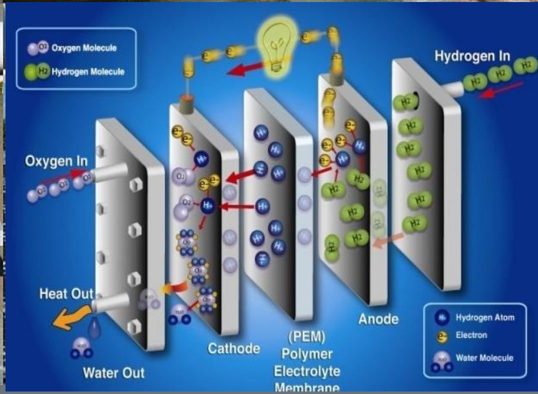
Potential Strategies for Integrating Solar Hydrogen Production and Concentrating Solar Power: A Systems Analysis

U.S. DEPARTMENT OF ENERGY | Energy Efficiency & Renewable Energy



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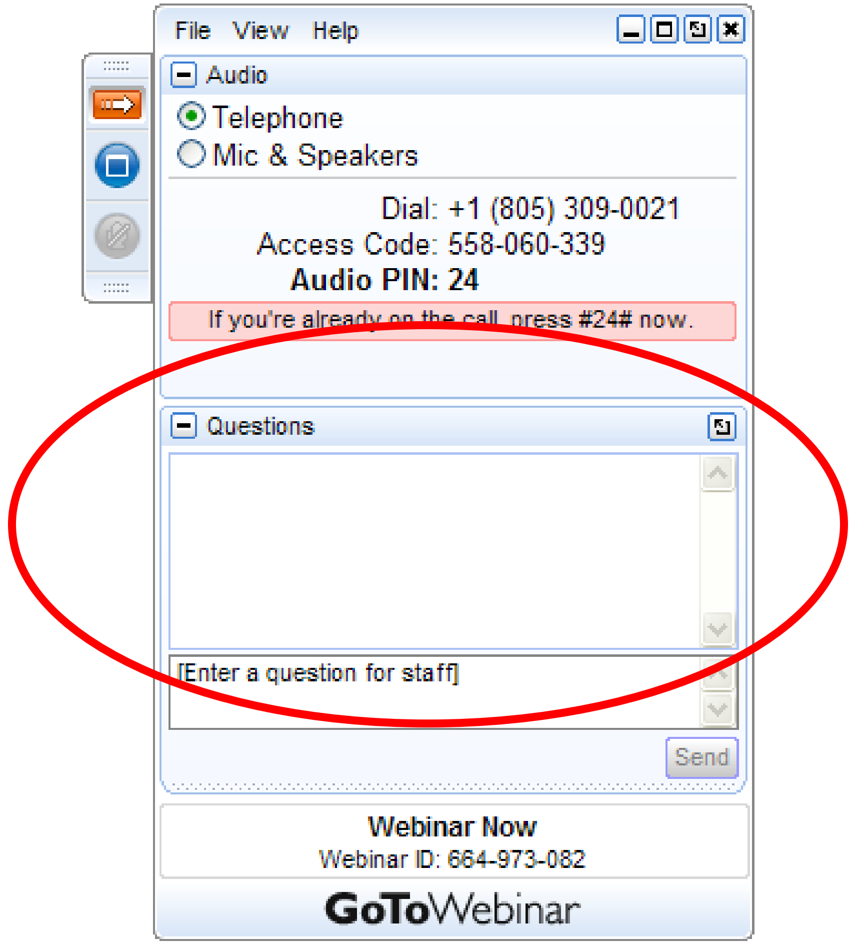
DOE Host:
Eric Miller – DOE Fuel Cell Technologies Office

U.S. Department of Energy
Fuel Cell Technologies Office
January 21st, 2016

Question and Answer

- Please type your questions into the question box



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Potential Strategies for Integrating Solar H_2 Production and Concentrating Solar Power: A Systems Analysis

Scott Paap

Sandia National Laboratories

January 21st, 2016

Funded by the Fuel Cell Technologies Office
U.S. Department of Energy's
Office of Energy Efficiency and Renewable Energy

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Outline

- Introduction
  - Background
  - Modeling approach
  - Key assumptions
  - Concentrating solar power (CSP) overview
  - General comments on CSP-H_2 integration
- CSP-H_2 integration scenarios
- Conclusions and insights

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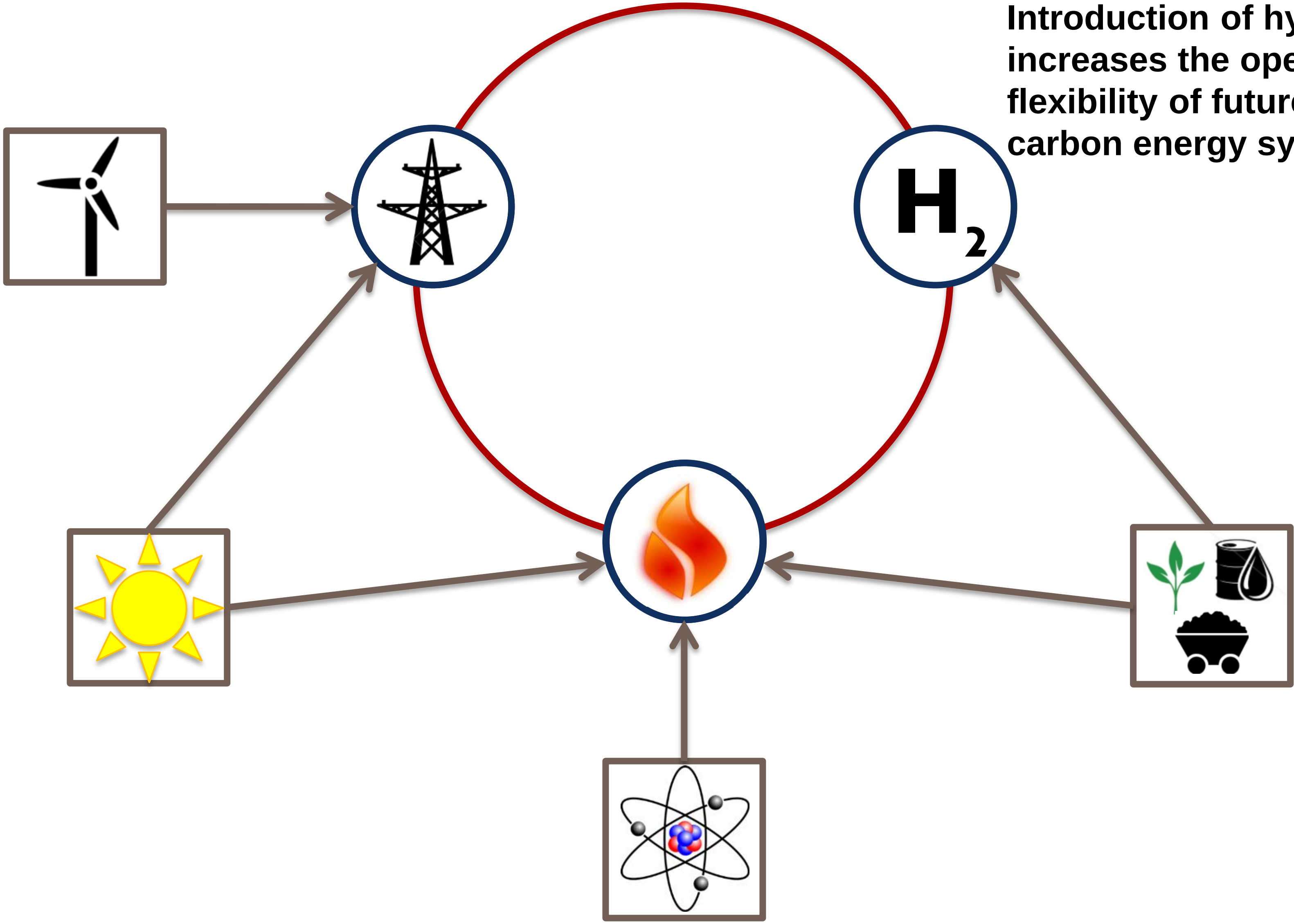
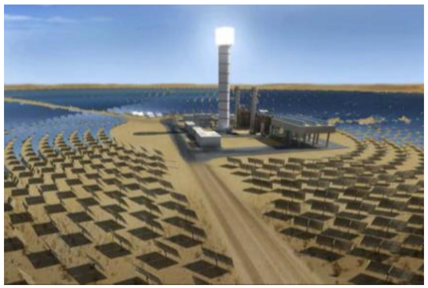
Hydrogen, heat, and electricity provide links between energy sources



Introduction of hydrogen increases the operational flexibility of future low carbon energy systems

Hydrogen, heat, and electricity provide links between energy sources



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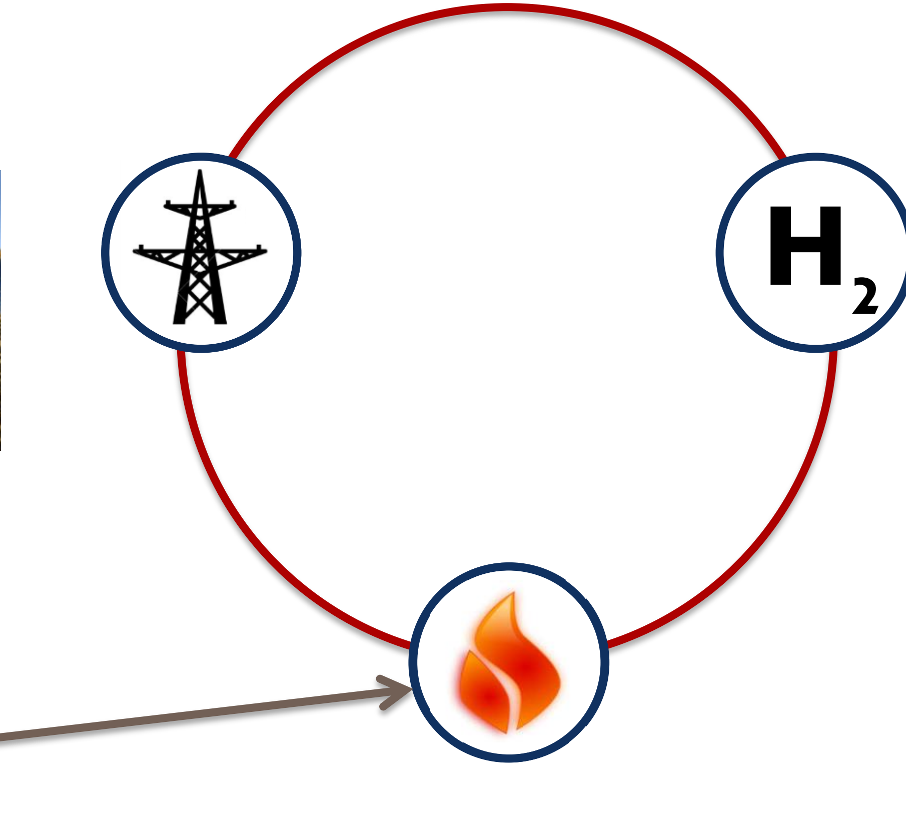

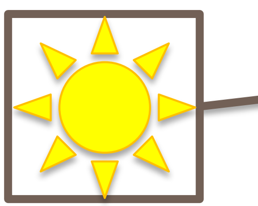

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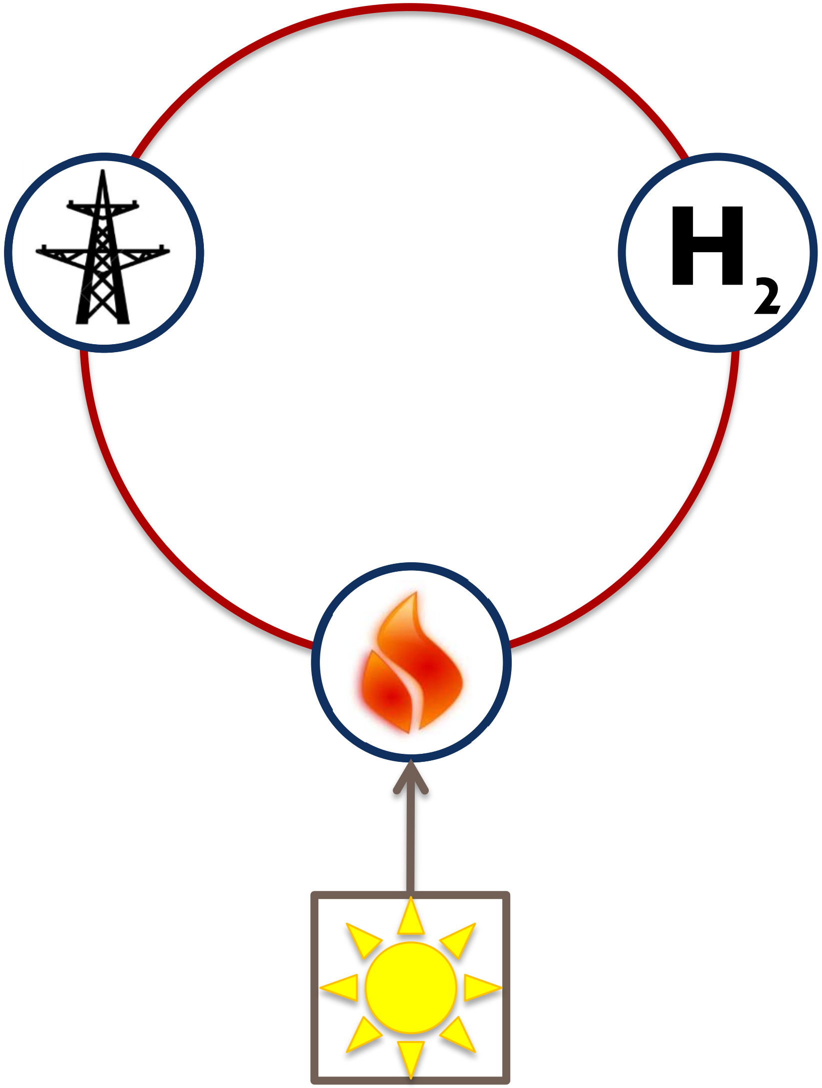
Focus of the current analysis: ***Hydrogen*** and ***electricity*** production from solar energy in the form of ***heat***

Hydrogen, heat, and electricity provide links between energy sources



Analysis Goal: Explore pathways for integrating concentrating solar power (CSP) and solar hydrogen production

→ **Do synergies exist that could reduce costs?**

Analysis Scope: Process-level integration of CSP and H_2 production

- No consideration of H_2 for energy storage
- No transportation/geographical considerations (e.g., benefits of co-locating H_2 production near H_2 users)

