>2</sub> for transport. The
- 318 sale of CO<sub>2</sub> allowances is not included.
- 319
- 320 Table 3. GHG balance and saving for the two configurations of thermochemical
- 321 biorefineries, and extra-avoided GHG emissions for each policy scenario [2].

		Producing an	Co-producing
		energy carrier (a)	energy carrier and
			chemicals (b)
GHG balance(g	w/o Bio-CCS⁵	7.4	7.9
CO <sub>2</sub> eq. / MJ) <sup>a</sup>	w Bio-CCS <sup>b</sup>	-22.7	-17.1
	Chemicals included <sup>c</sup>	-	-16.5/-29.5
GHG saving	w/o Bio-CCS <sup>b</sup>	Ethanol: 94.0	DME: 91.3
-	w Bio-CCS <sup>b</sup>	Ethanol: 119.6	DME: 106.6

	Chemicals included <sup>c</sup>	-	DME: 106.6
			Methyl acetate: 96.3-
			195.3
	Current regulation <sup>b</sup>	38.5	34.1
	Bio-CCS is included	23.4	23.4
Extra-avoided	in EU-ETS		
emissions (t/h)	All extra-avoided	38.5	34.2
	emissions <sup>b</sup>		
	Chemicals included <sup>c</sup>	-	37.5-47.1

<sup>a</sup> The biomass feedstock is farmed wood (poplar chips) from non-degraded land and the
 emissions in the final use of energy carriers are considered neutral, as stated in
 European regulation [1].

<sup>325</sup> <sup>b</sup> Calculated only for regulated products (ethanol and DME).

<sup>c</sup> For methyl acetate, the Ecs is set from 0 to 90%. Hydrogen has no carbon content and
 is not included since processing would be as a secondary feedstock. The associated
 GHG emissions to hydrogen (after Bio-CCS incorporation) are -4.1 g CO<sub>2</sub> eq. / MJ.

329

330 3.1. Current regulation in the EU

In the original configurations, there was neither an EF gasifier nor a reforming unit. Therefore, the co-feeding of coal or natural gas would involve the installation of a gasifier or a reformer, respectively. In order to achieve the best comparison with the original assessment, natural gas is chosen as the fossil fuel since it involves fewer modifications in processing units. The selected reforming unit is SMR. The original configurations are updated using the calculated grade of substitution of biomass bynatural gas (see Appendix C).

338

339 Table 4 shows the update of original assessments for the co-feeding of natural gas. The 340 economic results have been updated taking into account the reduction of biomass 341 feedstock. Therefore, gasification and conditioning sections are sized-reduced from the 342 original assessment. However, there is a new section for the reforming of natural gas. 343 The change in the TCI is equal for the two configurations (increase of 4.6%) since the 344 greater co-feeding of the biorefinery producing an energy carrier is balanced by the 345 larger total capital investment of the original design of the biorefinery co-producing 346 energy carrier and chemicals.

347

Table 4. Update of the techno-economic assessment for the co-feeding of natural gas
 (Bio-CCS is already incorporated in the biorefinery).

	Producing an energy	Co-producing energy		
	carrier (a)	carrier and chemicals (b)		
Natural gas co-feeding	153.0	139.4		
(MW <sub>th</sub> ) <sup>a</sup>				
BR (% biomass	24.5	22.3		
feedstock)				
Change in TCI (M€) <sup>ь</sup>	17.6	17.6		

<sup>a</sup> The anthropogenic GHG emissions ( $E_{F, natural gas}$ ) associated with the co-feeding are 52.81 g CO<sub>2</sub> eq. / MJ of natural gas (complete combustion of natural gas). The grade of substitution (GS) is 0.80 (See Appendix C).

<sup>b</sup> See Appendix B.

354

355 Figure 2 shows the impact of the price of natural gas on the process economy. In spite 356 of having lower profitability, the configuration producing an energy carrier is the only one 357 which might be favored with the co-feeding of natural gas. However, the required 358 natural gas price would be 1 €/GJ, which is below current prices in the EU and US. The 359 configuration co-producing an energy carrier and chemicals fares worse in comparison 360 since it has less extra-avoided emissions and imports more electricity after Bio-CCS 361 incorporation. In order to analyze the impact of biomass price on the process economy, 362 the change in the IRR is presented for the configuration co-producing an energy carrier 363 and chemicals. It can be seen that the impact is greater than from the price of natural 364 gas. Therefore, the co-feeding would only have a slight impact on the process economy. 365 366

Figure 2. Impact of the price of natural gas on IRR (current regulation). Data for European and US gas prices are taken from [70,71]. Biomass price from the original assessment ( $2.4 \notin/GJ$ ).

