# Highlights

# Techno-economical modeling of a power-to-gas system for plant configuration evaluation in a local context

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- Holistic power-to-gas modeling methodology for project techno-economical analysis is presented.
- Scenarios based upon different configurations and electricity cost structures analysed for a pilot project in Europe.
- Best scenarios include synthetic natural gas grid injection and mobility.
- Minimum selling price found to be significantly higher than current natural gas prices.
- Sensitivity analysis shows electrolyser efficiency and electricity price most influential.

# Techno-economical modeling of a power-to-gas system for plant configuration evaluation in a local context

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## Abstract

Decarbonization of the European energy networks is critical to meet Commission targets in the coming decades. The presented study aims to contribute to this by analysing one of the proposed solutions: power-to-gas. A technoeconomic model is created for the purposes of evaluating specific projects on their feasibility in terms of local constraints and opportunities, using a current project as a template for model generation and analysing different possible configurations in 8 operational scenarios. Five metrics were used for scenario analysis: levelized cost of methane, minimum selling price, operational hours, hydrogen tank size and capital cost. The results from the analysis indicate that, in terms of the stated project, synthetic natural gas production and grid injection along with on-site mobility applications provide the best economical result. However, selling prices of synthetic natural gas obtained are one magnitude higher than current natural gas prices, in-

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dicating government support is required for further development. Future projections of electrolyser efficiency and equipment capital costs will greatly reduce production costs, giving promise for feasible business cases in the coming years.

*Keywords:* power-to-gas, system modeling, techno-economical analysis, synthetic natural gas

## Nomenclature

# Abbreviations

- BOP balance of plant
- CNG compressed natural gas
- DA day-ahead
- FCR frequency containment reserve
- GHG greenhouse gas
- LCOE levelized cost of energy
- NG natural gas
- OH operational hours
- PEM polymer electrolyte membrane
- PtG power-to-gas

- PtX power-to-X
- SNG synthetic natural gas
- TSO transmission system operator
- VRE variable renewable energy
- WTP willingness to pay

## Parameters

- $c_{BOP}$  cost of BOP (% of CAPEX)
- $c_{var,rea}$  cost of reactor nutrient ( $\in$ /Nm<sup>3</sup>)
- CAPEX total capital expenditure in year 0, including BOP ( $\notin$ )

 $CAPEX_{equip}$  total capital expenditure in year 0 ( $\in$ )

 $cons_{grid,t}\,$  local NG grid consumption at time step  $t~({\rm Nm^3/10min})$ 

- $f_n$  nominal electrical grid frequency (Hz)
- $f_t$  electrical grid frequency at time step t (Hz)
- K FCR gain (MW/Hz)
- $k_a$  discount factor
- n project lifespan (years)

 $OH_{x,max}$  maximum yearly operational hours for equipment x (hours)

OPEX total yearly operational expenditure ( $\in$ )

 $OPEX_{fix}$  total yearly fixed operational expenditure ( $\in$ )

 $P_{elect,min}/P_{elect,max}$  electrolyser minimum/maximum power rating (MW)

 $p_{min,tank}/p_{r,tank}$  minimum/rated tank pressure (bar)

 $P_{r,elect}$  electrolyser rated power (MW)

 $Q_{H_2,rea,min}/q_{H_2,rea,max}$  reactor minimum/maximum H<sub>2</sub> consumption (Nm<sup>3</sup>/10min)  $Q_{H_2,rea,t}$  reactor H<sub>2</sub> consumption at time step t (Nm<sup>3</sup>)

r discount rate (%)

 $rr_{rea}$  reactor ramping rate (Nm<sup>3</sup>/10min)

t current time step of simulation  $\forall t \in m$ 

 $v_{FCR}$  price value of FCR participation ( $\in$ /MW/h)

 $v_{H_2}$  price value of H<sub>2</sub> for mobility (€/kg)

 $WTP_{det}$  pre-determined willingness to pay (€/MWh)

## Variables

- $C_{rep}$  total levelized cost of equipment replacement during the project lifespan ( $\in$ )
- F total yearly cost of feedstocks

 $OPEX_{var}$  total yearly variable operational expenditure (e)

 $P_{elect,tot,t}$  total electrolyser power at time step t, including FCR participation (MW)

 $P_{elect,t}$  electrolyser power at time step t (MW)

 $P_{FCR,t}$  electrolyser power adjustment when participating in the FCR (MW)

 $p_{tank,t}$  tank pressure at time step t (bar)

 $Q_{CNG,r}$  rated SNG production used for CNG mobility (Nm<sup>3</sup>)

 $Q_{H_2,mob,t}$  H<sub>2</sub> production used for mobility at time step t (Nm<sup>3</sup>)

 $Q_{H_2,mob}$  yearly H<sub>2</sub> production used for mobility (Nm<sup>3</sup>)

 $Q_{SNG}$  total yearly SNG production (Nm<sup>3</sup>)

 $R_{FCR}$  yearly revenue from FCR participation ( $\in$ )

 $R_{H_2}$  yearly revenue from H<sub>2</sub> mobility ( $\in$ )

 $sig_{FCR,t}$  signal of electrolyser participation in the FCR at time step t

LCOM levelized cost of methane ( $\in$ /MWh)

MSP minimum selling price ( $\notin$ /MWh)

#### 1 1. Introduction

The 2030 Climate and Energy Framework (CEF) for the European Union (EU) has translated Paris Agreement commitments to mandatory EU-wide targets, specifically: reducing greenhouse gas (GHG) emissions by 40% from 1990 levels and increasing the share of renewables in primary energy to 32.5% [1]. Achieving the CEF targets as well as meeting higher demands of electrical energy are fueling a large up-take of variable renewable energy (VRE), namely wind and solar. However, energy systems with high shares of VREs
require flexibility due to the spatial and temporal imbalances of supply and
demand, which can be provided by multiple approaches, each with unique
economical and technical benefits [2].

One such approach is using energy storage technologies as a means to 12 absorb surplus electricity, shifting its time of delivery for periods of greater 13 demand. Pumped hydro power is currently the primary energy storage tech-14 nology used for electricity, with massive facilities worldwide. Several emerg-15 ing storage solutions involve power-to-X (PtX) technologies, with over 150 16 demonstration projects in Europe either planned, operational or completed 17 [3]. PtX can be defined as electrical power conversion to other energy ap-18 plications, such as: transportation fuels, heating, chemical feedstock to pro-19 duce liquid fuels or other chemicals or re-converted to power. A diagram of 20 possible PtX pathways is shown in Figure 1. As is shown, PtX allows inte-21 gration of gas and electricity networks, which provides several benefits such 22 as: further improving flexibility of the system to integrate VREs, short- to 23 long-term energy storage capabilities [4] and helping to decarbonize sectors 24 other than electricity. [5]. When coupled with local VREs, it has been shown 25 to decrease curtailment and avoid additional electrical infrastructure costs by 26 using already available gas grid installations [6]. The main concept of PtX – 27 producing energy-rich gases such as hydrogen  $(H_2)$  and methane  $(CH_4)$  from 28 renewable energy sources – is called power-to-gas (PtG). 29

The core conversion of PtG pathways is water electrolysis: electrical dissociation of water ( $H_2O$ ) to  $H_2$  and oxygen ( $O_2$ ). The  $H_2$  gas can be used for transportation, providing significant sector carbon emission reduction po-

tential when compared to fossil fuels [7] as well as longer range and higher 33 specific energy (when compressed to 350 or 700 bar) than batteries [8]. It 34 can also be directly injected into the natural gas (NG) grid, with a volumet-35 ric capacity of 0.1%-12% depending upon the respective European country's 36 standards [9]. PtG also includes the possibility of further processing  $H_2$  by 37 combining it with carbon to produce methane  $(CH_4)$  via the Sabatier pro-38 cess in methanation reactors. The most common H<sub>2</sub> conversion process done 39 in PtX projects [10],  $CH_4$  reactors can be classified as either biological or 40 catalytic. Biological reactors produce CH<sub>4</sub> using organic matter, namely hy-41 drogenotrophic methanogens, in a low pressure and temperature environment 42 [5] whereas catalytic reactors use nickel-based catalyst using high pressure 43 and temperature [11]. The choice of proper technology depends on the sys-44 tem requirements, with biological reactors allowing higher levels of impurities 45 and catalytic reactors achieving higher production rates [5]. Carbon dioxide 46  $(CO_2)$  is increasingly used as the carbon source for  $CH_4$  production due to: 47 (1) high availability as a byproduct from industrial, waste treatment and 48 biogas facilities; (2) the reduction of  $CO_2$  in the atmosphere; and (3) its low 40 cost of 0-100  $\notin$ /ton [11]. The product CH<sub>4</sub> is also known as synthetic natural 50 gas (SNG) as it can be directly injected into the NG grid due to its similar 51 physical properties, allowing the over 1,000 TWh European NG network ca-52 pacity to be used for transmission, distribution and storage of the product 53 gas [12]. In addition to the plethora of PtG production end-uses, it is also 54 viewed as a technology capable of providing electricity grid ancillary services, 55 ensuring grid stability in short (seconds) to long (months) durations [13]. 56

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Further development of the technologies involved in PtG as well as scaling

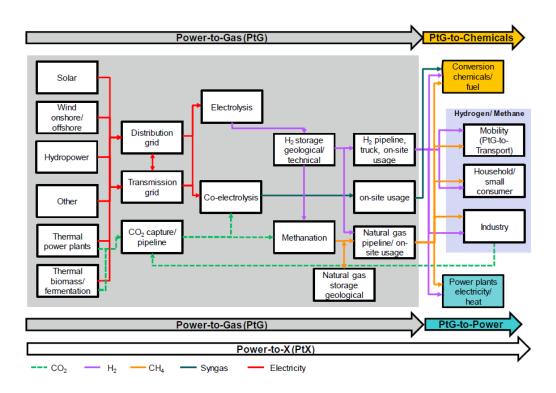


Figure 1: Overview of power-to-X pathways; source [14].