Modeling approach leverages previous analyses of CSP and H_2 production

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CSP

Published reports / models developed at Sandia

- Power conversion calculations and reliability analysis
- Capital and O&M cost estimates

→ Levelized cost of electricity (LCOE)

- Cost reduction / performance targets

H_2 Production

DOE H_2 production models

- Discounted cash flow analysis based on conversion efficiency and capital, O&M, and materials costs
- Output is cost of H_2 per kg

Key relationships were extracted and represented in a simplified Excel-based model

Objectives:

- Identify important performance drivers and ***fundamental conditions*** that favor CSP-H_2 integration (***NOT*** process optimization)
- Understand ***key uncertainties*** and ensure robustness of conclusions

Assumptions: Process performance and costs

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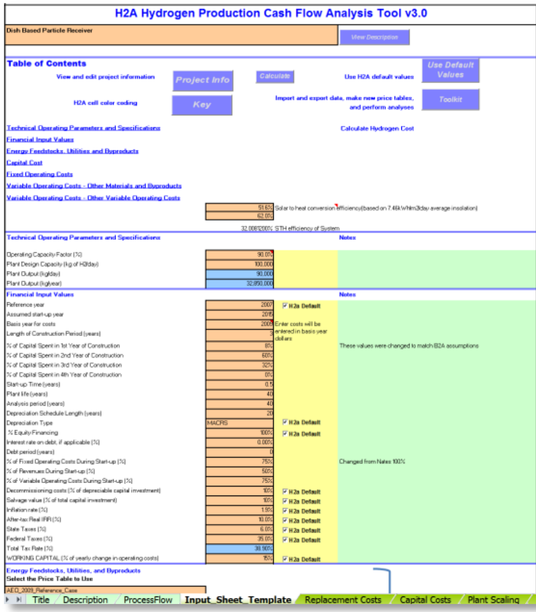
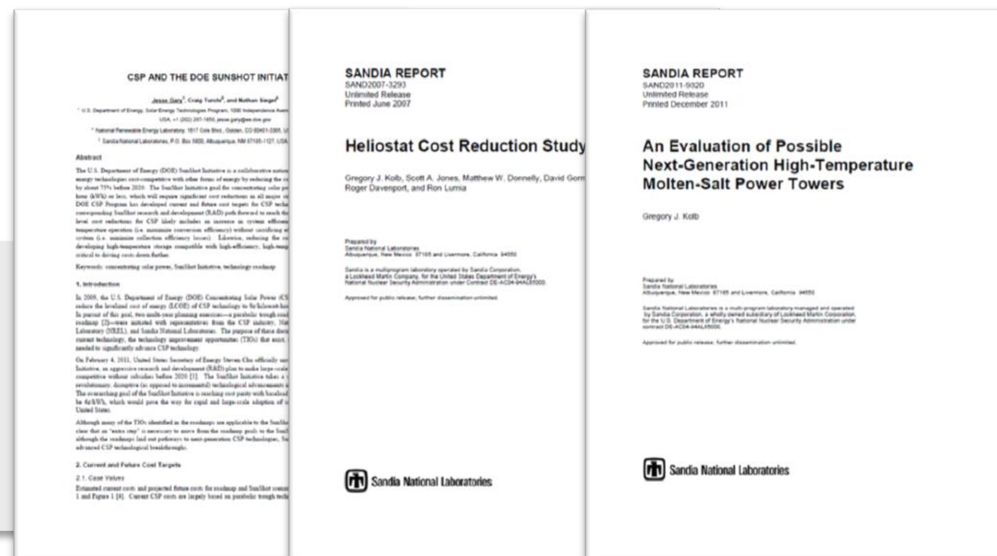


H_2 Production: Process configurations and costs taken directly from DOE H_2 Analysis (H2A) models
→ ***"Future Central Hydrogen Production"*** (start-up year: 2025-2030)

CSP: Process configurations and costs taken directly from DOE and National Laboratory reports
→ ***SunShot*** target costs (2020)

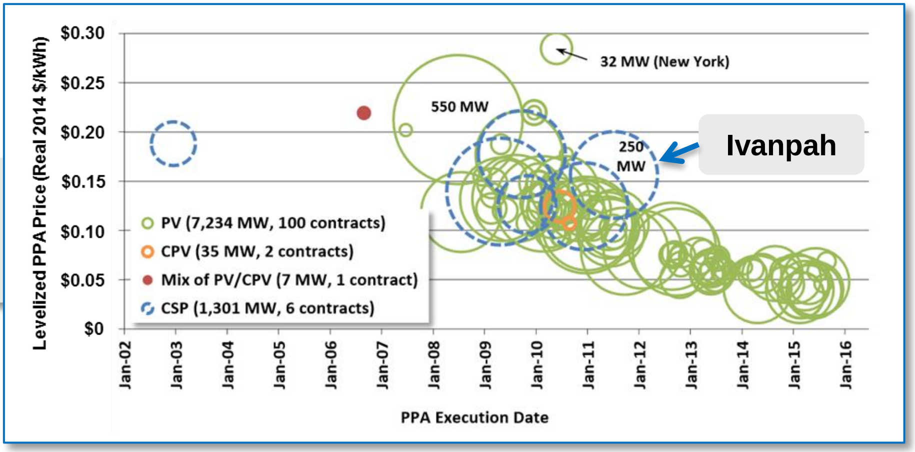


For both H_2 production and CSP, assumptions are based on ***future systems***

Assumptions: Future electricity prices

- Current electricity prices[1]:
  - CA: $0.13/kWh retail (industrial), ~$0.04/kWh wholesale
  - AZ: $0.07/kWh retail (industrial), ~$0.03/kWh wholesale
- Recent analysis shows solar PV Power Purchase Agreements (PPA) reaching grid parity (after incentives)

Source: Bolinger & Seel, "Utility-Scale Solar 2014: An Empirical Analysis of Project Cost, Performance, and Pricing Trends in the United States," LBNL-1000917, September 2015

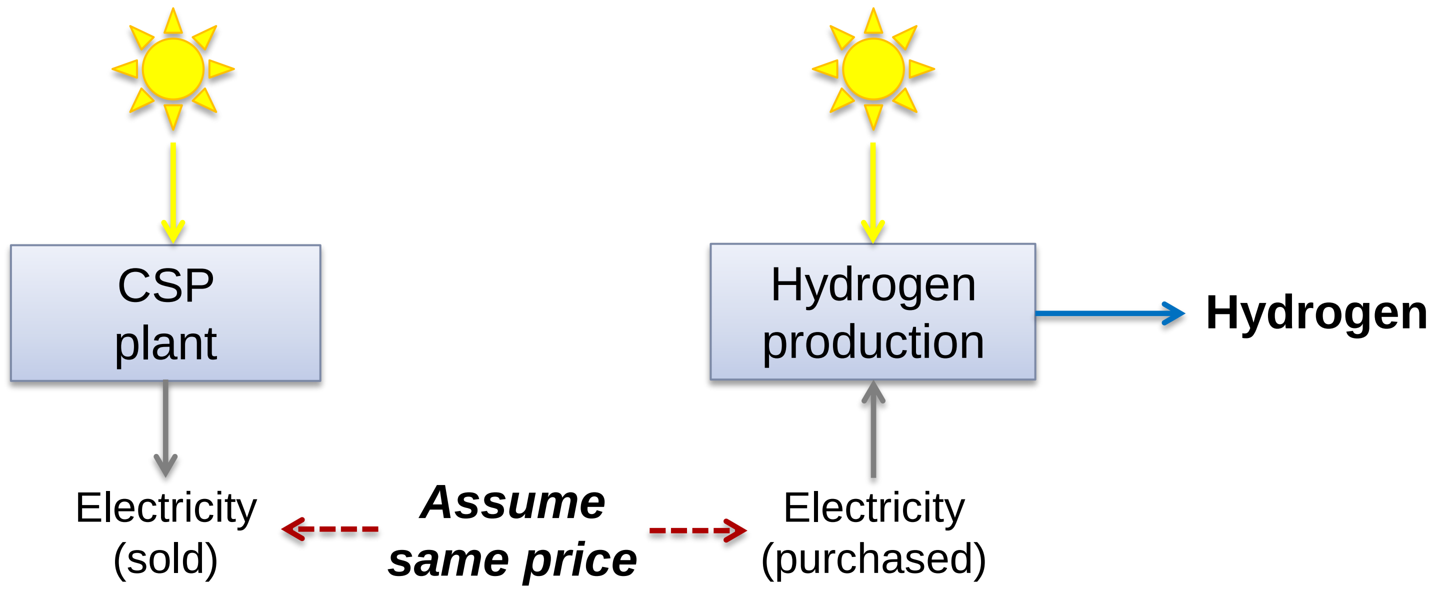


- However, several factors could lead to higher electricity prices
  - Potential increases in natural gas prices (share of electricity generation is rising)
  - Renewables Portfolio Standards (RPS), Cap and Trade, US EPA's Clean Power Plan, etc. → Could increase the price of renewable power
  - As penetration of wind and PV ↑, storage capability of CSP could command a premium

[1]Source: EIA

Assumptions: Future electricity prices

- Future electricity prices (2020-2030) are highly uncertain → ***Parameterize***



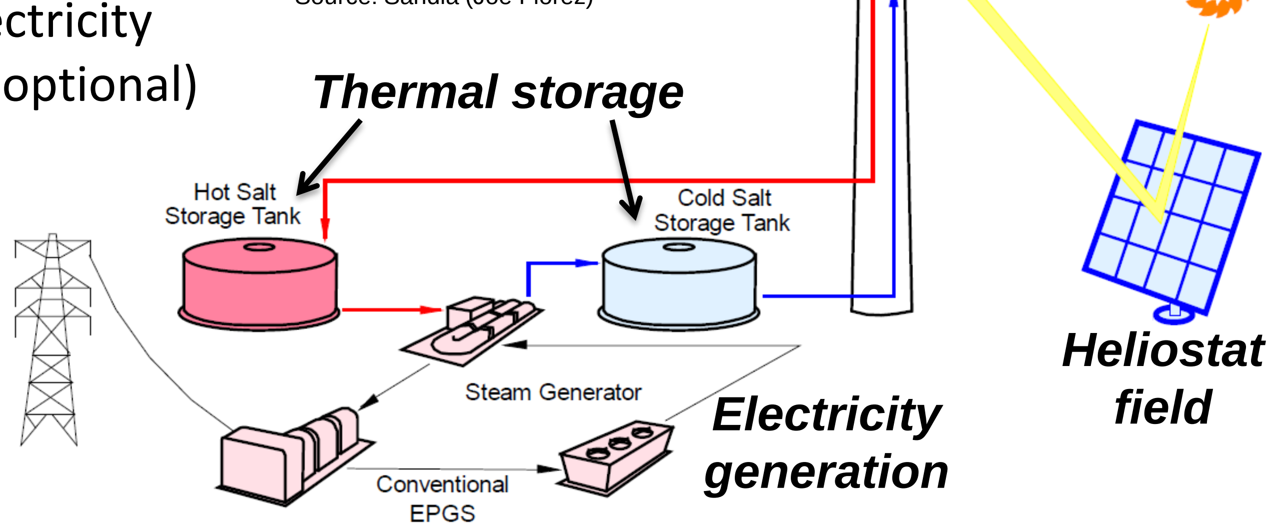
- Assume H_2 plant could purchase electricity at same price that a CSP plant could sell electricity
- Assume CSP and H_2 production facilities owned by same entity
  - H_2 is the primary product → account for electricity revenue in H_2 cost

$$H_2\ cost = \frac{(annualized\ capital\ cost)_{with\ e^-\ gen} + (O\&M\ cost)_{with\ e^-\ gen} - electricity\ revenue}{(annual\ H_2\ production)_{with\ e^-\ gen}(plant\ availability)_{with\ e^-\ gen}}$$

Concentrating solar power (CSP)

- Heliostats (mirrors with 2-axis directional control) reflect sunlight onto a solar receiver
- Heat is absorbed by a working fluid and transferred to an electricity generation unit (storage optional)
- Approximate capital cost breakdown:
  - Heliostats: 30-40%
  - Solar receiver: 20-25%
  - Storage: 20-25%
  - Electricity gen: 15-20%


Source: Sandia (Joe Florez)



Baseline CSP plant: Power Tower configuration with molten salt thermal storage and subcritical Rankine cycle electricity generation
→ 2010 Sandia estimate: $0.15/kWh; SunShot goal: $0.06/kWh