370

371 3.2. Bio-CCS is included in the EU-ETS

372	Figure 3 shows the locus for constant IRR (original assessment) varying biomass and
373	price of CO2 allowances. The resulting value for CO2 allowances is the equivalent
374	sequestration cost in the biorefinery since it includes the cost of CO <sub>2</sub> compression within
375	the plant, transport and geological storage. For the biomass price used in the original
376	assessment (2.4 $\in$ /GJ), the resulting cost of sequestration is lower than in conventional
377	power plants (around 50 to 100 €/t of CO₂, according to the literature [57,72-74]).
378	However, it is higher than the latest price of $CO_2$ allowances in the EU-ETS [75].
379	
380	Figure 4 shows the impact of the price of CO2 allowances on the process economy.
381	Once again, the impact of biomass price is greater than the price of CO <sub>2</sub> allowances.
382	Only if they are above 110 €/t, would the IRR of the configuration producing an energy
383	carrier be above 10%.
384	
385	
386	Figure 3. Equivalent cost of sequestration as a function of biomass price (Bio-CCS
387	included in the EU-ETS).
388	
389	
390	Figure 4. Impact of the price of $CO_2$ allowances (Bio-CCS included in the EU-ETS) on
391	the IRR (biomass 2.4 €/GJ).
392	
393	3.3. All extra-avoided emissions are included in the EU-ETS

Figure 5 shows the equivalent sequestration cost taking the sale of all extra-avoided GHG emissions (not limited to Bio-CCS) in the EU-ETS into consideration. Although sequestration costs are lower than in section 2.2, they are still above prices in the EU-ETS. However, they constitute half the sequestration cost for power plants, which represents an important advantage compared with CCS.

399

Figure 6 shows the impact of the price of  $CO_2$  allowances on the process economy. Once again, the impact of biomass price is greater than the price of  $CO_2$  allowances. Only if they are above  $75 \notin/t$ , would the IRR of the configuration producing an energy carrier be above 10%.

404

405

406 Figure 5. Equivalent cost of sequestration as a function of biomass price (all extra407 avoided emissions are included in the EU-ETS).

408

409

410 Figure 6. Impact of the price of CO<sub>2</sub> allowances (all extra-avoided emissions included in

411 the EU-ETS) on the IRR (biomass  $2.4 \notin (GJ)$ .

412

413 3.4. Chemicals are regulated and included in the EU-ETS

Figure 7 shows the equivalent cost of sequestration for the sale of all extra-avoided emissions including chemicals. This storage in chemicals only affects the configuration of the thermochemical biorefinery co-producing an energy carrier and chemicals. For the equivalent storage of biogenic CO<sub>2</sub>, three cases are studied: no carbon storage, 50% and 90% equivalent carbon storage. As explained in Table 3, hydrogen has no carbon content, so only the storage in methyl acetate is analyzed. Taking the price from the original assessment for biomass (2.4  $\in$ /GJ), the case of 90% carbon storage decreases the sequestration cost 10  $\in$ /t. However, the sequestration cost is still above current prices in the EU-ETS.

423

Figure 8 shows the impact of the price of  $CO_2$  allowances on the process economy. Only if the price of  $CO_2$  allowances were above  $20-35 \notin$ /t (regarding the carbon storage), would the IRR be slightly enhanced.

427

428

Figure 7. Cost of sequestration as a function of biomass price for the configuration of
 thermochemical biorefinery co-producing energy carrier and chemicals (chemicals are
 included in the EU-ETS and there is Bio-CCS incorporation).

432

433

Figure 8. Impact of the price of CO<sub>2</sub> allowances for the configuration of thermochemical
biorefinery co-producing energy carrier and chemicals (chemicals are included in the
EU-ETS and there is Bio-CCS incorporation) on the IRR via rewarding of extra-avoided
emissions (biomass 2.4 €/GJ).