up are required to improve its economics. Götz et al. [11] and van Leeuwen 58 and Zauner [15] concluded that high investment and electricity costs are the 59 primary reasons for poor economics, with high yearly operational hours (OH) 60 needed to reduce their effect. The inevitable high cost of the equipment can 61 be attributed to the novelty of the technologies, namely (other than alka-62 line) electrolysis and methanation [16]. Nonetheless, PtG installed capacity 63 has been exponentially increasing since the early 2000's as their costs con-64 tinue to fall and business cases become realized [3]. De Bucy et al. [17] 65 assessed the economical potential of PtG in Europe, concluding that mo-66 bility is the best current market with high OH and low electricity prices. 67 Further, they found that the levelized cost of H<sub>2</sub> and SNG for grid injec-68

tion were 5 and 8.5 times the current selling price of NG, respectively, and 69 SNG costs 1.5-3 times higher than bio-NG, highlighting the need for regu-70 latory incentives for commercial deployment. McDonagh et al. [18] studied 71 SNG production as a transport fuel, calculating a cost of 107-143  $\in$ /MWh 72 in 2020 when assuming an average electricity price of  $35 \notin MWh$  and 6,500 73 OH. They also showed the impact of several incentives schemes that could 74 help lower the cost below NG, such as selling produced  $O_2$  and grid ser-75 vices. However, this study focuses on a national level (Ireland) and does 76 not discuss cost reduction strategies for individual plants. Flexible plant op-77 eration has been found to be economically preferred – operating the system 78 when electricity prices are favorable versus continuous operation – with more 79 than one revenue stream harnessed. Breyer et al. [19] modeled a PtG plant 80 used on-site of a pulp mill in Finland with frequency containment reserve 81 (FCR) market participation and 4,000 OH and found the business case to 82 be profitable, with grid services representing 40% of total income. Bio-diesel 83 and SNG produced were either used on-site or sold for mobility purposes. 84 However, this model used an assumed fixed electricity price of  $40 \in MWh$ , 85 neglecting actual dynamic day-ahead (DA) electricity market participation. 86 Limitations on local gas consumption were also not considered. Tractebel 87 and Hinicio [20] designed three business case opportunities in Europe using 88 local conditions with mobility and industry seen as the best current primary 89 applications. DA market participation was considered, with a yearly average 90 price below 40-50  $\in$ /MWh required to build a profitable business case. FCR 91 participation was also found to reduce payback time by 30-50%, signifying 92 its importance to profitability. However, the study only considered  $H_2$  as a 93

PtG product, neglecting the potential of SNG and other byproducts. Gorre 94 et al. [21] performed an optimization analysis of production costs of SNG in 95 terms of various electricity purchasing and gas selling strategies for a PtG 96 plant in 2030 and 2050, comparing them to the expected SNG prices. The 97 results showed that flexible operation in DA markets with an average price 98 of  $30 \notin$ /MWh and 4,000 OH can have a positive revenue by 2050. However, 99 the study is generic to Europe and does not consider participation in ancil-100 lary services, local technical or physical limitations, governmental support 101 schemes or specific country DA electricity prices. From this literature review 102 it is seen that most studies perform European-wide analyses suggesting broad 103 action without considering local limitations or advantages, such as regional 104 end-use applications, local restrictions in energy networks (namely NG and 105 electricity networks for purposes of this paper) and DA energy prices. These 106 parameters can and ultimately determine the viability of projects and allow 107 a thorough investigation of local business case opportunities. 108

The scientific contribution of this paper is to present a methodology for 100 performing a feasibility study of a PtG plant which focuses on analysing local 110 conditions which effect operation, namely: variable electrical power source, 111 DA variable and fixed electricity prices, possible local end-use applications 112 and local gas grid injection limitations. Individually, these parameters can 113 have profound implications on operational strategy; together they can com-114 pletely change the plant's operational objective and its feasibility by giving a 115 more complete picture of it's unique conditions. This methodology is applied 116 to a pilot project currently underway in the form of a case study. Although 117 the specific model created for this case study cannot be used for other projects 118

as they all will have unique local conditions, it is believed that the methodol-119 ogy presented can be easily applied to similar projects, providing a thorough 120 analysis of project feasibility. Further, an innovative electrolyser design is 121 investigated that allows maximum capacity to be 200% rated for short dura-122 tions. This can allow participation in ancillary services while not sacrificing 123 on lost production due to reserved power or over-sizing the electrolyser for 124 such service. As previously mentioned, high investment and electricity costs 125 will present a major challenge in finding an optimal operational configuration 126 that is profitable. To overcome this challenge, an analysis of the most influ-127 ential economical factors will be done, highlighting what needs to be done to 128 make a similar project feasible. 129

## <sup>130</sup> The objectives of this paper are to:

- Present a techno-economical model methodology for PtG plant analysis
   using local limitations and opportunities as operating constraints and
   several metrics for thorough analysis.
- Present the pilot project that will be used as a case study of model methodology application.
- Develop operational scenarios based off of local conditions for the pilot
   project and perform a feasibility study.
- Perform a sensitivity analysis on the most favorable scenarios to deter mine most influential factors on the results.

## <sup>140</sup> 2. Methodology

#### 141 2.1. Standard Configuration of Pilot Plant

To develop the model, a current PtG project in which the authors are 142 involved in named HYCAUNAIS is used. Located in Saint-Florentin, France 143 the project is being led by Storengy and has several industrial and public 144 partners, with secured funding from PIA ADEME, Bourgogne France-Comté 145 region (FRI), FEDER and project partners [22]. As the project is based in 146 France, regulatory and market conditions there will be used henceforth. It 147 must be emphasized that the work performed for this paper is researched-148 based and not representative of actual project objectives of HYCAUNAIS -149 it is meant to analyse several possible scenarios which are based upon the 150 project topology. 151

A diagram of the HYCAUNAIS plant layout and possible configurations 152 is shown in Figure 2. The plant will produce low-carbon gas for NG grid 153 injection and possibly mobility. Following the combined power production 154 signal of two existing wind farms (1) provided by the wind farm operator and 155 sourcing the electricity via a grid connection (2), a 1 MW<sub>el</sub> PEM electrolyser 156 (3) will produce hydrogen for a 50  $Nm^3/h$  biological methanation reactor 157 (4), with intermediate  $H_2$  storage (5) installed between the electrolyser and 158 reactor. Currently, gas from the landfill (6) on-site is being upgraded by 159 a WAGABOX<sup>®</sup> unit (7). The technology, supplied by Waga Energy [23], 160 combines membrane filtration and cryogenic distillation to filter 98 vol% 161 pure bio- $CH_4$  from landfill gas ( $CH_4$  from a landfill is considered biological 162 as per French regulation [24] and international agencies such as the IEA [25]). 163 recovering 90 vol% of the bio-CH<sub>4</sub> contained in it. This highly pure bio-CH<sub>4</sub> 164

is being injected into the NG grid (8). The  $CO_2$  stream (including some 165 impurities) normally vented during membrane distillation will be utilized as 166 the carbon source for methanation, which must be purified (9) prior to in-167 jection into the biological reactor. Intermediate storage of  $CO_2$  (10) between 168 the reactor and purifier is also used. Bio-NG captured during purification is 169 combined with the produced SNG and injected into the NG grid at the same 170 existing site used by the WAGABOX<sup>®</sup> unit. The project boundary is input 171 from the electrical grid and WAGABOX<sup>®</sup> effluent to output to NG grid injec-172 tion as shown in Figure 2. Normal cubic metres  $(Nm^3)$  are used throughout 173 the article to represent gas volumes in a simple, comparative fashion. The 174 configuration as described above is known as the standard configuration in 175 this article. Mobility options and NG grid injection capacity improvement 176 were also investigated and will be discussed in the next subsection. 177

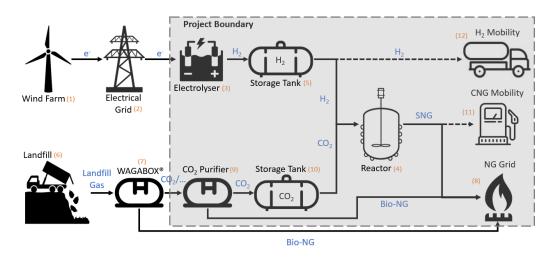


Figure 2: HYCAUNAIS project plant schematic and process flow.

To improve economics of the plant, participation in electricity grid services by the electrolyser is considered in all scenarios simulated, namely the

primary reserve or FCR. Electrolysers have been shown to be capable of 180 operating dynamically at ramping rates faster than required for FCR par-181 ticipation [26]. FCR consumer participation is compensated according to 182 the reserve capacity in €/MW.30min in a market-based scheme, with par-183 ticipation given in 4-hour continuous blocks. More information on ancillary 184 services are provided in [27]. Guinot et al. [28] concluded that an electrolyser 185 participating in the FCR in France was not economical with the technical and 186 economical assumptions made and current compensation values. However, 187 as stated earlier, this study will investigate the use of an innovative electrol-188 yser stack that is capable of doubling its rated capacity for periods longer 189 than required for maximum frequency disturbance (15 minutes). This will 190 allow the operator to offer the rated capacity of the electrolyser to the FCR 191 while still operating at rated capacity, avoiding loss of hydrogen production 192 for dedicated capacity on reserve for FCR solicitation. 193

#### 194 2.2. Additional Configurations

When injecting in the NG grid, knowledge of local capacity availability 195 should be known as injection may not be possible all year round. If it is not, 196 other end-use applications can be investigated to maximize the operational 197 hours of the plant. NG grid expansion, increasing the local capacity, is also a 198 possibility if the transmission systems operator (TSO) is interested in doing 199 so. One specific scenario is called a "mesh upgrade" and includes installing 200 a new pipeline between the local NG distribution grid and another grid in 201 close proximity, essentially connecting two "island" distribution grids and 202 consequently increasing both their capacities. This will be investigated as 203 a possible plant "configuration": although the equipment will be the same 204

as the standard configuration, the constraint of NG grid injection will be
less stringent but still applicable, allowing for more injection throughout the
year.