Define major CSP units for analysis

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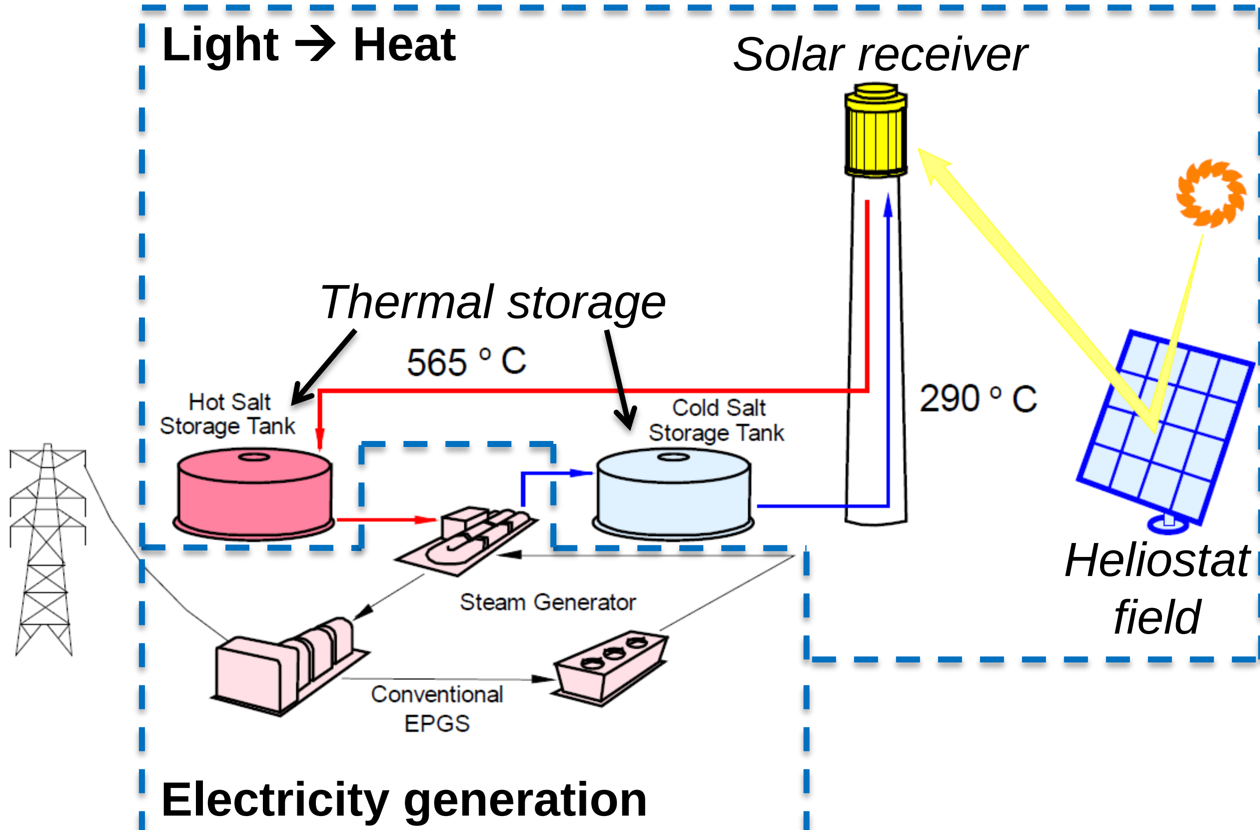
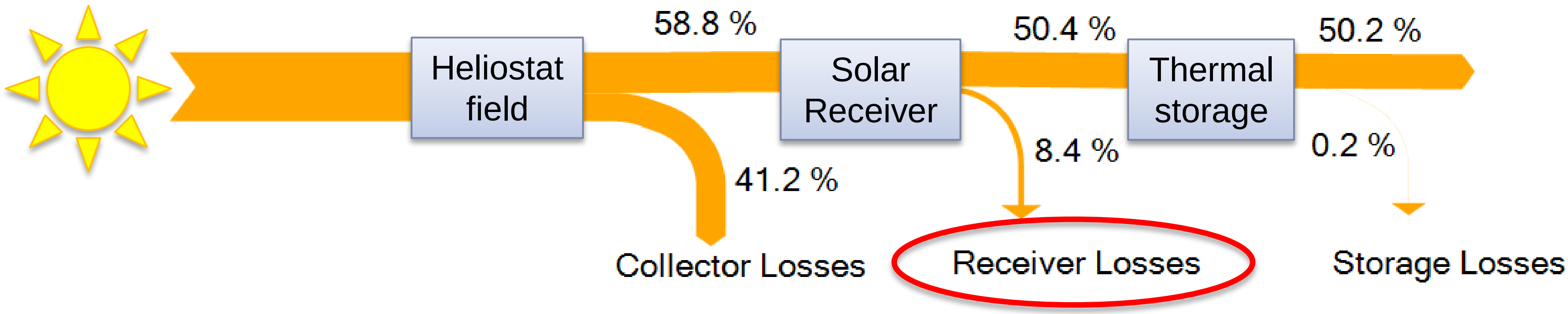
- Collection of light and conversion to thermal energy (Light → Heat)
  - Heliostat field
  - Solar receiver
  - Thermal storage
- Electricity generation
  - Steam generator
  - Turbine
  - Cooling towers



Electricity generation

Electricity to grid

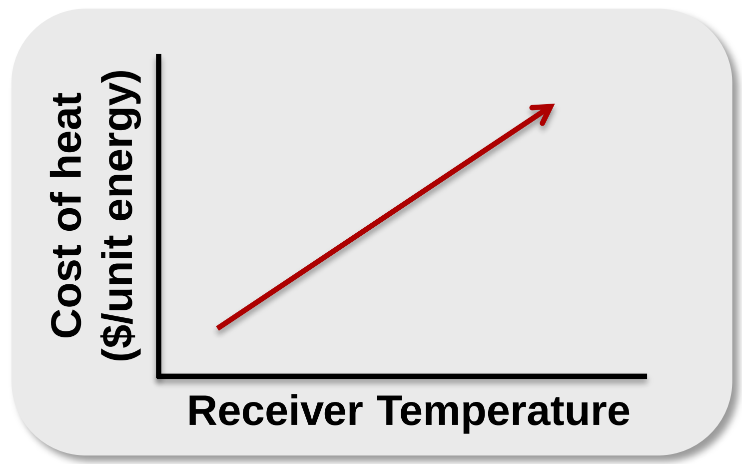
Heat can be treated as a “feedstock”



Receiver losses ↑ as T ↑

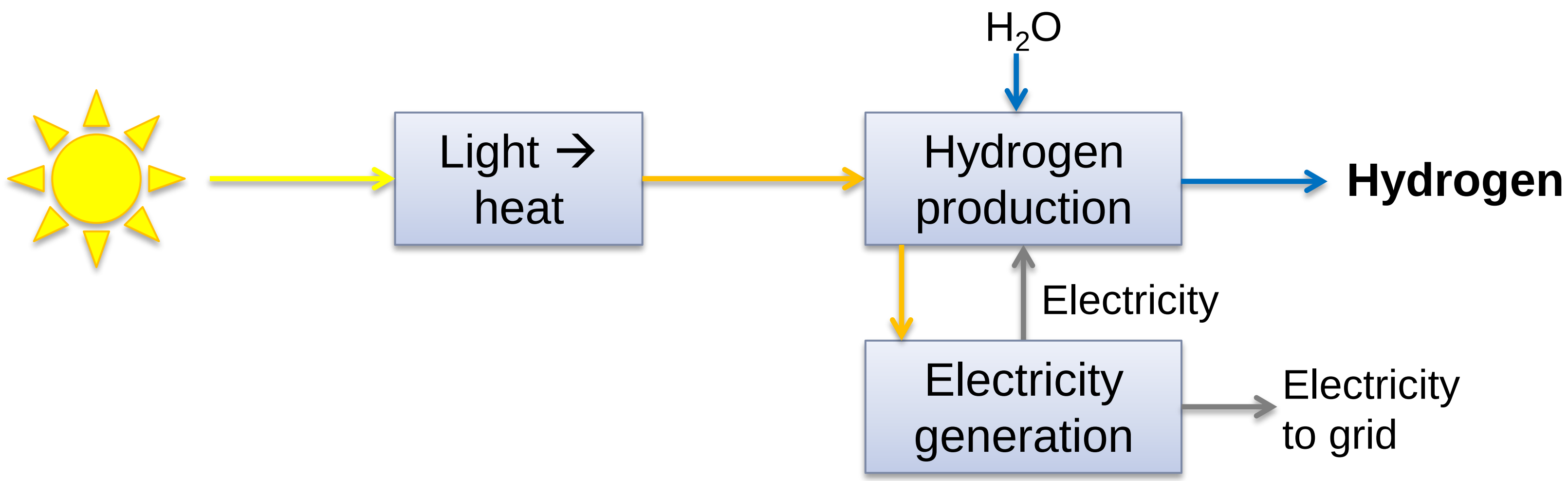
Heat “quality” is defined by:
- Temperature
- Availability (storage)

Solar thermal energy “feedstock” is a major cost;
Cost rises with temperature



However, higher T allows ***more efficient*** production of electricity or H_2
→ Sandia analysis: Optimal T for CSP is ~565°C

Goal: Investigate opportunities for integrating H_2 production and CSP processes



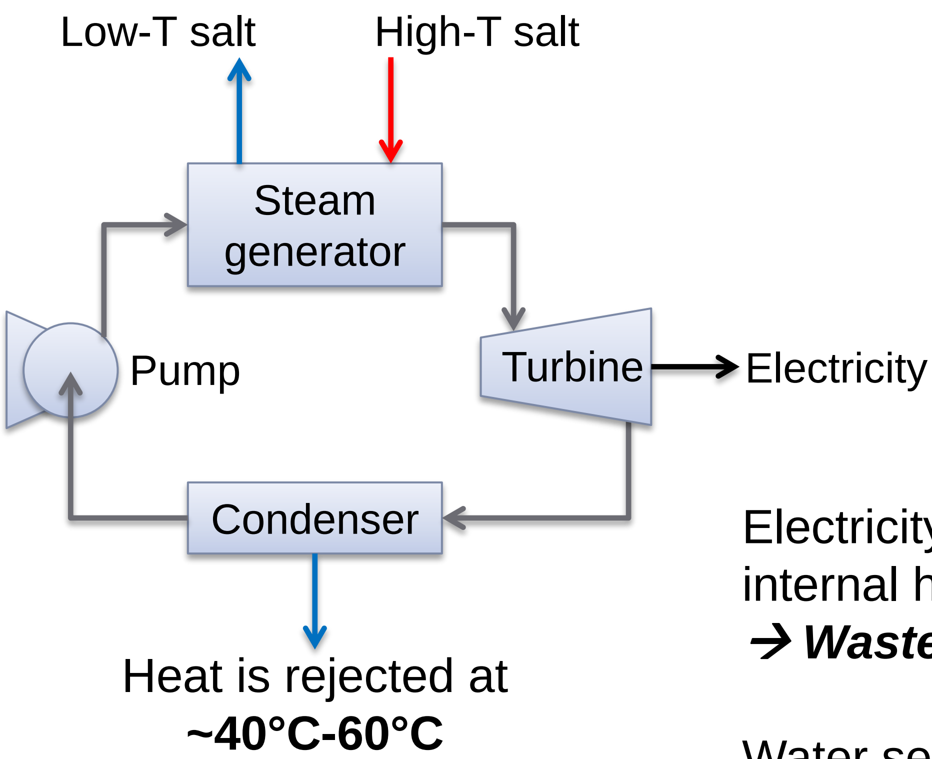
H2A analyses assume ***purchase*** of grid electricity
→ Current analysis considers ***co-production*** of electricity (CSP)

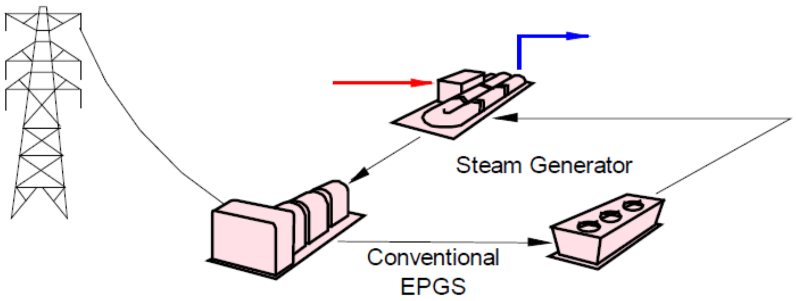
Key question to ask for each process: Are there potential synergies between the processes which would favor co-location of CSP and H_2 production?

- Waste heat streams
- Byproducts → Feedstocks

Thermal energy is a major cost → Focus on heat streams for CSP-H_2 integration

CSP yields few byproducts





Electricity generation cycles feature efficient internal heat integration
→ ***Waste heat exiting system is of low quality***

Water serves as working fluid in closed cycles
→ ***No significant material waste streams***

Look to H_2 production processes for integration opportunities

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Three scenarios were analyzed

1. Baseline: CSP electricity coupled with polymer electrolyte membrane (PEM) electrolysis (low-T)

2. Elevated temperature (850°C) electrolysis integrated with a CSP plant

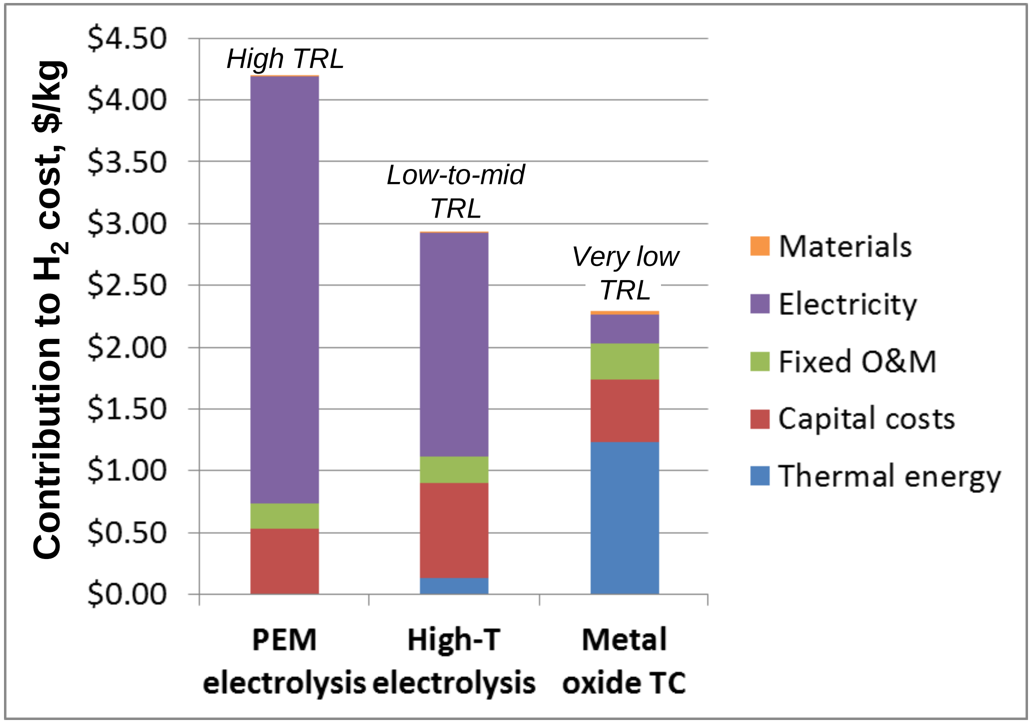
3. High temperature (1380°C) metal oxide thermochemical (TC) H_2 production integrated with a CSP plant

Thermal energy input varies by process

Hydrogen production costs

- Thermal energy
- Capital costs
- Fixed O&M costs
- Electricity cost
- Materials costs

Data sources:
H2A models of H_2 production



- High-T electrolysis leverages a relatively small amount of thermal energy to significantly increase efficiency of H_2 production
- Thermochemical metal oxide (TC) cycles convert larger amounts of thermal energy directly to chemical energy
  - Electricity is required to drive equipment, etc.