438

439 **4. Discussion** 

440 Figure 9 shows the impact of studied policy scenarios on the process economy for each 441 configuration of a thermochemical biorefinery. The sale of CO<sub>2</sub> allowances from Bio-442 CCS would profit the configurations only at high prices. In such a case, the 443 thermochemical biorefinery producing an energy carrier would reach 7% IRR, making it 444 almost profitable. If all extra-avoided emissions could be sold, this configuration would 445 compare better since it produces regulated products. Only if chemicals were regulated 446 and the equivalent carbon storage were high (90%), would the impact of the sale of CO<sub>2</sub> 447 allowances be significant for the configuration co-producing chemicals. Therefore, an 448 interesting result of this study is that the incorporation of Bio-CCS cannot make a thermochemical biorefinery profitable unless it was either already profitable or high CO<sub>2</sub> 449 450 prices were considered.

451

452

Figure 9. Summary of the impact of studied policy scenarios on the process economy.
(a) Thermochemical biorefinery producing an energy carrier and (b) thermochemical
biorefinery co-producing energy carrier and chemicals. Biomass price from the original
study: 2.4 €/GJ.

457

Figure 10 compares the impact of changing capital investment (TPI), operating cost (TOC) and selling prices of products (ethanol, DME and methyl acetate) in the original assessment along with the impact of incorporating Bio-CCS. For the configuration of thermochemical biorefinery producing an energy carrier, the sale of CO<sub>2</sub> allowances in the best policy scenario (all extra-avoided emissions are sold in the EU-ETS) would 463 have a positive effect. In the case of 50  $\in/t$ , the impact would be equivalent to a 464 reduction of 21% of TPI or 15% of TOC, or to an increase of ethanol selling price of 465 14%. For the configuration of thermochemical biorefinery co-producing energy carrier 466 and chemicals, the sale of CO<sub>2</sub> allowances in the best policy scenario (chemical 467 included in the EU-ETS) would be also positive. In the case of 50 €/t, the impact would 468 be equivalent to a reduction of 9% of TPI or 17% of TOC, or to an increase of the selling 469 price of DME and methyl acetate of 11% and 15%, respectively.

- 470
- 471

472 Figure 10. Sensitivity analysis of IRR considering a change on TPI, TOC, selling prices, 473 and Bio-CCS incorporation into selected configurations: (a) thermochemical biorefinery 474 producing an energy carrier and (b) thermochemical biorefinery co-producing energy 475

carrier and chemicals.

476

477 Regarding the accuracy of this study, there are several limitations and uncertainties 478 when calculating the extra-avoided emissions of thermochemical biorefineries. The 479 temporal impact of biogenic GHG emissions are not analyzed since current information 480 is still limited. The rewarding of the sale of extra-avoided emissions from the production 481 of electricity is not included, since they are exclude from the GHG saving calculation 482 [76]. The diverse final use of bio-products is not analyzed. The actual values for the 483 equivalent carbon storage in chemical derived-products depends on regional constraints 484 (recycling, landfilling, incineration rates). Finally, the fossil references are likely to 485 change with future regulation, as is the GHG saving target.

#### 487 **5.** Conclusions

488 Bio-CCS represents net removal of CO<sub>2</sub> from the atmosphere and if incorporated into 489 thermochemical biorefineries, leads to extra-avoided GHG emissions, which can be 490 rewarded. The rewarding of extra-avoided emissions encourages the incorporation of 491 Bio-CCS into thermochemical biorefineries thanks to a larger saving of GHG emissions. 492 The rewarding of Bio-CCS incorporation into thermochemical biorefineries is possible 493 via the co-feeding of fossil fuels (considering current regulation) or the sale of CO<sub>2</sub> 494 allowances (not included in current regulation). We have updated two previously 495 assessed configurations of a thermochemical biorefinery, which were ready for Bio-CCS 496 incorporation. In view of current prices, the co-feeding of natural gas would not be 497 profitable in the studied configuration of thermochemical biorefineries. Considering the 498 sale of CO<sub>2</sub> allowances in the EU-ETS, current prices (5-15 €/t) would not make Bio-499 CCS incorporation profitable. It would be positive only at high CO<sub>2</sub> prices (50  $\in$ /t). 500 However, these prices are still in the range of current sequestration cost for 501 conventional power plants (50-100  $\in$ /t).