As seen in Figure 2, two mobility options are considered as additional end-use applications:  $H_2$  and compressed natural gas (CNG). The mobility options must be designed for local transportation requirements to provide realistic approximation of their demand in the model simulation. Each mobility option will be evaluated separately as additional end-use applications to the standard configuration, increasing utilization of the plant.

## 214 2.3. Electricity Purchasing Contracts

Two electricity purchasing contracts were investigated: long-term fixedpriced contracts or short-term DA market purchasing. Long-term contracts allow for operation of the plant at a specified fixed electricity price whereas DA market purchasing allow plant operators to take advantage of lower prices, choosing to operate when electricity prices are satisfactory as per conditions set by them.

## 221 2.4. Equipment Description

### 222 2.4.1. Electrolyser

A 1 MW PEM electrolyser is used for the system and its modeling parameters are shown in Table 1. Values of parameters were either taken from sources listed or the HYCAUNAIS project directly. The investment cost or CAPEX listed only includes the cost of the electrolyser. Balance of plant (BOP) components (pumps, water purification, electronics, etc.) are included as a general BOP cost to the whole plant configuration of the scenario as shown in Equation 8. The electrical energy consumption of the electrolyser is represented as a range due to its variability in its operating range. The electrolyser is assumed to be capable of responding instantaneously to changes in power consumption, so ramping is not considered. Further, as mentioned earlier, an electrolyser capable of operating up to 200% its nominal capacity is considered. All values provided by the HYCAUNAIS project and its partners are shown under Source as "project".

Parameter	Unit	Value	Source
Rated power	$MW_{el}$	1	project
Operating pressure	bar	30	project
Electrical energy consumption	$\rm kWh/Nm^3~H_2$	$kWh/Nm^3 H_2$ 4.6-5.1	
Operational range	% rated power	10-200	project
Stack life	hours	60,000	[15]
Water consumption	L ${ m H_2O/Nm^3}$ ${ m H_2}$	2	[29]
CAPEX	€	1,400,000	[15]
Fixed OPEX	% CAPEX/a	2	[15]
Stack replacement cost	% CAPEX 25		[15]

Table 1: PEM electrolyser model parameters.

#### 236 2.4.2. Methanation Reactor

A biological reactor capable of consuming the rated flow rate of the electrolyser is used  $-50 \text{ Nm}^3/\text{h}$ . The model parameters used are shown in Table 238 2. Reactor electrical consumption is due to the continuous mixing from its

internal propeller [30] which is assumed to be fixed when operational. Unlike 240 electrolysers, methanation reactors have not been shown to be capable of 241 operating at sufficient ramping rates while still maintaining high gas quality 242 [31]. Thus, the model considers reactor ramping when changes in gas flow 243 rates occur. Additionally, the reactor is assumed to be fed the methanation 244 stoichiometric ratio of  $H_2/CO_2 = 4$  at all times and a fixed CO<sub>2</sub> conversion 245 rate occurring inside the reactor of 98 vol% (which has been shown to be 246 possible with transient operation [32] and applied in other studies [21]). The 247 fixed  $CO_2$  conversion rate and  $H_2/O_2$  ratio is applied throughout the reactor 248 operational range, eliminating the requirement of modelling reactor kinetics. 249

Parameter	$\mathbf{Unit}$	Value	Source
Rated SNG capacity	$\mathrm{Nm^{3}/h}$	50	project
Inlet pressure	bar	16	project
Electrical energy	$\rm kWh/Nm^3$	1	[11]
consumption	SNG	1	[11]
CAPEX	€	817,500	[15]
Fixed OPEX	% CAPEX/a	5	[15]

Table 2: Biological methanation reactor model parameters.

#### 250 2.4.3. Carbon Dioxide Purification

The CO<sub>2</sub> purification technology used is chemical scrubbing via amines due to its low pressure requirement and market availability [33]. However, it requires a heat source; it is considered to be harnessed from the reactor's exothermic heat dissipation. Model parameters used for chemical scrubbing are shown in Table 3. 4% of the biogas input is bio-NG - which can be captured and mixed with the produced SNG - and 88% is CO<sub>2</sub>. The chemical scrubbing system is sized such that it is capable of purifying the rated CO<sub>2</sub> capacity of the reactor.

Parameter	Unit	Value	Source
Electrical energy consumption	$\rm kWh/Nm^3$ biogas	0.15	[34]
Water consumption	$ m L~H_2O/Nm^3$ biogas	0.032	[33]
CAPEX	€	91,200	[33]
Fixed OPEX	% CAPEX/a	3	[33]

Table 3: CO<sub>2</sub> purification model parameters.

## 259 2.4.4. Hydrogen Mobility

 $H_2$  mobility was designed as a refilling site for tube-trailers as there is no 260 hydrogen consumption anticipated on-site. These trailers are able to travel 261 up to 400 km from the fill-site to refuelling stations in local regions. Some 262 of these regions, such as Bourgogne-Franche-Comté, are planning to enlarge 263 their fuel cell electric vehicle (FCEV) bus fleets in the coming years [35]. The 264 distributors in these regions are assumed to be the  $H_2$  mobility consumers. 265 Two tube-trailers with a capacity of 400 kg each at 200 bar were used, with 266 an assumption that at least one will be available on-site to be filled at any 267 time. The refilling station cost was calculated using a modeled developed by 268 [20].  $H_2$  mobility model parameters are shown in Table 4. The refilling site 269

<sup>270</sup> was sized to be capable of receiving the rated capacity of the electrolyser.

Parameter	Unit Value		Source
Tube-trailer CAPEX	€/kg	500	[20]
Tube-trailer fixed OPEX	% CAPEX/a	2	[20]
Site CAPEX	€	232,709	[20]
Site fixed OPEX	% CAPEX/a	3	[20]

Table 4: H<sub>2</sub> mobility model parameters.

## 271 2.4.5. Compressed Natural Gas Mobility

A refuelling station was assumed to be installed on-site for CNG mobility 272 which could be consumed by waste trucks used for landfill community pickup. 273 It is proposed that the fleet could be switched to operate on CNG, starting 274 with two trucks and possibly increasing in later years. However, the model 275 simulation will only assume two vehicles for the project lifespan. The trucks 276 are assumed to be filled overnight. The station is sized so that it can accept 277 the rated capacity of the reactor if NG grid injection is not possible. The 278 resulting refuelling station costs are shown in Table 5. Waste trucks are 279 not included in the cost of the station. Costs were taken from values and 280 models given in [36], which include a dispenser, time-fill post and gas dryer. 281 Compressor cost is also included in the station CAPEX. 282

## 283 2.4.6. Gas Storage

All tanks used in the system use the same CAPEX and OPEX parameters as listed in Table 6. The gas compressor parameters are also listed

Parameter	Unit	Value	Source
Station CAPEX	€	232,417	[36]
Station fixed OPEX	% CAPEX/a	3	[36]

Table 5: CNG mobility model parameters.

in this table. Intermediate  $H_2$  storage is done at the equivalent pressure of 286 electrolyser output, 30 bar, eliminating the need of a compressor. However, 287 a compressor is required if  $H_2$  mobility is considered for the tube-trailers, as 288 described below. Intermediate  $CO_2$  is pressurized to 16 bar to meet reactor 289 input requirements while the CH<sub>4</sub> storage is at 200 bar for CNG mobility re-290 quirements. All tanks are assumed to have their complete capacity available 291 for production. The electrical consumption varies greatly due to the pres-292 sure and gas being compressed [37]. The CAPEX of a compressor also varies 293 greatly depending on the gas and compressor type; values for  ${\rm H}_2$  [20],  ${\rm CH}_4$ 294 [38] and  $CO_2$  [36] were taken from their respective source. The compressor 295 must be completely replaced at the end of their useful life, which is defined 296 as 10 years of continuous operation [15]. 297

## 298 2.4.7. Natural Gas Grid Injection

The costs associated to NG grid injection are shown in Table 7. The difference in CAPEX values is due to the increased cost for installation of the mesh pipeline to connect two distribution grids.

Parameter	Unit	Value			Source
		$H_2$	$\rm CO_2$	$\mathrm{CH}_4$	
Tank capacity	$\mathrm{Nm}^3$	see 3.4.4	50	600	project
Tank rated pressure	bar	30	16	200	$\operatorname{project}$
Tank CAPEX	$\epsilon$ /Nm <sup>3</sup>	100	100	100	[15]
Tank fixed OPEX	% CAPEX/a	2	2	2	[15]
Compressor electrical consumption	$\rm kWh/kg$	1.68	0.09	0.20	[37]
Compressor lifespan	hours	87,600	87,600	87,600	[15]
Compressor CAPEX	€	200,000	234,636	101,398	[20,  38,  36]
Compressor fixed OPEX	% CAPEX/a	3	3	3	[15]
Compressor replacement cost	% CAPEX	100	100	100	[15]

Table 6: Gas tank and compressor model parameters.

Table 7: NG grid injection model parameters.