BASELINE CASE: PEM ELECTROLYSIS

PEM electrolysis case assumes no integration of H_2 production and electricity generation

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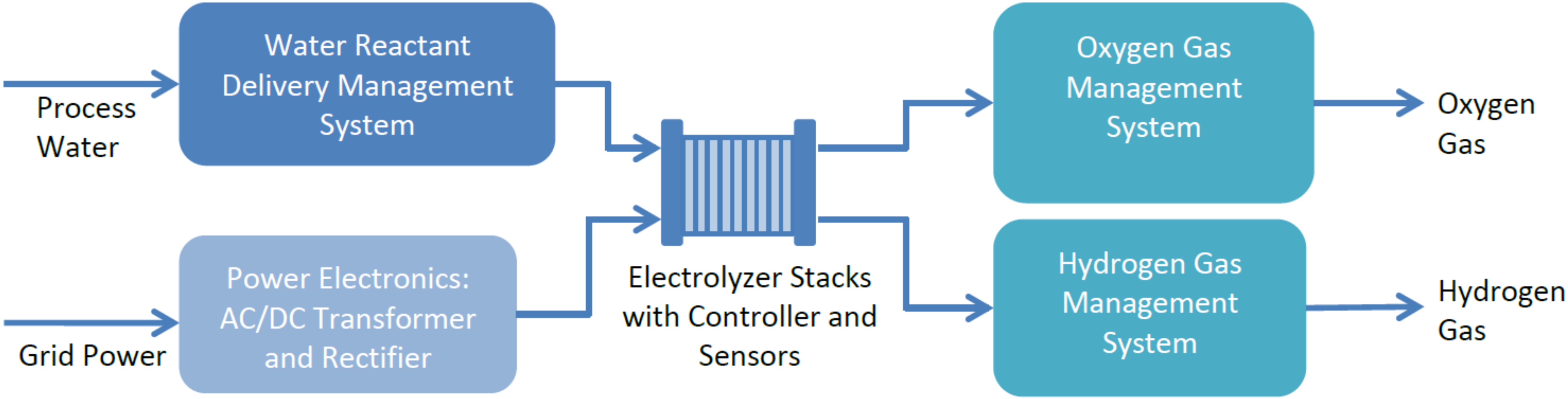
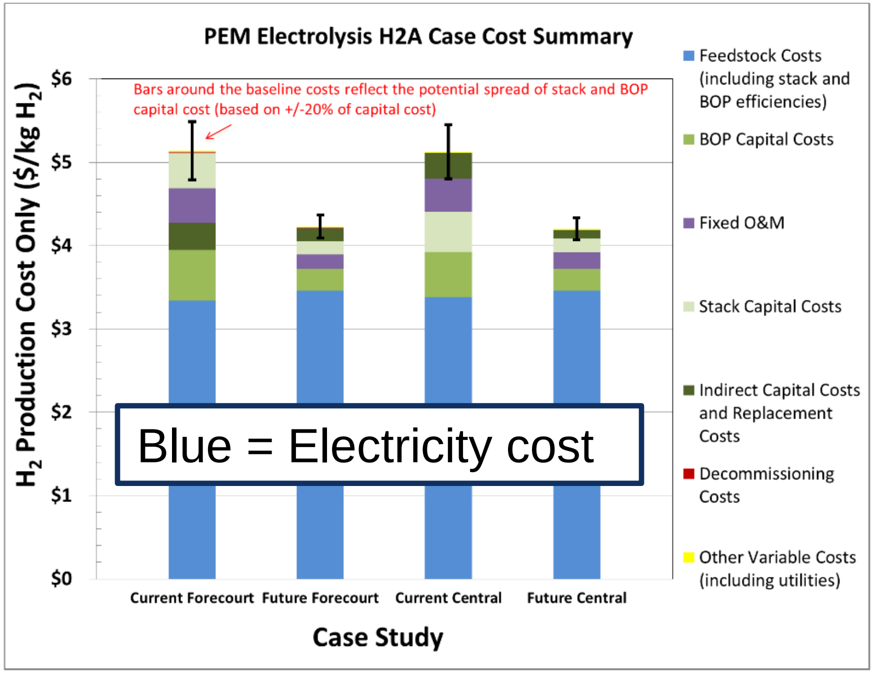


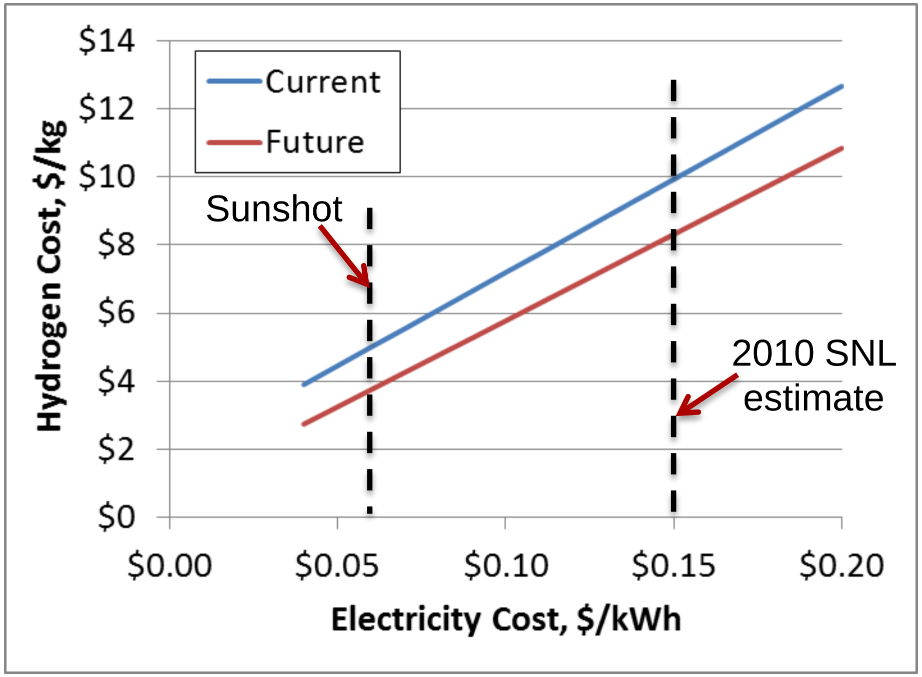
Image Source: James et al., *PEM Electrolysis H2A Production Case Study Documentation*, Grant DE-EE0006231, Arlington, VA, December 31, 2013.

- Main inputs are water and electricity → ***No heat inputs***
- Electrolyzer stack, power electronics, and H_2 gas management system account for most of capital costs (~70%)

Electricity costs dominate for PEM electrolysis



Source: James et al., *PEM Electrolysis H2A Production Case Study Documentation*, Grant DE-EE0006231, Arlington, VA, December 31, 2013.



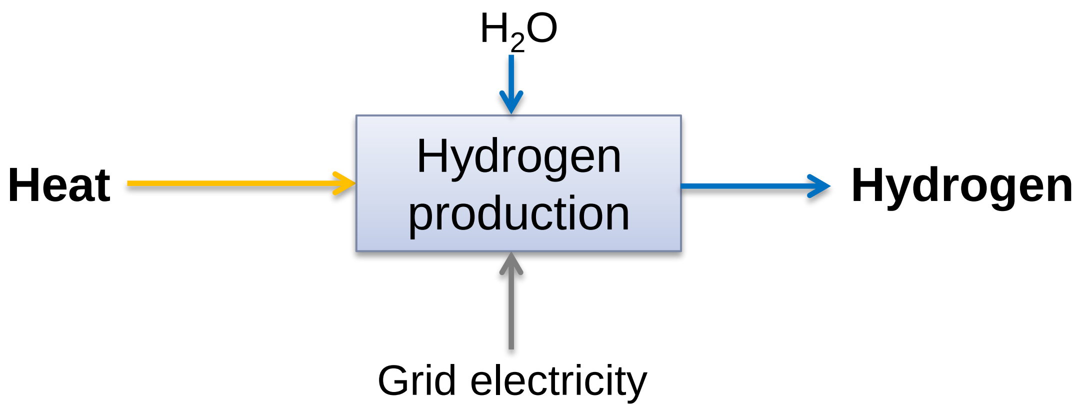
Results from H2A model of Hydrogen Production from PEM Electrolysis .

- H_2 production via PEM electrolysis requires low-cost electricity
  - Using 2010 SNL estimate of CSP costs ($0.15/kWh), H_2 cost is $8-10/kg
  - Using SunShot target ($0.06/kWh), H_2 cost is $3.75-$5/kg

HIGH-T ELECTROLYSIS

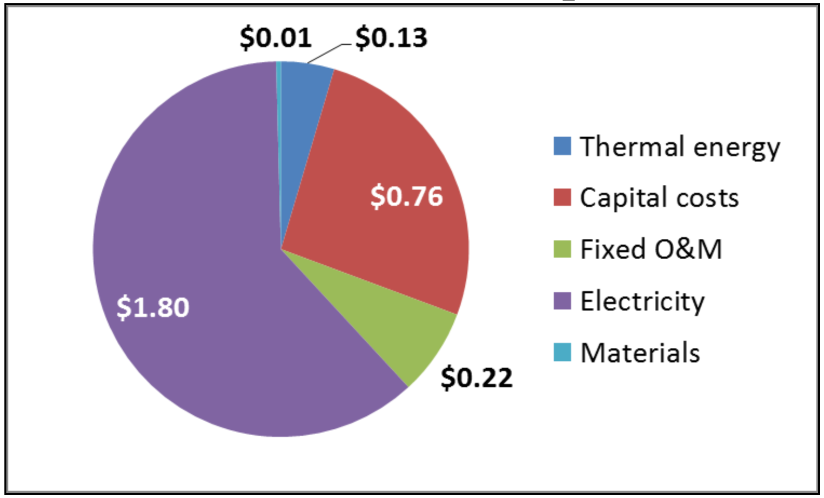
High-T electrolysis uses thermal energy to increase efficiency

H2A analyses assume heat is supplied by a nuclear reactor*



- Thermal energy is used to raise the temperature of electrolysis
  → A portion of electrolysis energy can be supplied as heat
- Heat input is relatively low:
  6.8 kWh_T / kg H_2, versus
  electricity input of 33.2 kWh_e / kg H_2

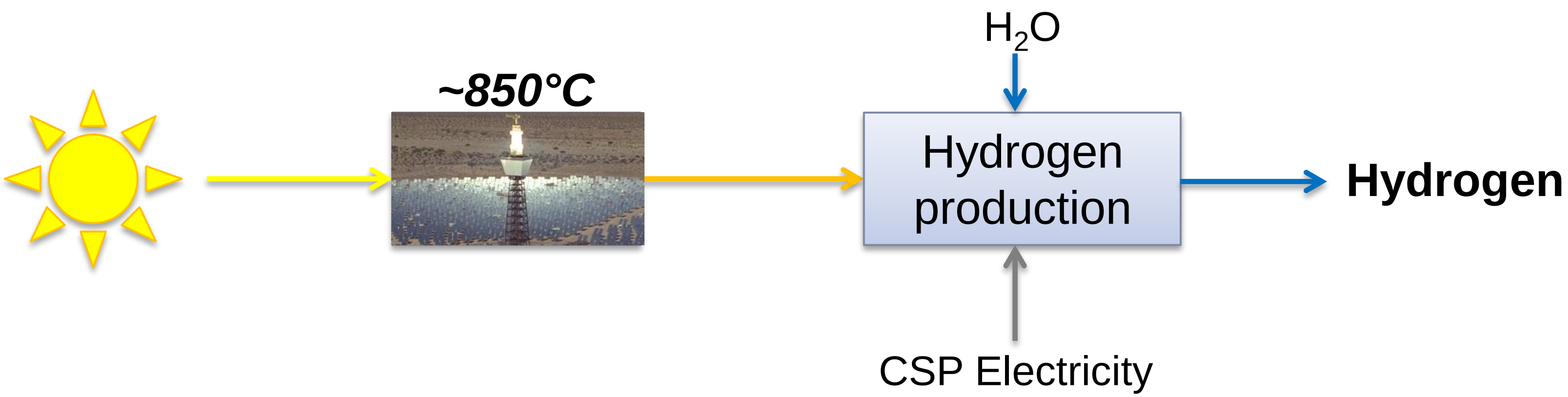
Breakdown of costs ($2.93/kg H_2) for H2A case



Source: Future Central Hydrogen Production from Nuclear Energy via High Temperature Electrolysis, H2A Case Study

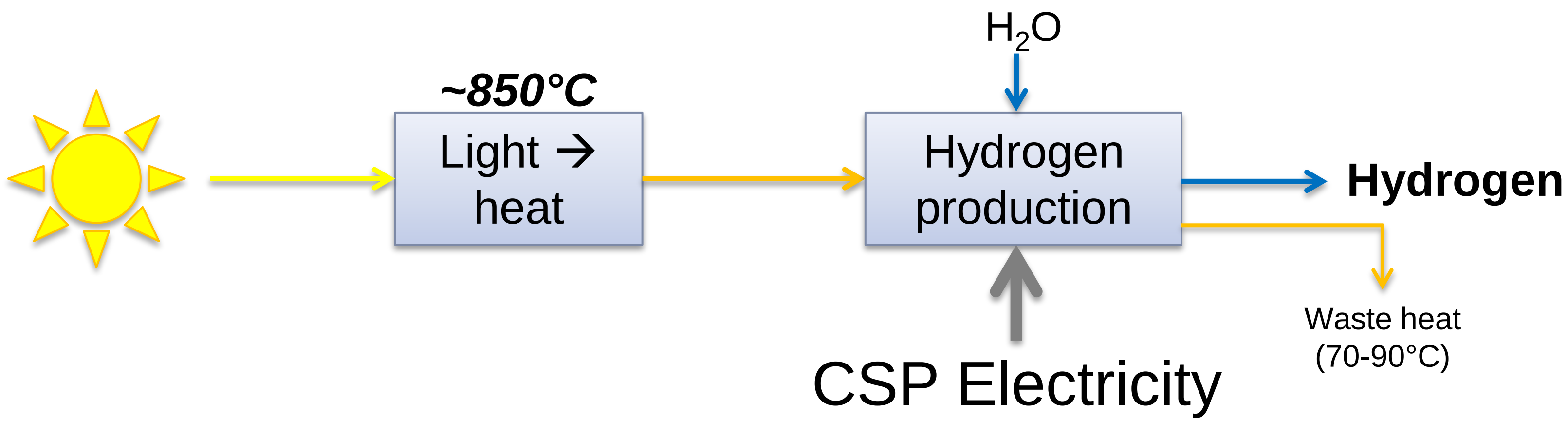
*Forthcoming H2A case will not specify source of thermal energy

Current analysis assumes solar thermal energy



- Assume solar receiver(s) with 340 MW_T output
  - Total amount of heat available is similar to H2A case
- Solid particle receivers provide heat at ~850°C

Current analysis assumes solar thermal energy



- Assume solar receiver(s) with 340 MW_T output
  - Total amount of heat available is similar to H2A case
- Solid particle receivers provide heat at ~850°C

Key Factors:

- Electricity consumption is high
- Process yields low-T waste heat

High-temperature electrolysis Case 1

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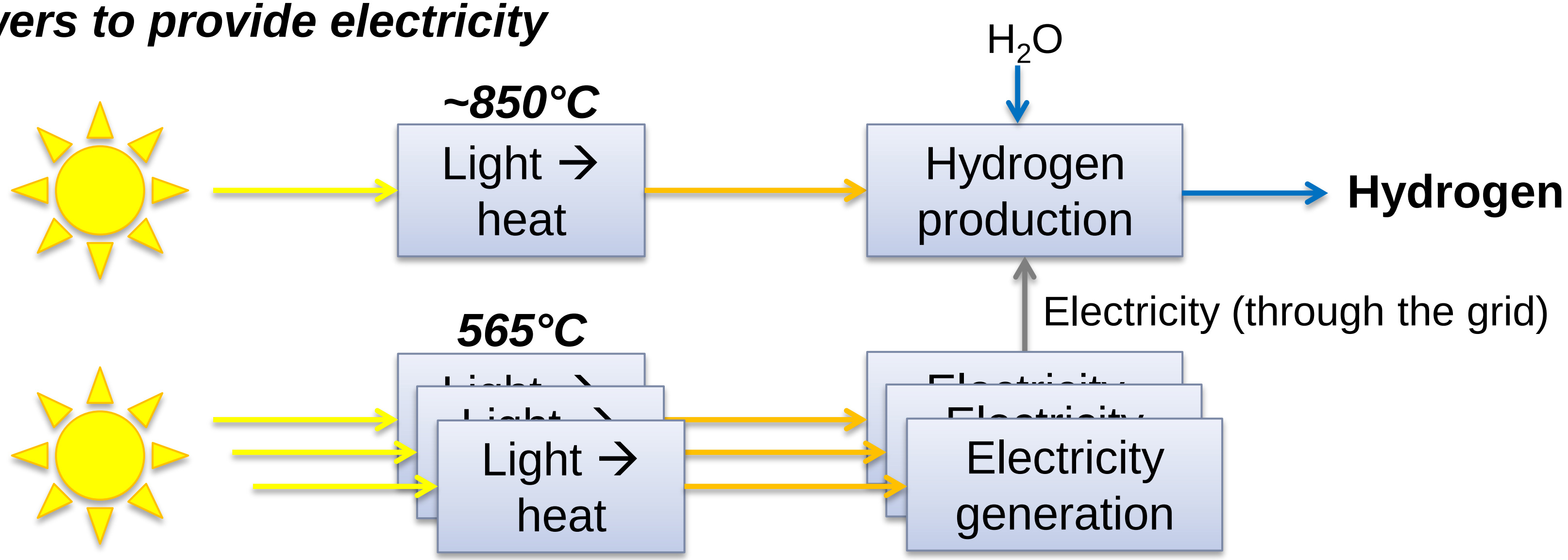
Single tower dedicated to providing thermal energy, multiple additional CSP towers to provide electricity



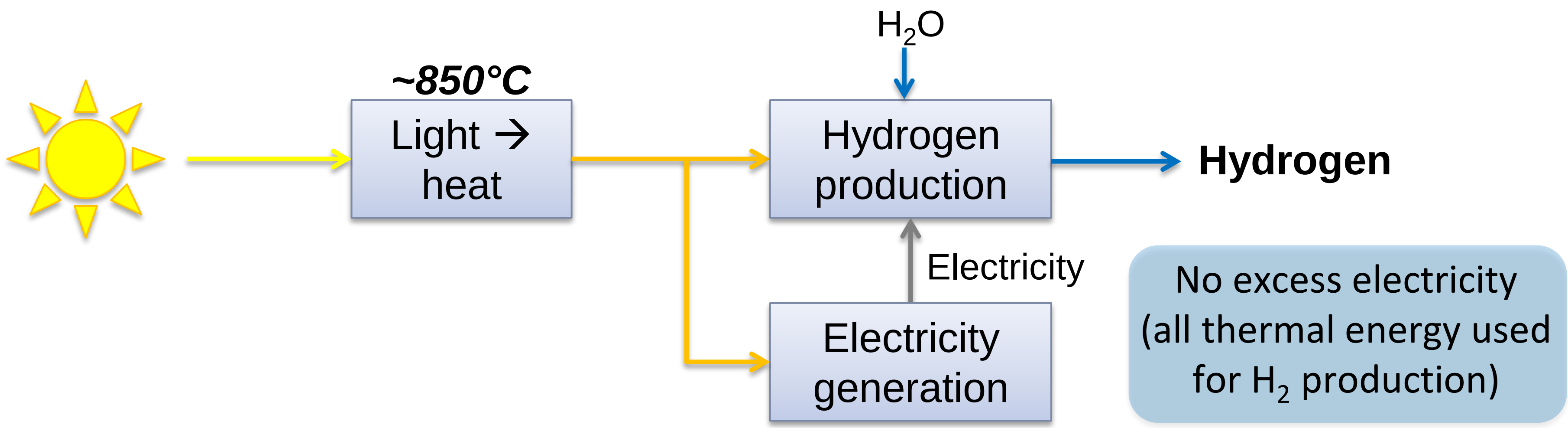
11 additional CSP towers would be necessary to supply electricity for each tower supplying exclusively heat for H_2 production

→ No process-level integration of H_2 production and CSP

Case 1 looks very similar to H2A case, with heat and electricity provided by solar energy

High-temperature electrolysis Case 2

Single tower dedicated to Hydrogen production



For Case 2, **9%** of thermal energy is used directly for H_2 production, **91%** of thermal energy is used for electricity generation
→ Total H_2 production is 80,000 kg/day

- Thermal energy for electricity gen is ≥650°C → Electricity generation efficiency ↑
- However, cost of thermal energy collection ↑

Trade-off: Power generation efficiency vs. cost of thermal energy collection

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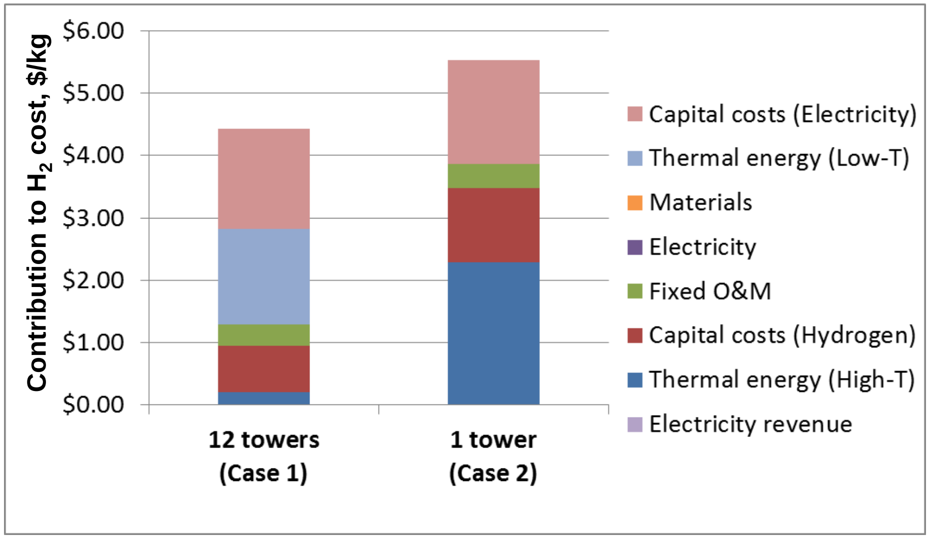
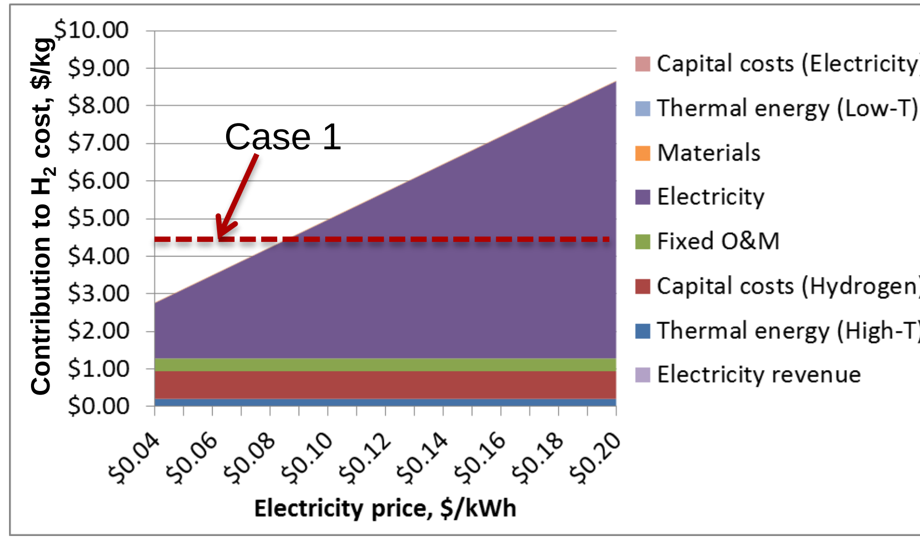
12 towers vs 1 tower



12 towers (Case 1, internal electricity gen) vs H2A-like case (purchase electricity)



Case 1 reduces cost vs Case 2

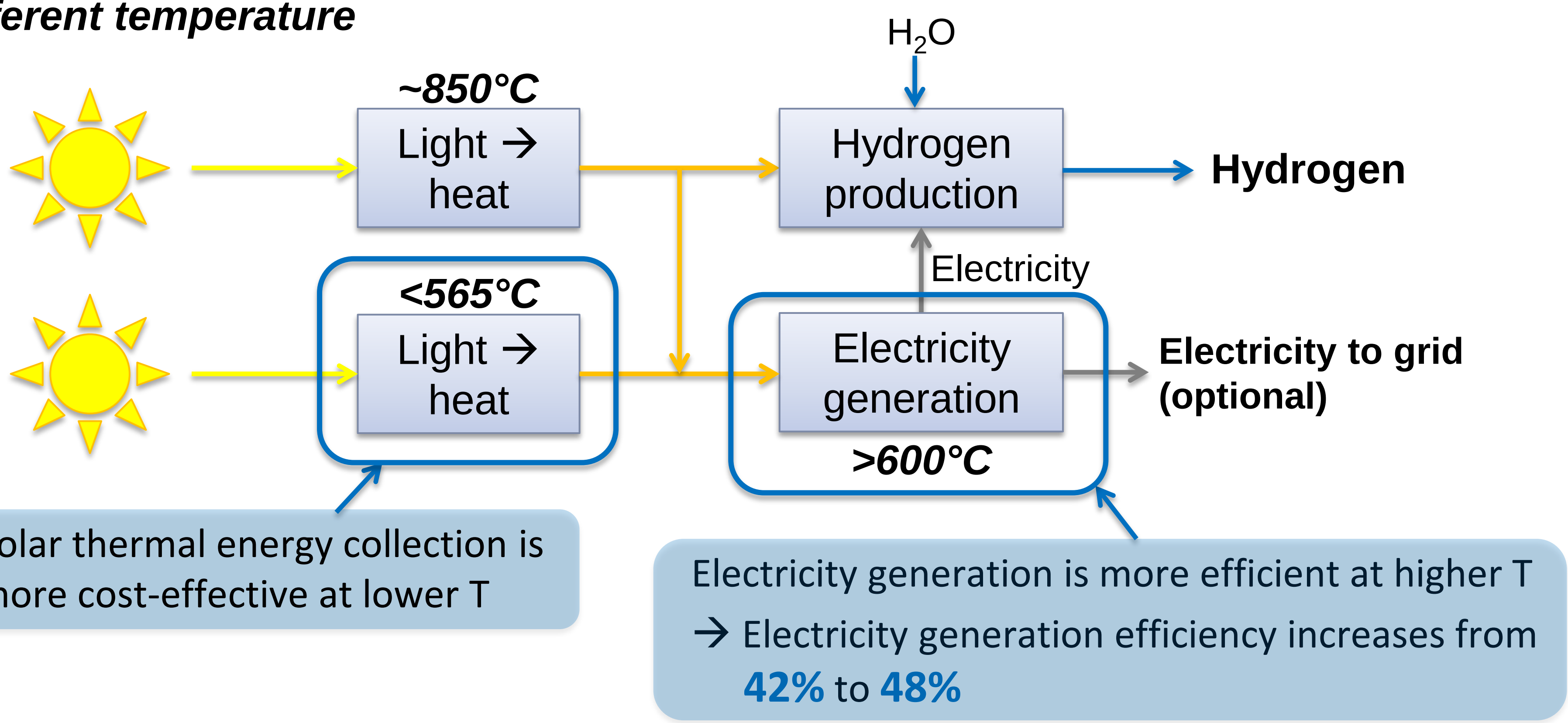
- Economies of scale and lower cost for thermal energy collection favor Case 1
- Higher power generation efficiency in Case 2 is not sufficient

Electricity cost is the primary driver for the H2A case (purchased electricity)

→ Cost of CSP vs grid electricity determines viability of CSP cases

High-temperature electrolysis Case 3

Utilize two towers for hydrogen production, each providing thermal energy at a different temperature

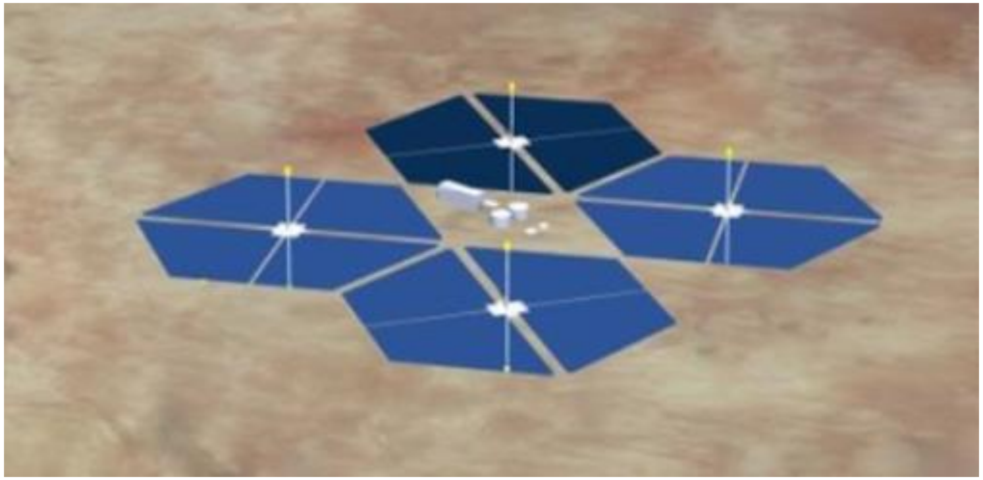


- **18%** of thermal energy at 850°C is used to raise electrolysis T
- Excess thermal energy from first tower and all thermal energy from the second tower is used for electricity generation
  → H_2 production is 160,000 kg/day