502

In this study, we have analyzed the sale of extra-avoided emissions coming not only from Bio-CCS, but also from the process. If the sale of extra-avoided emissions from the production of energy carriers were included in the EU-ETS, the CO<sub>2</sub> sequestration cost would be reduced, although not enough to enhance the process economy. If chemicals were regulated and included in the EU-ETS, the sequestration cost would decrease significantly. However, even at high CO<sub>2</sub> prices the impact of rewarding extra-avoided 509 GHG emissions on the assessed configurations is slight since the geological storage is 510 limited to already captured CO<sub>2</sub> in the biorefinery.

511

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518

# Appendix A. Description of selected configurations of thermochemical biorefinery (reproduced from [69])

521 Biomass feedstock (poplar chips) with 30 wt% moisture is dried in a rotary dryer, where 522 moisture is reduced to 12 wt% with combustion gases from the gasifier. The gas has 523 been previously cooled from 800°C down to 450°C to produce high pressure (HP) 524 steam in a heat recovery steam generator (HRSG). Dried poplar chips are sent to a 525 hammer mill for particle reduction. The selected gasifier is an atmospheric indirectly-526 heated atmospheric Circulating Fluidized Bed Gasifier (iCFBG). The performance data 527 of the iCFBG is given in [69]. The raw syngas from the gasifier contains dust, tars, 528 nitrogen and alkali compounds, and halogens which must be removed in order to 529 prevent damage to equipment and the poisoning of catalysts. Removal of particles is 530 carried out in both cases by high-temperature cyclones. The raw syngas enters a tar 531 cracker, which is modeled using recent experimental data [77]. The outlet stream is 532 cooled and the remaining impurities (dust, alkalis, residual ammonia, etc.) are removed 533 by water scrubbing. Sulphur compounds are removed by a liquid phase oxidation 534 process (LO-CAT®) and bed filtration (ZnO). The syngas is then conditioned to meet 535 the requirements of the downstream catalysts in the reaction loop: a  $H_2/CO$  ratio of 1, a 536 low content of CO<sub>2</sub> (<10%v/v) and hydrocarbons (mainly methane) in the DME 537 conversion section, and syngas dewatering. In the syngas conditioning section, there is 538 no reforming unit since the tar cracker unit also converts (partially) methane into  $H_2$  and 539 CO. The selected technology for CO<sub>2</sub> removing is an amine system, due to the low 540 partial pressure of CO<sub>2</sub> in the gas. A pressure swing adsorption (PSA) system is 541 selected for recovering the excess of  $H_2$  (co-product of the biorefinery).

542

543 The DME synthesis section is modeled using a one-step DME reactor, where CO,  $H_2$ 544 and some CO<sub>2</sub> are converted into DME, and methanol and water to a lesser extent. The 545 reactor uses a dual catalyst, i.e. Cu-ZnO and a kind of zeolite or alumina, suspended in 546 a solvent (slurry reactor); one catalyst synthesizes methanol from syngas and the other 547 dehydrates the methanol to DME. Produced methanol in the process (DME 548 hydrocarbonylation, Figure A.1) can be fed to the reactor and converted into DME. The 549 DME conversion section is designed as multi-stage reactors with DME shots. This 550 configuration fits process requirements best because it enables high DME conversion in 551 the reactor and does not require syngas recirculation to fulfill the high CO/DME ratio 552 required, like in the case of using a single reactor. For the design of the configuration of 553 thermochemical biorefinery producing ethanol and electricity (Figure A.1), a CO/DME

molar ratio of 10 is used. Collected liquid products from the reactors (methanol, ethanol
and small amounts of methyl acetate) are mixed and sent to the product separation
section. For the design of the configuration of thermochemical biorefinery producing
DME, methyl acetate and hydrogen (Figure A.2), a CO/DME molar ratio of 47.1 is used.