Parameter	Unit	Value	Source
Grid injection CAPEX (no mesh)	€	$20,\!500$	project
Grid injection CAPEX (mesh)	Ð	$252,\!100$	project
Grid injection fixed OPEX	% CAPEX/a	8	[15]

# 302 2.5. Operational Scenarios

Eight scenarios were developed to evaluate the different plant configurations and electricity contracts. They are listed in Table 8, with the configuration and electricity purchasing option used marked accordingly. A

"standard" configuration (S1 and S5) includes SNG production for NG grid 306 injection only. The mesh upgrade scenarios (S2 and S6) increase the NG 307 grid capacity by installing a new pipeline to connect two "island" distribu-308 tion grids together whereas the mobility options (S2, S3, S6 and S7) use the 309 standard configuration plus  $H_2$  or CNG mobility stations. For  $H_2$  mobility 310 configurations, a refilling station with tube-trailers is used and consumption 311 is only considered when SNG production is not possible. For CNG mobility 312 configurations, a waste truck refuelling station on-site is considered which 313 will have a continuous flow to fill the trucks daily, plus can also accept SNG 314 production surplus when grid injection is not possible. Each configuration is 315 tested independently to discover their individual attributes. Fixed electricity 316 contract (S1-S4) and DA market participation (S5-S8) are also investigated 317 for each configuration type to find what is the preferred electricity contract. 318

Table 8: Eight scenarios developed for project evaluation, with the type of electricity contract and configuration implemented in each scenario marked accordingly.

Scenario	Electricity Purchasing		Configurations			
Scenario	Fixed Contract	DA Market	Standard	$\mathbf{Mesh}$	H <sub>2</sub> Mobility	CH <sub>4</sub> Mobility
S1	Х		X			
S2	Х			Х		
S3	Х				Х	
S4	Х					Х
S5		Х	X			
S6		Х		Х		
S7		Х			Х	
S8		Х				Х

Table 9 shows the equipment considered for each scenario. As can be seen and was explained earlier, all scenarios consider SNG production and NG grid injection, with S2-S4 and S6-S8 also considering additional equipment
to increase operational hours of the plant.

Equipment	<b>S</b> 1	S2	$\mathbf{S3}$	$\mathbf{S4}$	$\mathbf{S5}$	<b>S</b> 6	<b>S</b> 7	<b>S</b> 8
Electrolyser	Х	Х	Х	Х	Х	Х	Х	Х
$H_2 tank$	Х	Х	Х	Х	Х	Х	Х	Х
$CO_2$ purification	Х	Х	Х	Х	Х	Х	Х	Х
$\rm CO_2 \ compressor$	Х	Х	Х	Х	Х	Х	Х	Х
$\rm CO_2 tank$	Х	Х	Х	Х	Х	Х	Х	Х
Reactor	Х	Х	Х	Х	Х	Х	Х	Х
Grid injection	Х	Х	Х	Х	Х	Х	Х	Х
Grid injection w/ mesh		Х				Х		
$H_2$ compressor			Х				Х	
$H_2$ tube-trailer			Х				Х	
$CH_4$ compressor				Х				Х
$CH_4 tank$				Х				Х
$CH_4$ fuelling station				Х				Х

Table 9: The equipment considered for each scenarios configuration.

#### 323 2.6. Analysis Metrics

A multi-metric analysis was done to evaluate each operational scenario. Using the analysis results, users can determine what is the preferred configuration and electricity contract for their plant. Five metrics were analysed: levelized cost of methane (LCOM), CAPEX, minimum selling price (MSP), electrolyser OH and tank size. These metrics can be divided into economical and operational metrics, as described in the following subsections.

#### 330 2.6.1. Economical Metrics

LCOM is a modified version of the levelized cost of energy (LCOE) which calculates the production cost of each unit of energy produced in the project lifespan in terms of the reference year and is a common way to compare energy costs of different technologies [11]. In this case, methane is being produced and the reference is the installation year (year 0). LCOM is found by using Equation 1:

$$LCOM = \frac{CAPEX + C_{rep} + (OPEX + F) \cdot k_a}{Q_{SNG} \cdot k_a}$$
(1)

where: *CAPEX* is the capital expenditure of all equipment for the simulated 337 scenario;  $C_{rep}$  represents the total levelized cost of equipment replacement 338 during the project lifespan; OPEX is the operational expenditure of all 339 equipment for the simulated scenario in the first year of operation (year 1); 340 F represents the costs of plant feedstocks, namely electricity and water in 341 year 1;  $Q_{SNG}$  is the total amount of SNG production in year 1 used for 342 both CNG mobility and NG grid injection;  $k_a$  is the discount factor, used to 343 extrapolate all year 1 values over the whole project lifespan. It is calculated 344 as shown in Equation 2 below: 345

$$k_a = \frac{(1+r)^n - 1}{r(1+r)^n} \tag{2}$$

where r is the discount rate in % and n is the project lifespan in years.  $k_a$  is used to extrapolate values from year 1 over the project lifespan, which is then used in economical analysis. The values of r and n used are shown in Table 10. *OPEX* can be broken down into two types of operational costs: fixed (*OPEX*<sub>fix</sub>) and variable (*OPEX*<sub>var</sub>) and are summed as shown in Equation 351 3:

$$OPEX = \sum_{t=1}^{m} OPEX_{var,t} + OPEX_{fix}$$
(3)

where  $OPEX_{fix}$  represents the summed fixed operational costs of all equip-352 ment included in the simulated scenario, equal to a defined percentage of 353 the equipment CAPEX.  $OPEX_{var,t}$  represents the variable cost associated 354 to operating the equipment at time step t in the set m, representing the 355 total number of time steps to simulate the calendar year. Only the reactor 356 variable costs are considered in the simulation which is associated to nutrient 357 replacement and can be found by multiplying the quantity of SNG produced 358 at time step t ( $Q_{SNG,t}$ ) by a fixed cost of the nutrient ( $c_{var,rea}$ ) as shown in 359 Equation 4: 360

$$OPEX_{var,t} = Q_{SNG,t} \cdot c_{var,rea} \tag{4}$$

It should be noted that variable costs associated to feedstocks are consid-361 ered separately. Further, when considering feedstock costs F the electrical 362 consumption of electrolysis, compressors,  $CO_2$  separation and reactor mix-363 ing (continuously stirred tank reactor assumed to be used [30]) are included; 364 electrolysis and  $CO_2$  separation are considered for water consumption. For 365  $C_{rep}$ , the total number of operational hours determine when equipment must 366 be replaced, with the replacement cost equal to a determined percentage of 367 the CAPEX. 368

MSP is a metric used to include the revenue of FCR participation and H<sub>2</sub> sold for mobility purposes as a reduction of the LCOM to determine what is the minimum selling price SNG can be sold (in  $\notin$ /MWh) for either <sup>372</sup> CNG mobility or gas grid injection applications. MSP can be found by using
<sup>373</sup> Equation 5:

$$MSP = \frac{(OPEX + F - R_{H_2} - R_{FCR})k_a + CAPEX + C_{rep}}{Q_{SNG} \cdot k_a}$$
(5)

where  $R_{H_2}$  and  $R_{FCR}$  are the revenue from H<sub>2</sub> mobility and FCR, respectively, in year 1. It can be seen that besides the inclusion of these revenues the rest of the equation is identical to the LCOM equation.  $R_{H_2}$  is found by Equation 6:

$$R_{H_2} = \sum_{t=1}^{m} Q_{H_2, mob, t} \cdot v_{H_2} \tag{6}$$

where  $Q_{H_2,mob,t}$  is the quantity of  $H_2$  used for mobility at time step t and  $v_{H_2}$  is the price value of hydrogen for mobility in  $\notin$ /kg.  $R_{FCR,t}$  is generated only if the electrolyser is participating in the FCR during the time step t as shown in Equation 7:

$$R_{FCR} = \sum_{t=1}^{m} sig_{FCR,t} \cdot v_{FCR} \cdot P_{r,elect}$$
(7)

where  $sig_{FCR,t}$  is a signal indicating if the electrolyser is active in the FCR at time step t ( $sig_{FCR,t} = 1$  if participating and  $sig_{FCR,t} = 0$  is not participating),  $v_{FCR}$  is the price value of participating in the FCR in €/MW/h and  $P_{r,elect}$  is the rated power of the electrolyser in MW.

*CAPEX* is the total capital costs of all equipment in the simulated scenario multiplied by an additional balance of plant (BOP) cost - design, engineering, and other additional costs - as shown Equation 8:

$$CAPEX = CAPEX_{equip} \cdot (1 + c_{BOP}) \tag{8}$$

where  $CAPEX_{equip}$  is the total CAPEX of all equipment included in the simulated scenario and  $c_{BOP}$  is the BOP cost. Although CAPEX is included in the calculation of the other economical metrics, it is valuable to evaluate independently to appreciate the initial cost required for plant construction.

## 393 2.6.2. Operational Metrics

OH of the electrolyser or  $OH_{elect}$  is the total of partial, rated and overload operational hours of the electrolyser in the year. It is use as a metric gives insight into the effect OH has on the levelized cost and how much operation is required to obtain those costs.