Combining heat from multiple towers has precedent in industry

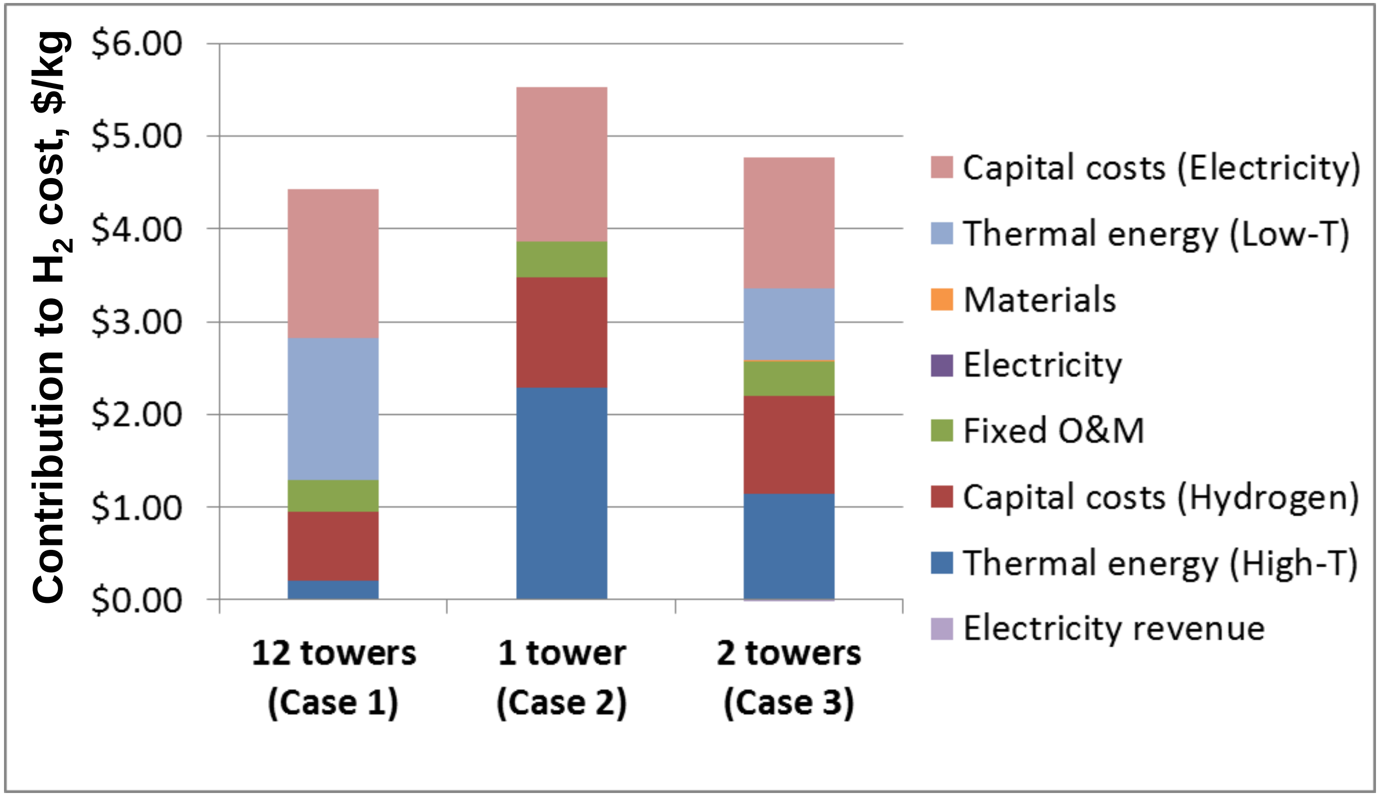
- eSolar has taken a modular approach for utility-scale solar power tower thermal plants
- Total plant output is deployed in 12MW_T increments for direct steam, 50MW_T increments for molten salt solar fields

→ Similar approach could be taken in collecting heat from multiple towers producing H_2 and electricity



Source: www.eSolar.com

Operation of multiple towers at two different temperatures reduces H_2 cost



- Case 1 remains lowest cost due to large scale and cost-effective collection of thermal energy
- Case 3 is preferred over Case 2 due to lower costs for thermal energy collection

METAL OXIDE THERMOCHEMICAL HYDROGEN PRODUCTION

Metal oxide TC cycles convert thermal energy to chemical energy

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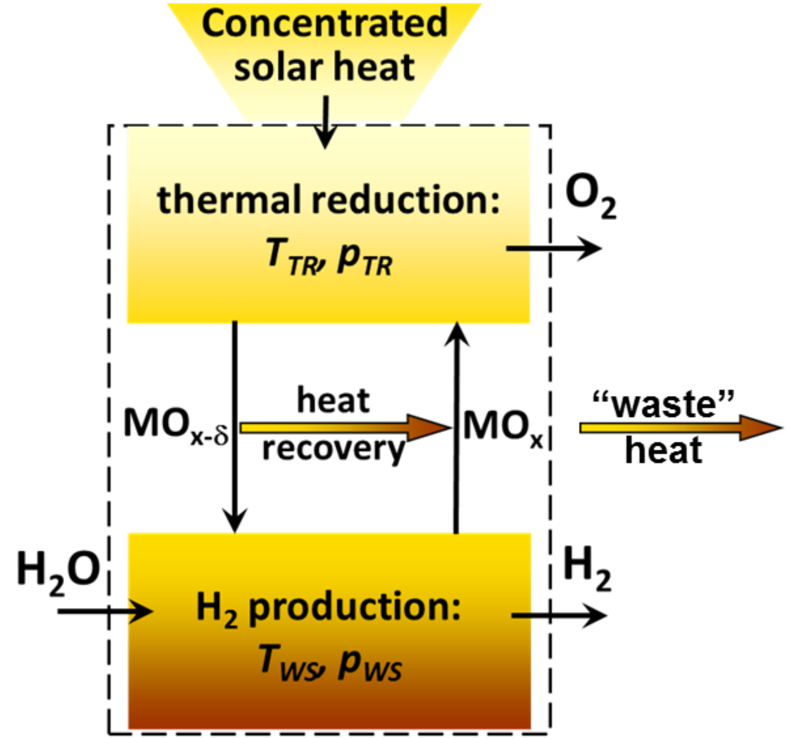
- Solar thermal energy is utilized for thermal reduction of metal oxide particles at high T

- Thermal energy is rejected at high T (high-quality heat) between reduction chamber and H_2 production
  → Inefficiencies in heat recovery result in "waste" heat



$$MO_X \rightarrow MO_{X-\delta} + \frac{\delta}{2} O_2 \quad \text{(thermal reduction, TR)}$$

$$MO_{X-\delta} + \delta H_2O \rightarrow MO_X + \delta H_2 \quad \text{(water splitting, WS)}$$

$$\delta H_2O \rightarrow \frac{\delta}{2} O_2 + \delta H_2 \quad \text{(net reaction)}$$

Metal oxide TC cycles convert thermal energy to chemical energy

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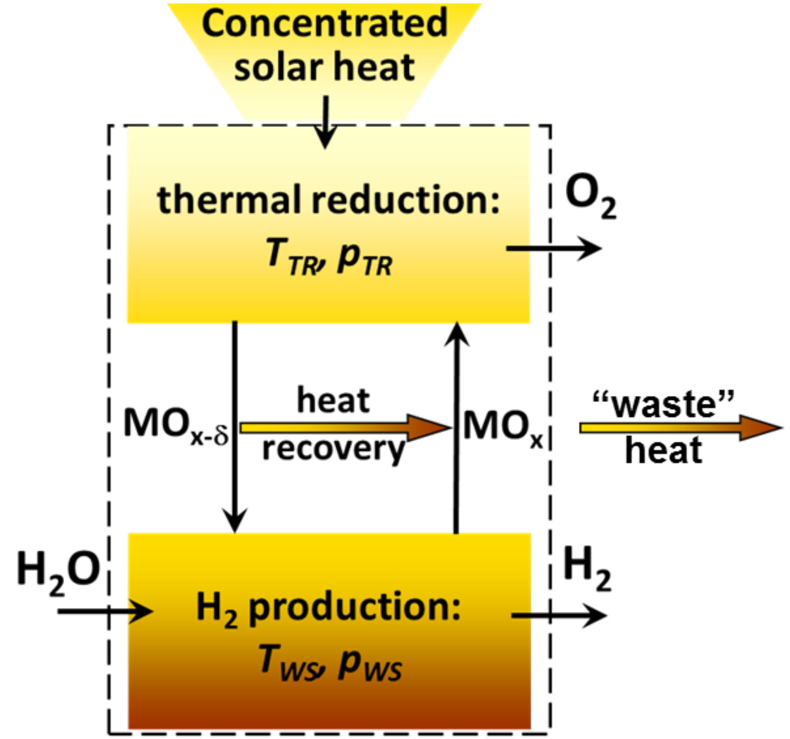
- Analysis was based on H2A assumptions
  - Temperatures of reduction (1500°C) and H_2 production (1150°C) were fixed
  - Metal oxide: Ceria
  - 231 small 4.24 MW_T towers (*vs.* one large 1000 MW_T tower for CSP)



$$MO_X \rightarrow MO_{X-\delta} + \frac{\delta}{2} O_2 \quad \text{(thermal reduction, TR)}$$

$$MO_{X-\delta} + \delta H_2O \rightarrow MO_X + \delta H_2 \quad \text{(water splitting, WS)}$$

$$\delta H_2O \rightarrow \frac{\delta}{2} O_2 + \delta H_2 \quad \text{(net reaction)}$$

Metal oxide TC cycle Case 1: Electricity purchased from the grid

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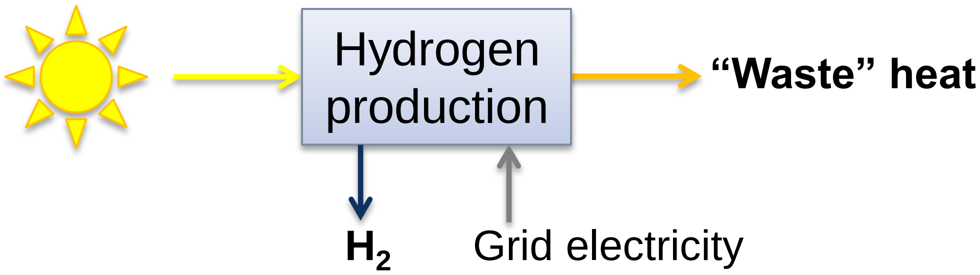
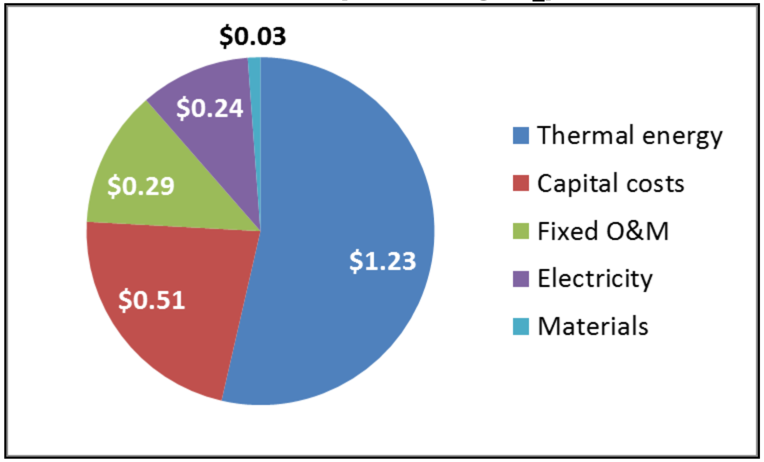
- **"Waste" heat is not utilized in the Solar Thermo-Chemical H2A Case Study**
  → Case 1 is similar to H2A case



Process consumption of electricity is a relatively minor cost

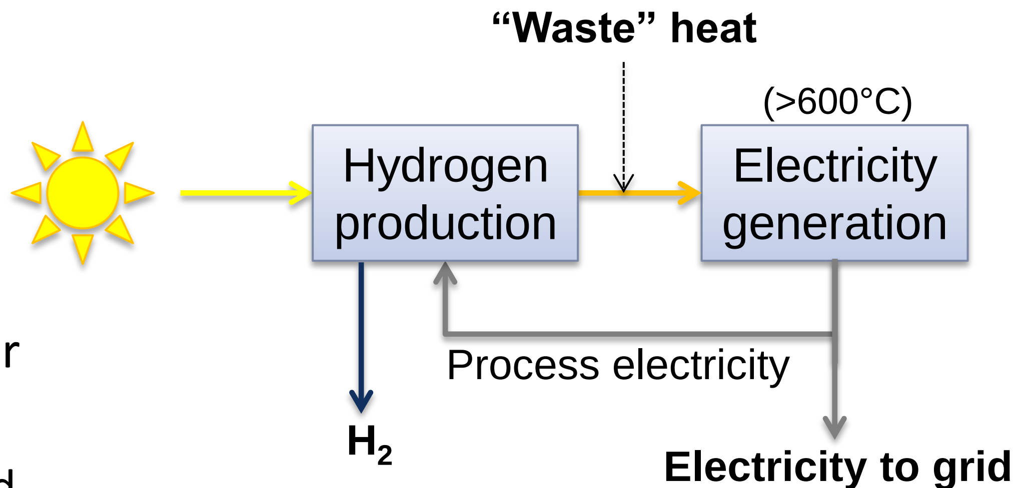
Breakdown of costs ($2.29/kg H_2) for H2A case



Source: Unpublished SNL H2A model, "Ultimate" Central Hydrogen Production from Solar Thermo-Chemical Cycle

Metal oxide TC cycle Case 2: Internal power generation from waste heat

- Waste heat is used to generate power for internal use
- Electricity generation is sufficient to meet process power needs
  - Small excess may be sold to grid



No need to purchase grid electricity, but smaller scale of power generation reduces efficiency and increases cost compared to full-scale CSP

Electricity generation from waste heat reduces H_2 cost if electricity price is >$0.07/kWh

