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# Feasibility of 100% Renewable Energy-based Electricity Production for Cities with Storage and Flexibility

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## Abstract

Renewable energy is expected to constitute a significant proportion of electricity production. Further, the global population is increasingly concentrated in cities. We investigate whether it is possible to cost-effectively employ 100% renewable energy sources (RES)—including battery energy storage systems (BESS)—for producing electricity to meet cities' loads. We further analyze the potential to use only RES to meet *partial* loads, e.g., by meeting load demands only for certain fractions of the time. We present a novel flexible-load methodology and investigate the cost reduction achieved by shifting fractions of load across time. We use it to evaluate the impacts of exploiting *flexibility* on making a 100% RES scenario cost effective. For instance, in a case study for Kortrijk, a typical Belgian city with around 75,000 inhabitants, we find that from a purely economic viewpoint, RES–BESS systems are not cost effective even with flexible loads: RES–BESS costs must decrease to around 40% and 7% (around 0.044 €/kWh and 0.038 €/kWh), respectively, of the reference levelized costs of electricity to cost-effectively supply the city's load demand. These results suggest that electricity alone may not lead to high penetration of RES, and integration between electricity, heat, transport and other sectors is crucial.

*Keywords:* Renewable energy sources, Linear programming, Electricity production, Partial Loads, Flexible loads

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## Nomenclature

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$\alpha$	Percentage of flexible load shifted across $r - 1$ time steps, %
$b_t = [b_1, \dots, b_T]$	Binary decision variables, $b_t \in \mathbb{Z}_2$
$B_{max}$	Maximum battery energy storage system (BESS) capacity, Wh
$B(t) = [B(t_1), \dots, B(t_T)]$	BESS capacity, Wh
$B_{\Delta}(t)$	Difference in BESS capacity, $B_t - B_{t-1}$ , Wh
$C_b$	Levelized cost of energy (LCOE) for BESS, monetary unit/Wh
$C_{pv}$	LCOE for photovoltaic (PV) panels, monetary unit/Wh
$C_w$	LCOE for wind turbines, monetary unit/Wh
$C_g$	LCOE for non-renewable energy sources, monetary unit/Wh
$\delta$	Proportion of the load demand that is flexible
$E_l(t) = [E_l(t_1), \dots, E_l(t_T)]$	Load energy, Wh
$E_{fl}(t) = [E_{fl}(t_1), \dots, E_{fl}(t_T)]$	Flexible load energy, Wh
$E_{infl}(t) = [E_{infl}(t_1), \dots, E_{infl}(t_T)]$	Inflexible load energy, Wh
$E_g$	Energy produced by non-renewable energy sources, Wh
$E_{pv}$	Energy produced by PV installations, Wh
$E_w$	Energy produced by wind turbine installations, Wh
$f_{pv}(I(t))$	Function that converts $I(t)$ to solar energy
$f_w(W_s(t))$	Function that converts $W_s(t)$ to wind energy
$I(t) = [I(t_1), \dots, I(t_T)]$	Solar irradiation, Wh/m <sup>2</sup>
$k_{ch}$	BESS charge rate
$k_{dch}$	BESS discharge rate
$r$	Number of time steps across which flexible load can be shifted
$T$	Total time period
$t_i = [t_1, \dots, t_T]$	Time steps
$T_k$	Total time steps with electric power
$W_s(t) = [W_s(t_1), \dots, W_s(t_T)]$	Wind speed, m/s

## 1 1. Introduction

Climate change concerns and increasing environmental awareness have encouraged governments, industries, and researchers to make considerable efforts to reduce the current dependence on traditional non-renewable energy sources (NRES), such as fossil fuels, by focusing on alternative renewable energy sources (RES) of electricity production, such as solar and wind energy. The European Union (EU), for example, has set ambitious targets for 2030—to reduce greenhouse gas emissions by 40% compared to 1990, to ensure a share of at least 27% of renewable energy, and to achieve at least 27% energy savings compared to business-as-usual scenarios [1].

Global energy demand is expected to increase by nearly 30% from 2016–2040, of which electric load demand will account for almost 40% of the additional consumption until 2040. At the same time, RES will comprise nearly 60% of all new electricity production capacity up to 2040 [2]. RES are also becoming cost-competitive with NRES. From 2009–2014, the levelized cost of electricity (LCOE) of wind and solar energy production in the US decreased by 58% and 78%, respectively [3]. Moreover, rapid deployments and considerable research and development are expected to decrease costs further—the average solar PV and onshore wind costs are predicted to reduce by a further 40–70% and 10–25%, respectively, by 2040 [2]. Electricity production is expected to meet the electric load demands of an increasingly *urbanized* world. A large proportion of the world’s population already live in urban areas—in 2014, an estimated 54% of the world’s population lived in urban areas, which is expected to increase further to 60% by 2030 [4]. Hence, it is important to analyze the potential for utilizing RES to meet the electricity load demand of cities. Such analyses can not only support the utilization of RES in today’s cities but also the design, planning, and development of *future 100% RES-based “green” cities*.