Intermediate hydrogen tank size is determined independently from the 398 main model for each scenario to give the lowest MSP. This will ensure that 399 the tank is not oversized and increase the investment cost without any eco-400 nomical benefit. The resulting capacity will determine the duration of storage 401 capable for the configuration: larger tanks can prolong production in times 402 of unfavorable hydrogen production and allow continuous reactor operation; 403 smaller tanks will require indeterminacy in reactor operation, more closely 404 following electrolyser operation. 405

<sup>406</sup> A scaled comparison of the key metrics in each scenario is helpful for <sup>407</sup> analysis. Once scaled in a defined range [a, b], the ranking of each scenario's <sup>408</sup> metric value can be compared. This can be done by normalizing each scenario <sup>409</sup> metric using Equation 9:

$$x_{i,n} = (b-a)\frac{x_i - \min(x_i))}{\max(x_i) - \min(x_i)} + a$$
(9)

where:  $x_i$  is equal to metric *i*'s value of each scenario;  $x_{i,n}$  is the normalized value of metric *i* in each scenario and  $min(x_i)$  and  $max(x_i)$  are the minimum and maximum scenario value of metric *i*. This equation will rank values such that the highest value in each metric receives the highest rank. If the lowest value of the metric should be ranked the highest, the equation must be slightly modified as in Equation 10:

$$x_{i,n} = (b-a) \left( 1 - \frac{x_i - \min(x_i))}{\max(x_i) - \min(x_i)} \right) + a$$
(10)

## 416 2.7. Model Constraints

<sup>417</sup> Constraints of model variables must be defined for model operation. <sup>418</sup>  $Q_{SNG,t}$  should not be higher than the current local NG grid consumption <sup>419</sup> ( $cons_{grid,t}$ ) for every iteration t in the simulation. If it is, there is no capacity <sup>420</sup> available for grid injection. This is shown in Equation 11:

$$Q_{SNG,t} \le cons_{grid,t} \tag{11}$$

<sup>421</sup> A maximum yearly operational hours must be defined for the electrolyser <sup>422</sup>  $(OH_{max,elect})$  and reactor  $(OH_{max,rea})$  in the simulation to allow for mainte-<sup>423</sup> nance. These constraints are shown in Equations 12 and 13:

$$OH_{elect} \le OH_{max,elect}$$
 (12)

$$OH_{rea} \le OH_{max,rea}$$
 (13)

where  $OH_{elect}$  and  $OH_{rea}$  are the total yearly operational hours of the electrolyser and reactor, respectively. The electrolyser and reactor must also operate within their allowable production limits. For the electrolyser this is defined by its electrical power consumption while the reactor is defined by its hydrogen consumption. This is shown in Equations 14 and 15:

$$P_{elect,min} \le P_{elect,t} \le P_{elect,max} \tag{14}$$

$$Q_{H_2,rea,min} \le Q_{H_2,rea,t} \le Q_{H_2,rea,max} \tag{15}$$

where  $P_{elect,min}$  and  $P_{elect,max}$  are the minimum and maximum operational power consumption of the electrolyser, respectively, and  $P_{elect,t}$  is the operational power consumption at time step t.  $Q_{H_2,rea,min}$  and  $Q_{H_2,rea,max}$  are the minimum and maximum hydrogen consumption of the reactor, respectively, and  $Q_{H_2,rea,t}$  is the hydrogen consumption of the reactor at time step t. The hydrogen tank pressure must be within its minimum and rated pressure, as shown in Equation 16:

$$p_{min,tank} \le p_{tank,t} \le p_{r,tank} \tag{16}$$

where:  $p_{tank,t}$  is the hydrogen pressure in the tank at time step t;  $p_{r,tank}$ is the rated pressure capacity and  $p_{min,tank}$  is the minimum tank pressure. Ramping for the electrolyser was assumed to be instantaneous as explained in 2.1; the reactor could not be assumed to do so. Two different ramping rates were used for the reactor depending upon the hydrogen flow rate to the reactor: above or below rated capacity. This is expressed in the conditional Equation 17:

$$rr_{rea} = \begin{cases} rr_{rea,below}, & if Q_{H_2,rea,t} \le Q_{r,H_2,rea} \\ rr_{rea,above}, & if Q_{H_2,rea,t} \ge Q_{r,H_2,rea} \end{cases}$$
(17)

where  $rr_{rea,below}$  and  $rr_{above}$  is the ramping rate below and above reactor rated 443 capacity, respectively. The ramping rate values are sensitive to the project 444 partner and thus cannot be listed. The electrolyser will ideally operate at 445 rated power continuously for maximum production and reduced wear on the 446 equipment. Further, as the profitability of the plant is the primary objective, 447 participating in the FCR should be maximized. To be able to participate at 448 100% rated capacity, the electrolyser must be operating at rated capacity to 449 offer a symmetrical reserve. Therefore, continuous operation of the electrol-450 yser at rated capacity is desired, as long as other system limitations allow it. 451 To keep the carbon intensity of the plant minimized, the plant is said to be 452 following the wind profile whenever total power output from the wind farms 453 is above rated capacity of the electrolyser; if not, it will purchase from other 454 sources on the grid. As France's power generation is over 87% low-carbon 455 and 22% renewable [39] as of 2019, the gases could still be considered "green" 456 depending on the definition, but is certainly low-carbon. This consideration 457 for power source is shown in Equation 18: 458

$$P_{elect,t} = \begin{cases} P_{wind,t}, & if \ P_{wind,t} \ge P_{r,elect} \\ P_{grid,t}, & else \end{cases}$$
(18)

where  $P_{wind,t}$  is the the electrical power of the wind farm at time step t and  $P_{grid,t}$  is electrical power sourced from other grid sources. When considering DA market electricity prices (S5-S8), it is beneficial to operate only when electricity prices favor production. This can be defined as the willingness to

pay (WTP) for electricity: if the electricity price is above a certain value, 463 the operator of the plant will choose not to run production; if the price is 464 below that value the plant will operate. In the short-term, this value would 465 be determined by the marginal profit of the plant at each hour whereas in 466 the long-term, total costs and revenues must also be considered [40]. For the 467 purposes of the model, a range of electricity prices will be used to find the 468 optimal WTP for plant operation in each scenario: if the variable cost of 469 electricity at time step  $t(c_{el,t})$  is lower than or equal to the pre-determined 470 WTP  $(WTP_{det})$ , the electrolyser will operate at the determined power level; 471 if  $WTP_{det}$  is larger than  $c_{el,t}$ , the electrolyser will sit idle. This is expressed 472 in Equation 19: 473

$$P_{elect,t} = \begin{cases} P_{elect,t}, & if \ c_{el,t} \le WTP_{det} \\ 0, & else \end{cases}$$
(19)

As electrolyser and reactor operation are decoupled due to intermediate hy-474 drogen storage, the reactor may still be producing if the electrolyser is sitting 475 idle: reactor operation depends on hydrogen availability in the storage tank 476 and not hydrogen production. When participating in the FCR, the electrol-477 yser power has a further constraint such that it must follow the frequency of 478 the grid: when the frequency is below 50 Hz, less power must be consumed 470 to bring it back to balance; when the frequency is above 50 Hz, more power 480 must be consumed. This relationship can be expressed in Equations 20 and 481 21:482

$$P_{FCR,t} = sig_{FCR,t} \cdot K(f_t - f_n) \tag{20}$$

$$P_{elect,tot,t} = P_{elect,t} + P_{FCR,t} \tag{21}$$

where  $P_{FCR,t}$  power adjustment of the electrolyser at time step t in MW; Kis the FCR gain as defined by the TSO (RTE) for the consumption site in MW/Hz [41];  $f_t$  is the measured grid frequency at time step t in Hz;  $f_n$  is the nominal grid frequency in Hz and  $P_{elect,tot,t}$  is the total electrolyser power consumption at time step t. Note that  $P_{FCR,t}$  can be negative or positive, depending on the grid frequency measured at that time step.

## 489 2.8. Operational Strategy

Operational strategies when mobility is included as an extra end-use application is required. For H<sub>2</sub> mobility configurations, a refilling station with tube-trailers is used and consumption is only considered when SNG production is not possible. For CNG mobility configurations, a waste truck refuelling station on-site is considered which will have a continuous flow to fill the trucks daily, plus can also accept SNG production surplus when grid injection is not possible.

A continuous flow rate from the reactor to the refuelling station is assumed that is equal to the estimated yearly mileage and fuel efficiency of a CNG waste truck as proposed by [42] and shown in Equation 22:

$$Q_{CNG,r} = \frac{n_{trucks}(35Nm^3/100km)(20,000km/year)}{8760h}$$
(22)

where  $Q_{CNG,r}$  is the hourly SNG production to the refuelling station and  $n_{trucks}$  is the number of CNG waste trucks.

The constraints and assumptions presented above provide the framework for operation simulation. The model begins operation with variable input data and defined parameters, performing a loop of one year in defined time steps. Logic controllers determine the flow of model execution at each iteration, inputting the required data to modules representing the plant equipment. These equipment modules compute their production costs and resultant gas flow rates, inputting them into the next controller or to the final module for economical analysis.

The time step used for modeling is 10-minutes to equal the resolution of data given for the wind farm power profile for an entire year, equaling 512 52,560 time steps performed by the simulation. Further, a maximum oper-513 ational time of 95% of the year was chosen for the electrolyser and reactor 514  $(OH_{max,elect} = OH_{max,rea} = 8322)$ , allowing some hours during the year for 515 operational maintenance.

### 516 2.9. Economical Parameters

The economical parameters used for modeling are shown in Table 10. It 517 was assumed that a fixed electricity contract of  $65 \notin MWh$  could be attained 518 for the duration of the project. A local fixed water price is used for the 519 model [43]. Enumeration for electrolysers in the FCR is based upon the DA 520 market reserve price, with payment given to each MW for the bid duration. 521 Historical data is provided by [44], given in  $\in$ /MW/30min. Between 2016-522 2019, hourly prices have fluctuated between 4-20  $\in$ /MW/h, with the average 523 in 2019 being 9  $\in$ /MW/h. The price of H<sub>2</sub> sold to distributors (refuelling 524 stations) is taken from [20]. A discount rate of 7% and project lifespan of 20 525 years are used. 526

Parameter	Unit	Value	Source
Fixed electricity price	€/MWh	65	project
Water cost	$\epsilon/m^3$	1.60	[43]
BOP $(c_{BOP})$	% CAPEX	40	[15]
FCR participation price	$\in$ /MW/h	9	[44]
$H_2$ selling price (distributor)	€/kg	7	[20]
Discount rate $(r)$	%	7	project
Project lifespan $(n)$	years	20	project

Table 10: Economical model parameters.

#### 527 2.10. Sensitivity Analysis

A sensitivity analysis is performed to visualize the influence of various input values. The values chosen to be investigated are: electricity price, gas grid availability, electrolyser efficiency and electrolyser and reactor CAPEX. The sensitivity analysis is chosen to be done on the most favourable scenarios as chosen during the analysis of the key metrics.