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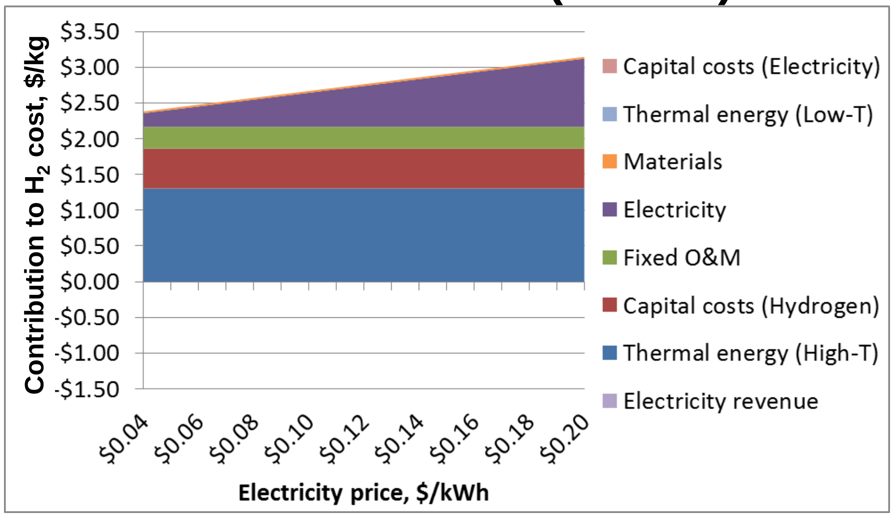
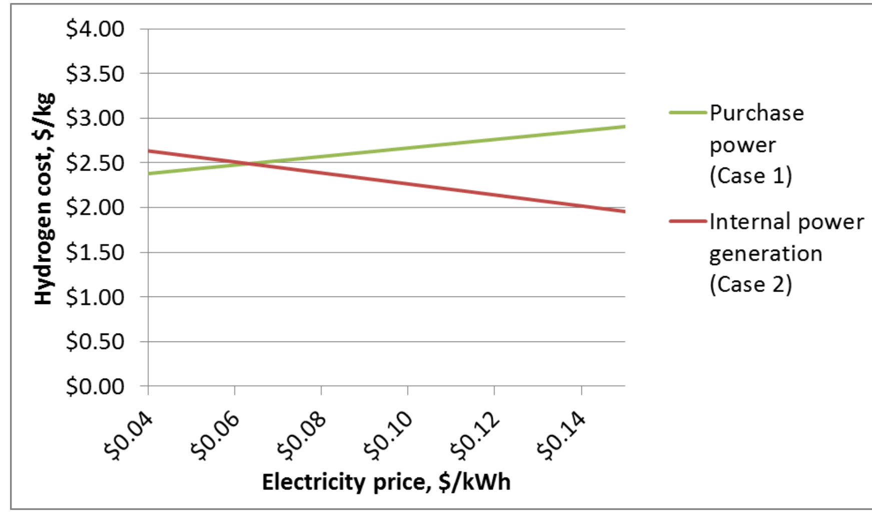
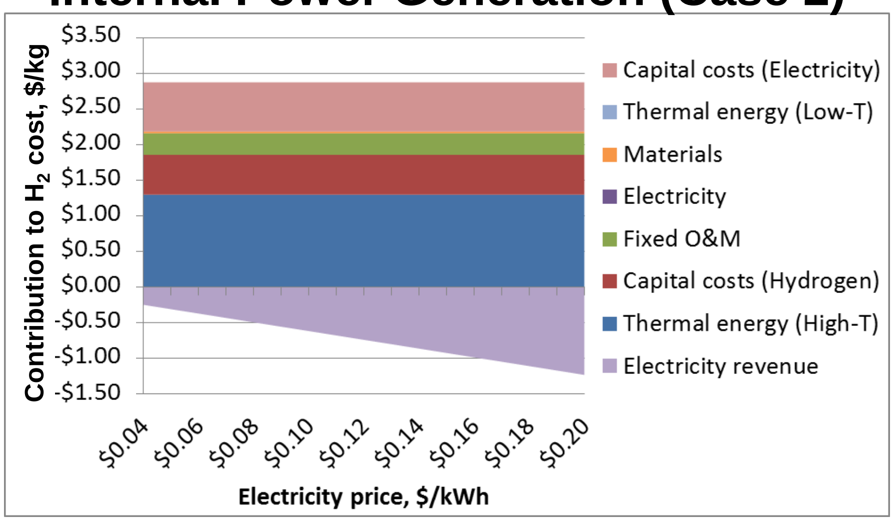
Purchase Power (Case 1)





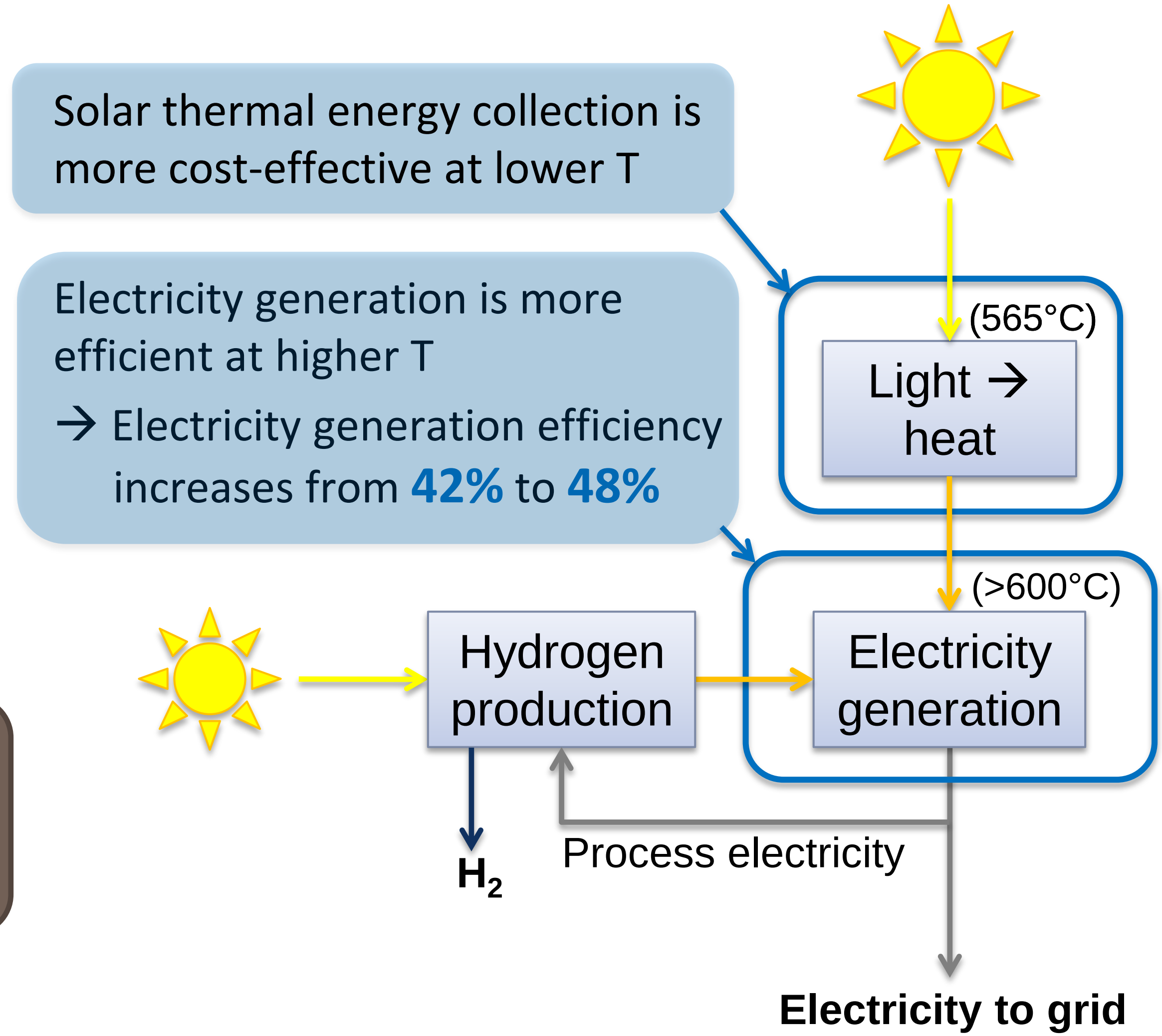
Internal Power Generation (Case 2)



Electricity is a relatively small cost for metal oxide TC cycles
→ Benefits of internal power generation become more significant as electricity price exceeds $0.10/kWh

Metal oxide TC cycle Case 3: Integration with CSP

- Combine excess thermal energy with thermal energy from a CSP tower
- Temperature of electricity generation is raised

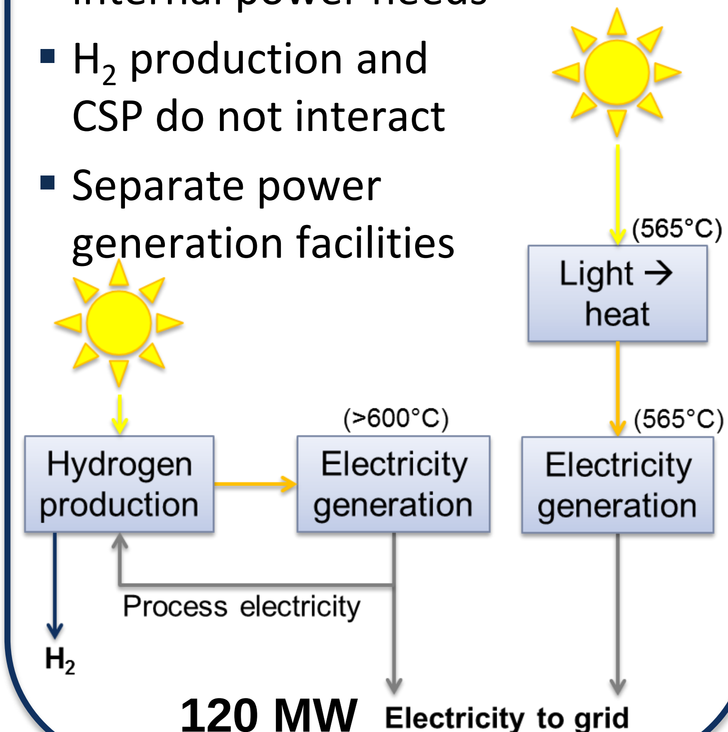


Value of waste heat is amplified by integration with CSP

Thought experiment: Adjacent H_2 and CSP plants

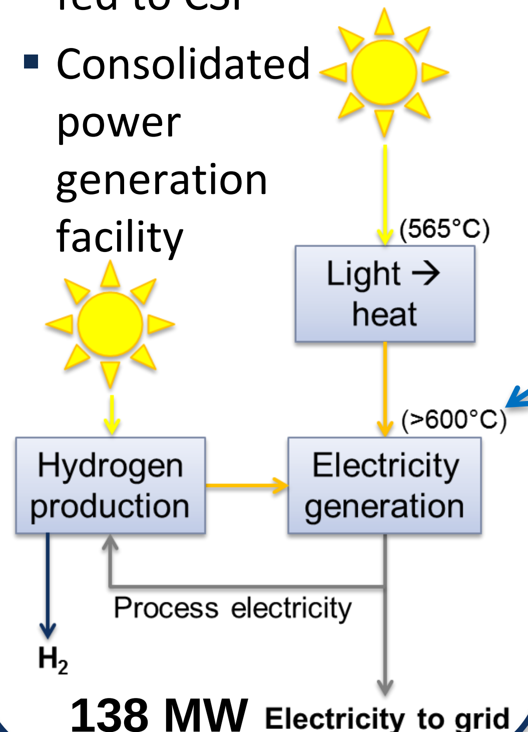
No integration

- Waste heat supplies internal power needs
- H_2 production and CSP do not interact
- Separate power generation facilities



CSP-H_2 integration

- Waste heat is fed to CSP
- Consolidated power generation facility



Electricity generation efficiency increases from **42%** to **48%** at higher T

****All heat*** is converted to electricity more efficiently, not only heat from H_2 production

CSP-H_2 integration increases electricity generation by 15% (relative), with lower total capital costs

Waste heat from H_2 production has high potential value as a CSP “feedstock”

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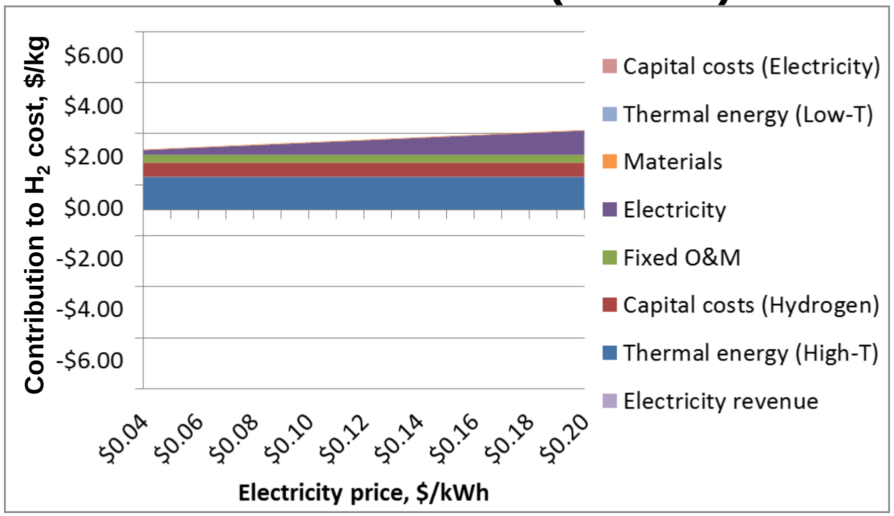
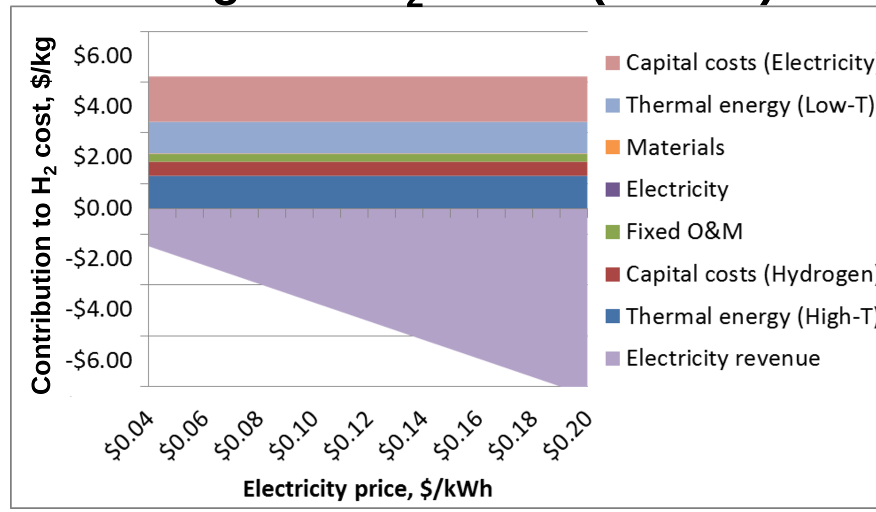
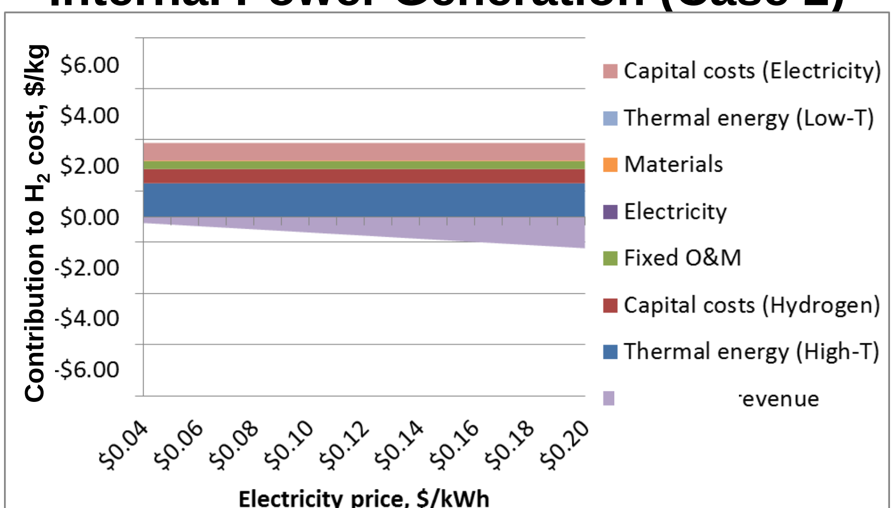
Purchase Power (Case 1)