558

559 In the configuration of thermochemical biorefinery producing ethanol and electricity 560 (Figure A.1), ethanol is distillated to meet fuel-grade specifications and the methanol 561 recycled to the DME synthesis section, where it is dehydrated in the reactor. In the 562 configuration of thermochemical biorefinery producing DME, methyl acetate and 563 hydrogen (Figure A.2), the produced methyl acetate is recovered in a stabilizer column 564 as liquid distillate. The outlet stream from the DME synthesis reactor is condensed and 565 CO<sub>2</sub> is recovered by distillation in a stabilizer column. Methanol is separated from water 566 by distillation and recycled to the DME synthesis reactor. The DME product stream 567 contains 99.5%v/v of DME, with CO<sub>2</sub> and methanol as the main impurities. The effluent 568 from the DME carbonylation and the effluent from the DME synthesis reactor are cooled 569 using the cryogenic refrigeration (CR) system.

570

571

Figure A.1. Process flowchart of the configuration of thermochemical biorefinery
producing an energy carrier (ethanol) and electricity. Originally case TR-01 in reference
[69].

- 575

- 577 Figure A.2. Process flowchart of the configuration of thermochemical biorefinery co-
- 578 producing an energy carrier (DME) and chemicals (methyl acetate and hydrogen).

Originally case TR-05 in reference [69].

- 579
- 580

# 581 Appendix B. Data for the update of the techno-economic assessment

The data for the update of the purchase and installation of equipment is shown in Table B.1. The TCI is 189.8% of costs of the purchase and installation of equipment [69]. The data for the update of the operating cost is shown in Table B.2. Fixed operating cost is assumed to be 8.4% of TCI [69]. The economic assumptions for the calculation of the IRR are shown in Table B.3.

- 587
- 588

Table B.1. Data for the update of the purchase and installation of equipment.

	Base purchase cost (MUS\$ <sub>2010</sub> ) <sup>a</sup>	Reference year	Scale factor	Units	Base Scale	Installation factor <sup>b</sup>	Reference
SMR⁰	41.0	2002	0.6	kmol reformed/h	1277	1	[78]
Compressor (CO <sub>2</sub> conditioning)	5.85	2009	0.7	MWe	5.44	1.32	Supplier
De-watering	0.097	2008	-	MW <sub>th</sub>	1.81	1	Supplier

(CO <sub>2</sub>				
conditioning)				

<sup>a</sup> A conversion rate of 1.35 US\$/€ has been used in this study.

<sup>590</sup> <sup>b</sup> The installation factor is 1 if the base cost already includes the indirect costs.

<sup>c</sup> Natural gas supply pressure is above 16 bar according to European standards for gas

592 grid (industrial consumers) [79]. Therefore, compression is not necessary and it is not

- 593 included in the capital investment.
- 594
- 595

# Table B.2. Data for the update of TOC.

CO₂ transport (€/t)	4 [74]
CO <sub>2</sub> geological storage	10 [74]
(€/t)	
Import of electricity	16 [69]
(€/GJ)	

# 596

597

Table B.3. Economic assumptions for discounted cash flow analysis [69].

Parameter	Value
Debt/Equity	0/100%
Plant life	20 years
Depreciation (linear)	10 years
Salvage value	0 M€
Construction period	1 year
Income tax	30%

Working capital	1-month operating costs
Land	6% TCI
Working capital and cost of lan	d are recovered at the end of plant life.

# 599 Appendix C. Calculation of the grade of substitution

600 From the update of the process simulation, the grade of substitution has been 601 calculated (Table C.1). All configurations have the same grade of substitution since the 602 H<sub>2</sub>/CO molar ratio of the bio-syngas is equal. Therefore, these values cannot be used 603 as a general reference for the co-feeding of natural gas in thermochemical biorefineries. 604 The inefficiency of natural gas substitution is due to high energy consumption by the 605 SMR unit (approx. 50% is combusted to provide the heat for reforming), which was not 606 included in the original design (there was a tar-reformer). In the case where a SMR unit 607 was included in the original design (i.e. there was no tar reformer), natural gas co-608 feeding would enhance energy efficiency [45].

- 609
- 610

Table C.1. Results of the co-feeding of natural gas in selected configurations.<sup>a</sup>

Value
3.00
1.54
1.61
0.80

<sup>611</sup> <sup>a</sup> The composition of natural gas corresponds to an energy content of 38 MJ/Nm<sup>3</sup>.

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Figure 7.

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Figure 8.



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