## <sup>533</sup> 3. Results and Discussion

An analysis of model inputs is done first to understand what limitations and opportunities they provide. This includes: electricity price, local gas consumption and wind power. The key parameters results for each scenario in 2017 and 2018 will then be analysed, determining the advantages and disadvantages of the configurations and where improvements are needed to give more favorable results.

#### 540 3.1. Electricity Price Analysis

As electricity is the most costly part of power-to-gas operation, an anal-541 ysis of DA market SPOT electricity prices over the year can give important 542 operational insights. Figure 3a shows the average daily price variance over 543 2017 and 2018. A price duration curve - a curve showing the distribution of 544 electricity prices by its frequency in the year - for 2017 and 2018 are shown 545 in Figure 3b and include the taxes, fees, levies and wholesale price. The 546 fixed price used is also represented as a horizontal line for reference. We can 547 see the the average price of 2018 is roughly equal to the fixed price (64.8) 548 (MWh) while 2017 is lower at 59.57 (MWh), suggesting lower operational 549 costs are possible in the DA market but this can vary by year. 550

To determine how the variability of price will effect operational costs, 6 551 WTP<sub>det</sub> values were tested: 55, 65, 75, 85, 95 and  $105 \notin$ /MWh. Based upon 552 these "cut-off" prices, the maximum amount of possible operational hours 553 for the year (shown as the duration of the year) and the average electricity 554 price for those available hours can be found. They are shown in Table 11. 555 It can be seen that at 55-65  $\in$ /MWh, the duration of the year possible for 556 operation varies greatly by year, but then converge at around  $85 \notin MWh$ . 557 This suggests great variability by year in operation (27-71%) if lower WTP<sub>det</sub> 558 values are used, greatly influencing the production costs of the plant. Further, 559 it can be seen that the average price is never higher than the fixed price 560 used, meaning lower overall electricity prices when participating in the DA 561 market. To determine the ideal  $WTP_{det}$ , the scenarios were simulated with 562 each  $WTP_{det}$  value to see their respective LCOM. The result for S5 in 2017 563 is shown in Figure 4 as well as the relationship to OH. As can be seen, 564

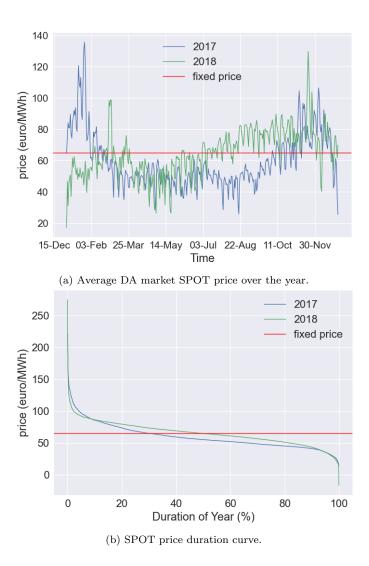


Figure 3: DA market SPOT price for 2017 and 2018 represented by its yearly distribution and duration of the year; the fixed price is also shown for reference.

the WTP<sub>det</sub> is very influential on operational costs at lower values, but has little impact past 85 €/MWh. All scenarios in both years have the same relationship as described above for S5. Therefore, a WTP<sub>det</sub> of 95 €/MWh was used for all DA electricity price scenarios (S5-S8) to minimize production  $_{569}$  costs and allow for the possibility of maximum yearly operational time (95%)

570 during the simulation.

$\mathrm{WTP}_{\mathrm{det}}$	20	17	2018		
(€/MWh)	Duration of year (%)	Avg price ( $€/MWh$ )	Duration of year (%)	Avg price ( $€/MWh$ )	
55	50.64	45.37	27.58	43.67	
65	70.61	49.39	51.54	51.4	
75	81.47	52.06	73.40	56.86	
85	89.55	54.56	88.88	60.87	
95	94.60	56.42	96.46	63.01	
105	96.94	57.47	98.50	63.84	

Table 11: The duration of year and average electricity price for each  $WTP_{det}$ .

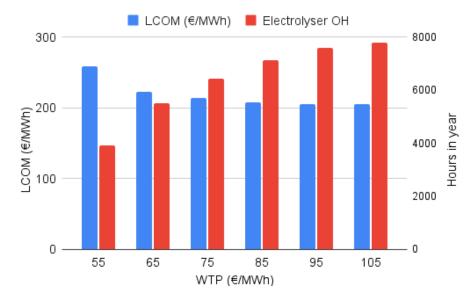


Figure 4: WTP<sub>det</sub> versus LCOM and electrolyser OH for S5 in 2017.

# 571 3.2. Gas Consumption Analysis

A study performed by the grid operator for the project revealed that SNG production could not be injected into the local grid year-round: at

certain times of the year, namely summer months, there was not enough 574 (close to zero) NG consumption to allow for grid capacity to be available for 575 SNG injection. Local NG distribution network consumption determines the 576 availability of gas grid capacity for SNG injection: as long as consumption 577 is greater than SNG production, injection can take place. If not, the SNG 578 must be used elsewhere, stored or not produced at all. This condition is 579 very site-specific as consumption depends on many factors, such as: number 580 of consumers, types of consumers, capacity of network, etc. If the duration 581 curves are plotted for each year with and without the mesh and compared to 582 the reactor rated capacity, as shown normalized in Figure 5, the amount of 583 time in the year injection can take place is clearly seen: 86-88% without mesh 584 and 94-98% with mesh. When a mesh upgrade is not installed, there will be 585 many hours throughout the year where injection cannot take place, mainly in 586 the summer months. This suggests additional end-use applications could be 587 favorable to increase plant utilization, as long as their costs outweigh their 588 benefits. It would be difficult to apply the same logic when the mesh upgrade 580 is installed as there are very little hours in the year, if any, left to justify the 590 additional investment. 591

# 592 3.3. Wind Power Analysis

The wind farm power profiles are to be followed virtually by the electrolyser, via a connection to the grid. Data for two wind farms for a total capacity of 24 MW was provided by a project partner. The maximum amount of wind power utilization is desired to produce green hydrogen. Analysing the wind power profiles produced from the two wind farms in each year will give insights into how much of H<sub>2</sub> production can be produced from virtually

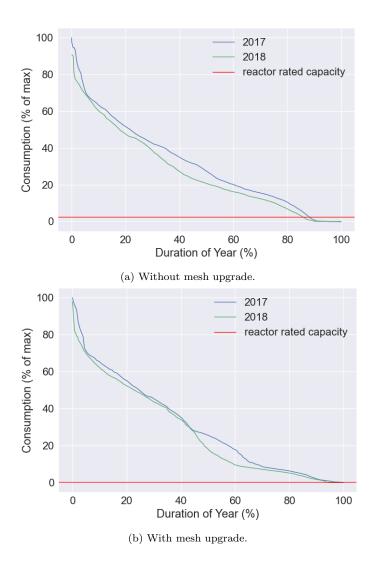


Figure 5: Local NG network consumption normalized duration curve for 2017 and 2018 with and without the mesh upgrade; reactor rated capacity is also shown as a constant production.

following the wind power profile over the year, determining the "greenness" of the gas. Figure 6a shows the normalized average daily total wind power for 2017 and 2018. The high variability of wind power can easily be seen. with lower production in the warmer months. Fortunately, the total rated capacity of the wind farms is significantly higher than the electrolyser rated capacity, allowing for majority of gas production to be done with renewable electricity. Indeed, the wind power exceeds electrolyser rated capacity for roughly 75% of the year in 2017 and 2018 as can be seen in normalized Figure 6b.

608 3.4. Results of Key Metrics

The key metric results are shown in Table 12 for each scenario in 2017 and 2018. Each metric will be discussed independently in the following subsections.

Table 12: Key metric results for each scenario by year. The minimum values for LCOM, MSP and CAPEX are highlighted green and maximum highlighted red, as a lower value is desired. The maximum values in  $OH_{elect}$  and tank size are highlighted green and minimum highlighted red, as a higher value is desired.

Scenario	LCOM (€/MWh)	MSP (€/MWh)	$\mathrm{OH}_{\mathrm{elect}}$ (hours)	${ m H_2~Tank~Size}\ { m (Nm^3)}$	CAPEX $( \epsilon )$
		2	2017		
S1	213.19	183.24	8,031	215	3,411,242
S2	218.07	188.28	8,322	130	3,723,582
S3	262.25	204.73	8,322	50	4,553,934
S4	216.67	186.91	8,322	50	3,721,956
S5	205.60	175.79	7,587	325	3,426,642
S6	204.38	174.60	8,264	175	3,729,882
S7	247.15	189.47	8,275	120	4,563,734
S8	202.67	172.91	8,287	120	3,731,756
		2	2018		
S1	213.33	183.36	8,035	215	3,411,242
S2	218.95	189.06	8,322	130	3,723,582
S3	268.16	204.62	8,322	50	4,553,934
S4	216.62	186.88	8,322	50	3,721,956
S5	213.24	183.35	7,767	325	$3,\!426,\!642$
S6	218.79	188.97	8,052	175	3,729,882
S7	264.87	201.31	8,322	120	4,563,734
S8	214.27	184.48	8,303	120	3,731,756

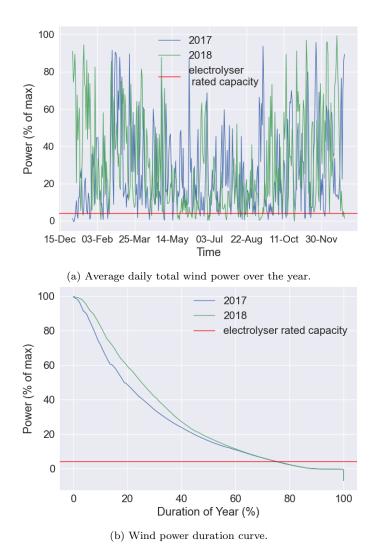


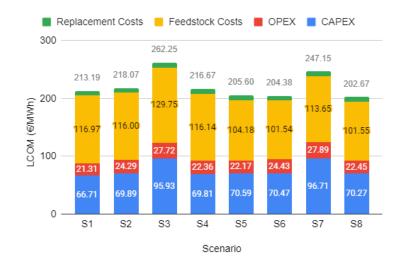
Figure 6: Total wind power for 2017 and 2018 normalized and represented by its yearly distribution and duration of the year; electrolyser rated capacity is also shown as a constant production.