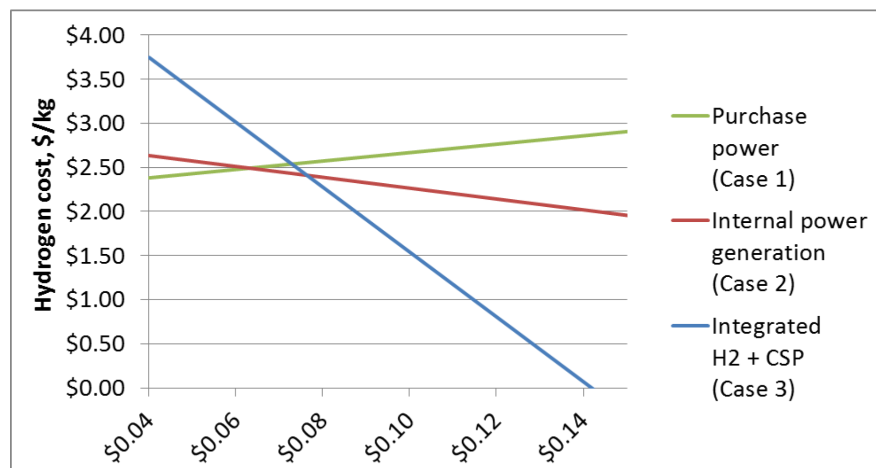


Integrated H_2 + CSP (Case 3)



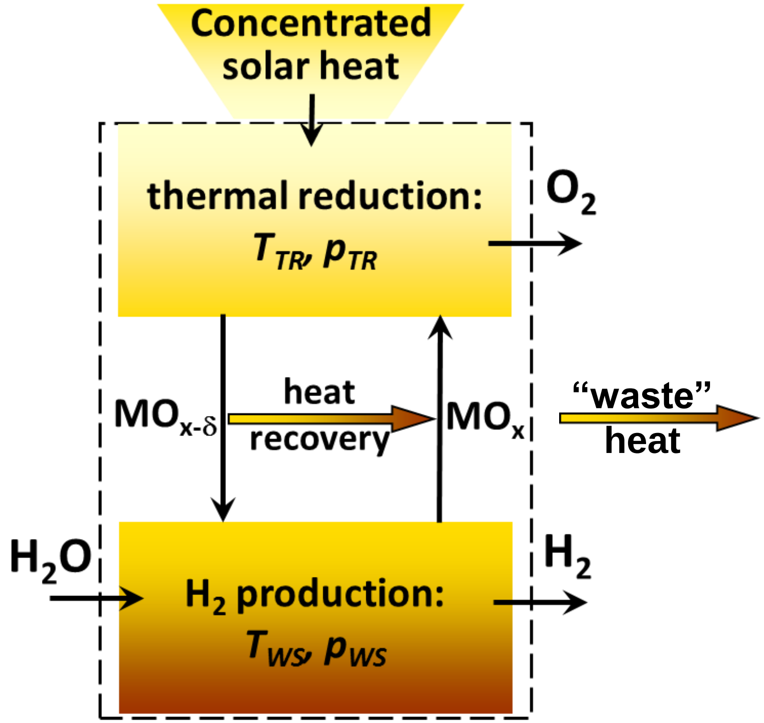
Internal Power Generation (Case 2)





The "optimal" MOTC cycle maximizes H_2 production efficiency

- The "optimal" case assumes efficient heat recovery, higher H_2 production temperature (1150°C)
  - "Waste" heat is minimized
- A second case features lower H_2 production temperature (800°C) and less efficient heat recovery
  - More "waste" heat is available



$$MO_X \rightarrow MO_{X-\delta} + \frac{\delta}{2} O_2 \quad \text{(thermal reduction, TR)}$$

$$MO_{X-\delta} + \delta H_2O \rightarrow MO_X + \delta H_2 \quad \text{(water splitting, WS)}$$

$$\delta H_2O \rightarrow \frac{\delta}{2} O_2 + \delta H_2 \quad \text{(net reaction)}$$

More “waste” heat increases electricity production

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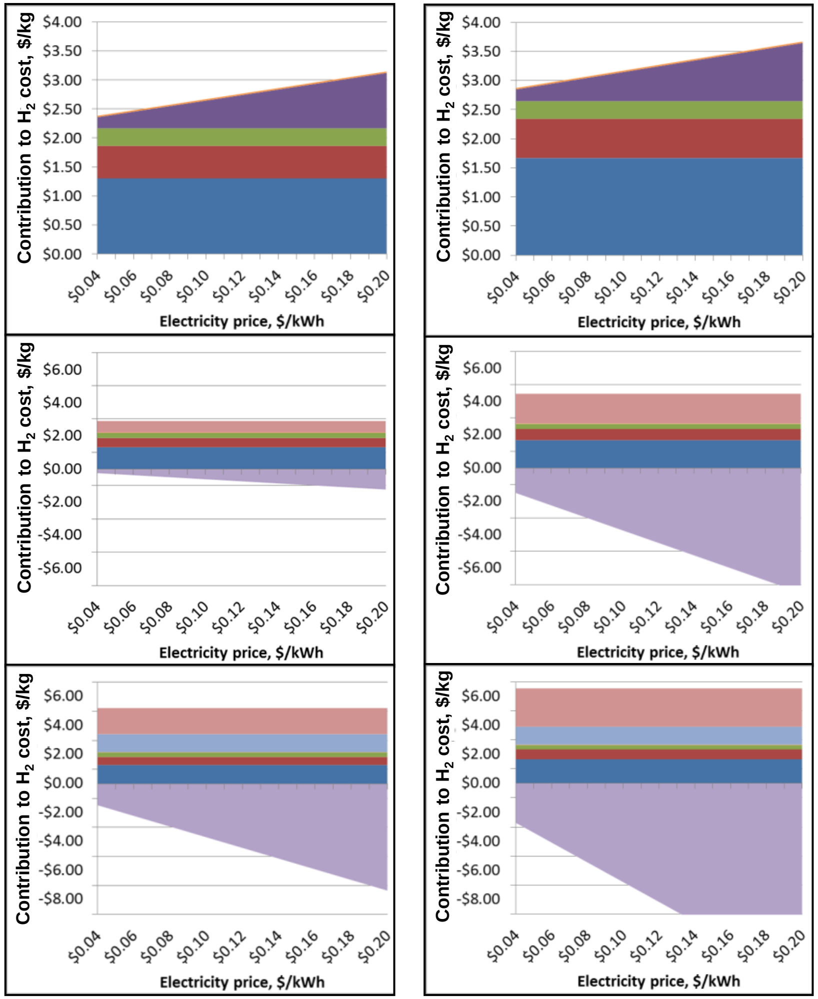
“Optimal” process | **More “waste” heat**

Purchase Power (Case 1)

Internal Power Generation (Case 2)

Integrated H_2 + CSP (Case 3)

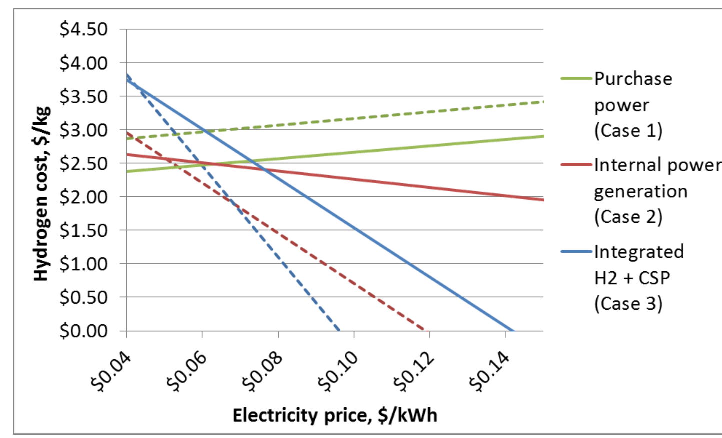


Capital costs (Electricity) | Materials | Fixed O&M | Thermal energy (High-T)

Thermal energy (Low-T) | Electricity | Capital costs (Hydrogen) | Electricity revenue

Larger thermal energy input, higher capital costs
→ Higher H_2 production cost

Larger thermal energy input and higher capital costs (H_2 & electricity), But increased electricity revenue



Solid lines: “Optimal” case; Dashed lines: More “waste” heat

Outline

- Introduction
  - Background
  - Modeling approach
  - Key assumptions
  - Concentrating solar power (CSP) overview
  - General comments on CSP-H_2 integration
- CSP-H_2 integration scenarios
- **Conclusions and insights**

A few words about uncertainty and sensitivity of results

- Solar H_2 technologies are at an early stage of development
  - Costs and performance are highly uncertain
  - Detailed optimizations are premature
- The key analysis results are the set of insights regarding favorable conditions for CSP-H_2 integration
- These results (insights) are robust
  - Insights are driven by inherent characteristics of processes
  - Insights are unaffected by absolute H_2 production costs (excluding electricity costs)

General conclusions

- Collection of solar thermal energy is a significant cost for both CSP and solar H_2 production
  - Heat integration is a potential strategy for improving the performance of both CSP and H_2 production
  - Optimal temperature of CSP is lower than that for H_2 production
- CSP yields no high-T waste heat or significant material byproducts
  - Necessary to look for potential heat flows from H_2 production to CSP
- Electricity prices have a significant impact on the analysis results
  - From the perspective of H_2 production, CSP-H_2 integration is favored when CSP price is lower than electricity price

Conclusions: High-T electrolysis

- A relatively small input of heat is required compared to electricity needs
  - No high-T waste heat is available from H_2 production
- Integration of multiple towers for combined H_2 + electricity production is potentially attractive
  - More efficient collection and conversion of thermal energy
  - Excess heat from high-T tower can be diverted to raise the efficiency of electricity production by 15% (relative)
    - Diverting high-T heat to power generation will decrease thermal energy collection efficiency
  - Case-by-case optimization will be required to determine lowest-cost configuration

Conclusions: Metal Oxide TC cycles

- For metal oxide TC cycles, high-quality “waste” heat may be available in larger quantities than is needed for internal electricity generation
  - Electricity demand of MO TC cycles is relatively small
  - Internal electricity generation using waste heat has minimal impact for low to moderate electricity prices

- Integration of MO TC cycles and separate CSP tower is potentially attractive
  - Impact of high-T waste heat is amplified by integration with CSP
  - Efficiency of electricity generation could be increased by 15% (relative)
    → Waste heat from H_2 production has high potential value as CSP feedstock

- Future metal oxide TC cycles assume reductions in inert material, high recuperation of high-T heat
  - Current metal oxide TC cycles may generate significantly more waste heat
    → Increased potential for electricity revenue as a bridge to future development

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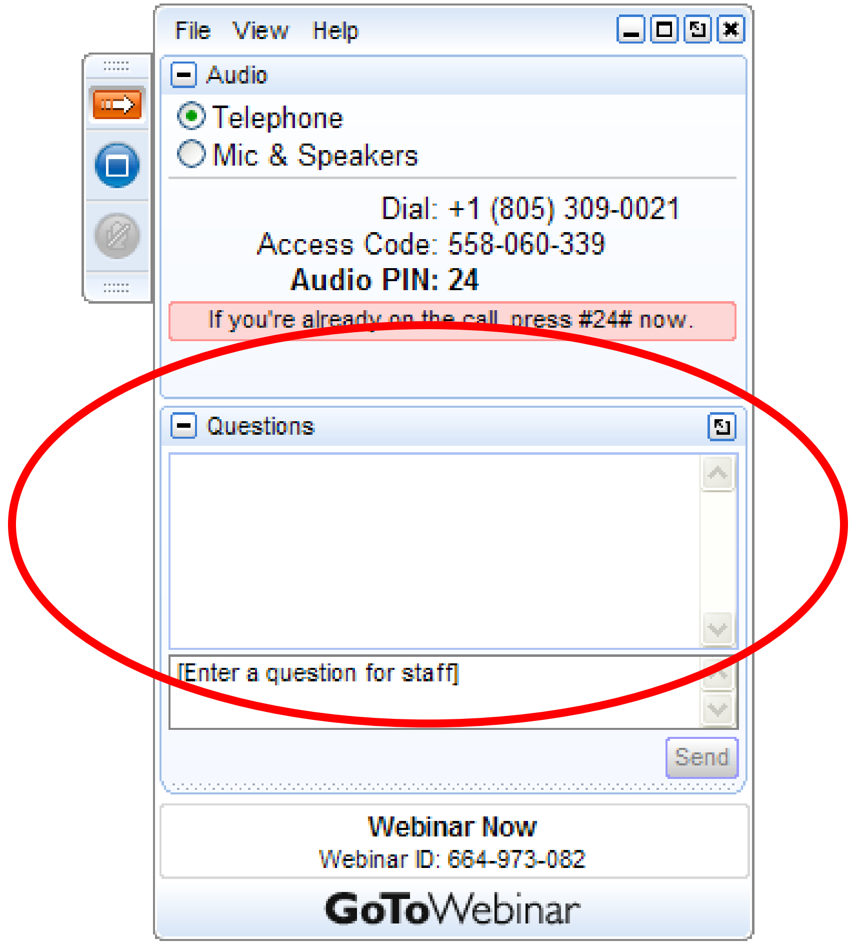
Question and Answer

- Please type your questions into the question box



Thank You

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