# 612 3.4.1. Levelized Cost of Methane

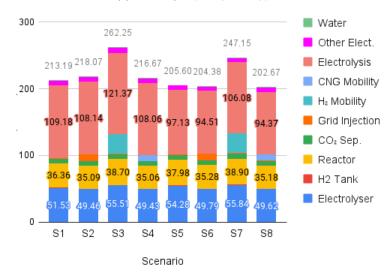
<sup>613</sup> The LCOM for fixed electricity price scenarios (S1-S4) for 2017 and 2018 <sup>614</sup> are very similar, while DA pricing scenarios (S5-S8) can vary significantly by

year, with S7 having the largest difference at  $17 \notin MWh$ . This relationship 615 between the years is attributed to the difference in DA electricity prices, 616 showing its impact on production costs. Figure 7 shows a breakdown of the 617 LCOM by cost type and also by equipment or electricity type, with the top 618 three contributors in each breakdown value shown. Fuel costs includes water 619 and electricity as  $CO_2$  is free in the project. As the water cost is almost 620 negligible, fuel costs essentially represents the cost of electricity, which is 621 46-55% of the LCOM, depending on the scenario. Electricity cost is less 622 in S5-S8, which is due to the lower average electricity price as described in 623 section 3.1. The reason for such a high cost proportion for electricity is water 624 electrolysis to produce  $H_2$ , which accounts for 43-51% of LCOM, depending 625 on the scenario. The next highest costs by equipment are the electrolyser 626 and reactor, respectively, due to their high CAPEX. 627

The lowest LCOM is CNG mobility with NG injection (S8) in 2017 and 628 only NG injection (S5) in 2018, with both scenarios' LCOM similar in both 629 years. This result suggests a tradeoff between these configurations: if more 630 operational hours of the plant are desired and the additional upfront costs of 631 CNG mobility can be attained, it is an attractive option. However, S6 also 632 has a low LCOM in both years, suggesting the mesh upgrade investment can 633 payoff. This may be preferred as increased gas grid injection has a lower 634 risk in terms of offloading product gas as grid injection is guaranteed to be 635 available – as long as local consumption allows it, which is almost always 636 the case with the mesh upgrade – whereas gas sold for CNG mobility is 637 dependent upon immediate local needs for transportation. Further, it can 638 be seen that LCOM of S1 is comparatively low in 2018 to almost all the DA 639



(a) LCOM grouped by cost type.



(b) LCOM grouped by equipment or electricity type.

Figure 7: Stacked column charts of the LCOM for each scenario in 2017 grouped by cost type and equipment or electricity type.

price scenarios (S5, S6 and S8). This is caused by two factors: the higher
average electricity price and gas grid availability for the year.

The highest LCOM is always when  $H_2$  mobility is considered (S3 and S7).

This is due to its very high capital costs, namely the refilling site and tubetrailers. However, this can be slightly misleading as the LCOM is considering the levelized costs per unit energy of methane, which would be produced less in this configuration as the  $H_2$  is used for mobility instead (when producing SNG is not possible). The revenue gained from  $H_2$  mobility also needs to be considered to see if the additional investment is justified.

#### 649 3.4.2. Minimum Selling Price

As shown in Equation 5, MSP subtracts  $H_2$  mobility and FCR partic-650 ipation revenue from LCOM, providing the minimum price produced SNG 651 would need to be sold at to break-even on the project. As seen in Table 12, 652 the most favorable scenarios from LCOM analysis are also the same for MSP. 653 It is interesting to investigate the influence the additional revenue streams 654 have on reducing the MSP of SNG which is done by first taking the dif-655 ference between LCOM and MSP and computing each revenues' portion of 656 this LCOM reduction. This difference is shown graphically in Figure 8 with 657 each revenue type highlighted. As one can see, the reduction in LCOM by 658 FCR revenue is roughly the same for every scenario and year (29.73-34.20 659  $(\mathbf{E}/\mathrm{MWh})$ ; this is due to electrolyser operational hours of the plant being very 660 similar in every scenario (discussed later in section 3.4.3). As the electrolyser 661 is participating in the FCR whenever it is operational, revenue is directly cor-662 related to electrolyser OH (see Equation 7). When  $H_2$  mobility is considered, 663 the reduction in LCOM is almost doubled (up to  $63.56 \notin MWh$ ), which only 664 consumes about 11% of yearly H<sub>2</sub> production. This highlights the premium 665 paid for  $H_2$  in mobility applications and its reason for being the main applica-666 tion of renewable H<sub>2</sub> production. However, the MSP in H<sub>2</sub> mobility scenarios 667

(S3 and S7) are still higher than all other scenarios despite this doubling in LCOM reduction. This can be attributed to the high CAPEX associated to  $H_2$  mobility (discussed in section 3.4.5).

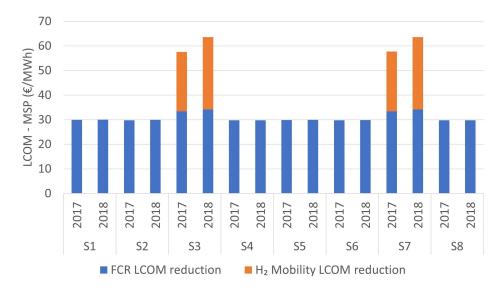


Figure 8: Difference between LCOM and MSP broken down by revenue type for each scenario and year.

Selling prices of 172.91-204.73  $\in$ /MWh for produced SNG are high when 671 compared to the wholesale price of NG on the spot market at around 20 672 €/MWh [45]. Bio-NG is currently sold and injected into the French NG grid 673 via fixed tariffs between the producer and gas supplier for a fixed term at a 674 price between 45-139  $\in$ /MWh depending upon the biogas source and pro-675 duction capacity [24]. However, as per the multiannual energy programming 676 (PPE), these tariffs are to be reduced to a target price of  $75 \notin$ /MWh by 2023 677 and 60  $\in$ /MWh by 2028 [46]. SNG is currently not given any government 678 support as it is a relatively new product which has been implemented in only 679 3 projects in France at the time of writing with power ratings no greater than 680

<sup>681</sup> 1 MW [3]. The results presented clearly show a necessity for SNG to receive a similar tariff scheme as bio-NG, with arguably higher rates. Depending on plant configuration, Bio-NG production may only require biogas upgrading equipment while SNG production requires costly H<sub>2</sub> and CH<sub>4</sub> conversion equipment, numerous gas storage mediums and CO<sub>2</sub> capture and possibly purification technology.

FCR participation as a secondary revenue stream is very attractive, especially when using the innovative electrolyser technology allowing 200% rated capacity operation for short durations, allowing no sacrifice on rated capacity to normal operation. It provided a 29.73-34.20  $\in$ /MWh or 13.6-24% reduction in LCOM, significantly impacting the MSP of SNG.

### 692 3.4.3. Yearly Operational Hours

Electrolyser OH  $(OH_{elect})$  is high for all scenarios, between 7,587 and 693 8,322 as shown in Table 12. A fixed electricity price (S1-S4) allows electrol-694 yser production to only be limited by tank capacity while the high  $WTP_{det}$ 695 of 95  $\in$ /MWh used in DA price scenarios (S5-S8) hardly limits production. 696 This can be seen especially if looking at the scenarios with the lowest OH: 697 NG injection only (S1 and S5).  $OH_{elect}$  and  $OH_{rea}$  are shown in Table 13 and 698 a count of the hours maximum tank capacity  $(tank_{cap})$  stopped electrolyser 699 production and grid injection capacity  $(\text{grid}_{cap})$  prohibited reactor operation. 700 As hydrogen storage is considered in the plant, operation of the electrolyser 701 and reactor are decoupled and thus these restrictions only limit the directly 702 affected component. As electricity price is not a constraint in S1, the sum-703 mation of  $OH_{elect}$  and  $tank_{cap}$  equals the total hours in a year (8760) as does 704  $OH_{rea}$  and  $grid_{cap}$ . However, in S5, the additional constraint of  $WTP_{det} =$ 705

- <sup>706</sup> 95 €/MWh reduces  $OH_{elect}$  by about 300-500 hours per year. This reduction
- <sup>707</sup> has a ripple effect on reactor operation due to the small tank sizes.

Table 13: Operational hours of electrolyser and reactor for the NG injection scenarios (S1 and S5) in each year, showing their limitations and portion of wind power.

Scenario	Year	$\mathrm{OH}_{\mathrm{elect}}$	$\operatorname{Tank}_{\operatorname{cap}}$	$\mathrm{OH}_{\mathrm{rea}}$	$\operatorname{Grid}_{\operatorname{cap}}$	$\mathrm{OH}_{\mathrm{elect},\mathrm{wind}}$
S1	2017	8,031	728	7,831	929	6065
	2018	8,035	725	$7,\!655$	$1,\!105$	$6,\!110$
S5	2017	7,587	699	7,384	929	5,790
	2018	7,767	683	7,425	$1,\!105$	6,267

A general trend of lower OH can be seen in scenarios using the DA market prices, attributed to the more flexible operation to take advantage of lower electricity prices. One final point is the amount of  $OH_{elect}$  which virtually followed the wind power profile, as shown in Table 13: 75-81% of the presented scenarios electrolyser consumed power. The other scenarios fall in this same range, showing a high majority of renewable power used for H<sub>2</sub> production.

### 714 3.4.4. Tank Size

Tank sizes were optimized for each scenario in terms of minimizing LCOM and are shown in Table 12. The same sizes were used in both years to compare its effect in each year and simplify modeling. The largest size is found in S5 (NG injection only) which is equal about 1.5 hours of electrolyser operation, meaning longer storage of days or seasonally is not economically attractive for this project. This is largely based upon the high grid injection availability year-round. Further, the mobility scenarios have minimal storage due to their <sup>722</sup> independent higher pressure storage on-site of their respective stations.

# 723 3.4.5. CAPEX

The CAPEX of all scenarios for both years are the same as the equip-724 ment does not change. As stated previously, S2-S4 and S6-S8 have equipment 725 which is added to S1 and S5, respectively, to increase SNG production, mean-726 ing a higher CAPEX. As would be expected, the standard configuration (S1) 727 has the lowest CAPEX due to its limited amount of equipment compared 728 to other scenarios. The  $H_2$  mobility scenarios (S3 and S7) have the highest 729 CAPEX due to the current high capital cost of equipment required, namely 730 the tube-trailers, refilling site and compressor. 731

### 732 3.4.6. Key Metric Spider Chart Comparison

A scaled visual comparison of the key metrics can be done using Equations 9 and 10. For the operational metrics –  $OH_{elect}$  and  $H_2$  tank size – the largest value was ranked the highest whereas the economical metrics – LCOM, MSP and CAPEX – the lowest value was ranked the highest. Using a range = [0, 5], the spider charts shown in Figure 9 were generated showing the scaled values of the metrics for each scenario and year.

Using this figure and the previous sections, the most interesting scenarios for this project are S5 and S8 – using variable DA market electricity prices with either the standard configuration or including a CNG mobility station on-site. It should be noted that the difference in input data for each year caused considerable changes in each scenario's LCOM and MSP - the most important metrics to consider for project feasibility studies.

<sup>745</sup> It should be noted that CNG mobility being one of the best configura-

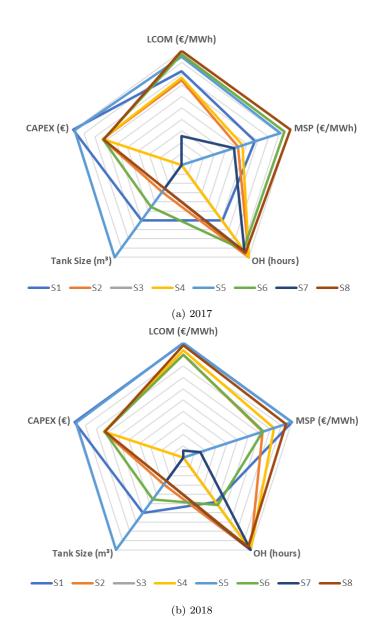


Figure 9: Spider charts of the key metrics for each year.

tions should be taken with caution. For modeling purposes, a continuous
flow rate of SNG is sent to the station equal to two waste trucks' yearly
consumption. Further, extra SNG production not accepted by the grid is

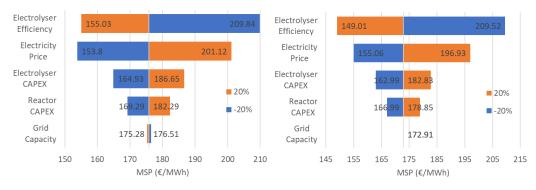
sent to the station, which is assumed to be consumed in some fashion by increased truck consumption. This volatility in consumption, portrayed very favorably in modeling, does not provide guaranteed revenue like grid injection would in real-world applications. In addition, CNG mobility stations are normally connected to the gas grid instead of directly to production sites as modeled here; this presents uncertainty in tariffs being applied to SNG sold for mobility in this configuration.

The attractiveness of hydrogen mobility could be seen in the results pre-756 sented, as other sources have also confirmed as currently the best market 757 for power-to-gas [20, 17, 19]. However, the plant studied used mobility as a 758 secondary application to SNG grid injection, which did not provide enough 759 hydrogen production to be sold to mobility distributors for sufficient returns 760 on the high equipment cost. An alternative plant configuration would be to 761 have  $H_2$  mobility as the primary application, with grid injection - preferably 762 pure  $H_2$  if the local grid distribution network allows it - as the secondary 763 application. Indeed, this type of configuration was studied by [20] which also 764 considered it an attractive topology. 765

#### 766 3.5. Sensitivity Analysis

A sensitivity analysis of the most influential factors for S5 and S8 is done to see their effect on MSP. The electricity price, gas grid availability, electrolyser efficiency and electrolyser and reactor CAPEX are modified by  $\pm 20\%$ . The data of year 2017 is used due to its better performance in the original analysis. The results are shown in Figure 10.

The most influential factor is electrolyser efficiency, which is able to reduce the MSP by 21-24  $\in$ /MWh for a minimum of 149.01  $\in$ /MWh, due to the



(a) S5 - standard configuration with DA electricity.

(b) S8 - CNG mobility with DA electricity.

Figure 10: Tornado charts of S5 and S8 for 2017 showing a  $\pm 20\%$  sensitivity analysis on MSP.

reduced electricity consumption and thus electricity cost. In contrast, it is 774 also capable of greatly increasing the MSP if the efficiency were to decrease. 775 Electricity price is a close second in its impact on MSP, giving the lowest 776 results in S5 at 153.80  $\in$ /MWh and an overall 18-22  $\in$ /MWh reduction. The 777 electrolyser and reactor CAPEX are the next most influential, respectively, 778 with their impact less than 50% of that done by electricity price. Referencing 779 Figure 7a showing the total CAPEX portion on scenario LCOM, this relative 780 impact is to be expected. Grid capacity has extremely little impact on S5 781 and no impact at all on S8. For S5, this negligible impact is mainly due to 782 the already high availability of grid injection and variability in times of no 783 availability: there is almost never long durations in limited grid availability 784 that would greatly effect production. S5 has 6.5 hours of intermediate  $H_2$ 785 storage that seems to be able to allow production to continue with reduced 786 grid consumption as per the sensitivity analysis. No impact on S8 is due to 787 the plant's ability to direct the SNG production to CNG mobility when there 788

<sup>789</sup> is no grid availability.

The sensitivity analysis clearly shows the impact of improved electrol-790 yser efficiency on a PtG plant's profitability. The electrolyser efficiency used 791 is approximately 71%  $\left(\frac{5kWh/Nm^3}{3.54kWh/Nm^3 HHV} = 0.71\right)$ , meaning efficiency would 792 need to increase to 90% to get similar results as shown. Studies show effi-793 ciencies of 83% are projected by mid-decade and possibly up to 90% by 2030, 794 suggesting these results could be possible when commercial plants are being 795 deployed [47]. The presented CAPEX reduction is projected to be signifi-796 cantly surpassed with projections as low as  $250 \notin kW_{el}$  by 2030 for PEM 797 electrolysers [47] and 500  $\in$ /kW<sub>el</sub> for biological reactors [3]. In general, elec-798 tricity prices are projected to increase as the share of renewables increases in 790 power production, with lower variability in the year due to lower marginal 800 costs [48]. This will mean government support for PtG plants in forms of 801 tax exemptions or other schemes is needed to reduce the primary production 802 cost until CAPEX's or electrolyser efficiency improve. 803

#### <sup>804</sup> 4. Conclusion and Future Work

This paper has described a modeling methodology for analysing PtG 805 plants with a special focus on unique local conditions, limitations and op-806 portunities for the purpose of performing a feasibility analysis for projects. 807 It has shown that these parameters can greatly influence production costs 808 and minimum selling price of product gases, namely synthetic natural gas for 809 the pilot project presented as a case study. Most importantly, the analysis 810 showed that the cost of production is still too high for synthetic natural gas 811 to compete with not only natural gas but biomethane. The current support 812

structure for biomethane in France allows operators to receive a fixed price 813 for production, giving security to their investment. Similar regulation must 814 be put in place for synthetic natural gas, as well as hydrogen grid injection, if 815 France hopes to build up the renewable gas market domestically. These reg-816 ulations can highlight that power-to-gas plants are not only producing lower 817 emission gases but can also reduce variable renewable energy penetration, if 818 built in strategic locations. In terms of HYCAUNAIS, carbon emissions from 819 the landfill is being reduced as much as possible while maximising methane 820 production, which seeks to benefit all involved. 821

Another positive from power-to-gas facilities is the multiple end-use ap-822 plications of the product gases. As seen in this analysis, mobility and gas 823 grid injection could both be applied to the plant, provided the additional 824 operational hours and cost don't result in higher levelized costs. Although 825 hydrogen mobility is known to have higher capital costs, this could be out-826 weighed by the premium price paid at the pump. Primary applications of the 827 plant must be holistically considered to ensure profit maximisation occurs, 828 meaning the main end-use application of the plant should be considered with 820 all local conditions and market values known. A market which was shown 830 to help improve the economics was electricity ancillary services. This added 831 revenue stream could be done without sacrificing production because of an 832 innovative electrolyser design allowing 200% maximum capacity for short 833 durations. If these types of electrolysers were deployed and accepted by 834 regulators for market participation, they can greatly improve power-to-gas 835 business cases. 836

837

In conclusion, what the analysis has shown is the importance of a qualita-

tive survey of a project's local surroundings. What has been seen in literature 838 to-date are generic analyses of either national power-to-gas potential or plant 839 installation without a full consideration of local limitations or opportunities, 840 such as: natural gas grid availability, all possible gas markets or electricity 841 prices. Individually, these parameters can have profound implications on 842 operational strategy; together they can completely change the plant's op-843 erational objective and its feasibility. Meeting climate targets for emission 844 reductions and renewable energy cannot be realized without the help of tech-845 nologies such as power-to-gas and these technologies cannot be implemented 846 without complex, holistic feasibility analyses. 847

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