In this study, we first address two general electricity-production-capacity mix questions: (1) What is the *cost-optimal electricity-production-capacity mix* to meet a city’s load demand when RES—supported by battery energy storage systems (BESS)—and NRES are combined? and (2) What is the cost reduction required to enable 100% *RES-based electricity production* that is competitive with NRES-based electricity production? It is possible that RES-based electricity production cannot cost-effectively meet full electric loads of a city. Nevertheless, it may still cost-effectively meet *partial loads*. Therefore, we subsequently analyze and report the changes in the production costs when supplying electricity for 1–100% (discrete) time steps of the entire time period. Using our proposed methodology, planners can determine their desired RES installation and utilization based on the maximum number of hours that can be supplied by the RES and thus obtain the cost benefits of decreasing the supply security.

Further, we propose a novel methodology to analyze the impacts of exploiting the *flexible resources* present in a city. A resource is considered *flexible* if its electricity production or consumption can be shifted in time within the boundaries of end-user comfort requirements, while maintaining the total electricity production or consumption [5]. A *flexible load* thus constitutes a *shiftable por-*

46 *tion* of the total load. Cities have many potential flexible loads such as district  
 47 heating facilities, electric vehicles, and potentially household devices (e.g., wash-  
 48 ing machines [6]). Hence, using a novel flexible-load methodology, we analyze  
 49 the cost-effectiveness of *exploiting flexibility* by using demand-side management  
 50 (DSM) to shift flexible loads as the flexible load amounts and load shift dura-  
 51 tions are varied. Our proposed flexibility model can also be generally applied  
 52 to analyze the impacts of flexible loads on electricity production resources.

53 For our analyses, we consider RES-based “green electricity” production in-  
 54 frastructure comprising photovoltaic (PV) panels and wind turbines that are  
 55 either centrally located outside the city borders or distributed across the city.  
 56 Solar power is especially attractive as an electricity producer in cities since PV  
 57 panels can be integrated into the rooftops of buildings, and potentially walls  
 58 and windows as well [7]. Further, we consider Li-ion BESS, which are a well-  
 59 known and highly researched solution to mitigate the variability of RES; their  
 60 prices also have decreased consistently recently [8, 9]. NRES supplying “grey  
 61 energy”, i.e., energy from undesirable fossil fuel sources, are considered to be  
 62 centralized production infrastructure located outside a city’s borders. To solve  
 63 these problems, we use linear programming (LP)-based innovative models that  
 64 take the LCOEs of the production infrastructures, the load data of a city, and  
 65 RES data—solar irradiation and wind speed—as the inputs.

66 Some researchers have discussed technical, economical, and political path-  
 67 ways to 100% cost-optimal renewable-energy production and storage for specific  
 68 regions, e.g., the European Union [10], United States [11, 12], Ireland [13], Aus-  
 69 tralia [14], Nigeria [15], North-East Asia [16], as well as some urban regions  
 70 [17, 18, 19, 20]. Some organizations have reported transitions to sustainable en-  
 71 ergy systems in highly populated urban areas. In 2016, the National Renewable  
 72 Energy Laboratory reported the potential to reach 66% renewables penetration  
 73 in California, which included the roles of storage and flexibility from electric  
 74 vehicles [21]. The International Renewable Energy Agency reported potential  
 75 approaches toward implementing 100% sustainable urban energy systems [22].  
 76 These reports typically make qualitative analyses and focus on the technologies  
 77 and methods that can be used for the transition. In contrast, our study makes  
 78 a *quantitative analytical study* into the feasibility of using RES and BESS for  
 79 supplying electricity to cities and presents effective techniques to analyze their  
 80 viability from cost-efficiency viewpoints.

81 Several researchers have also focused on similar electricity generation plan-  
 82 ning problems, considering renewable energy integration [23]. Dominguez et al.  
 83 [24] considered investments in both production and transmission facilities using  
 84 stochastic models. Nunes et al. [25] proposed a stochastic multi-stage-planning  
 85 mixed-integer linear programming (MILP) model to co-optimize generation and  
 86 transmission investments under renewable targets. An MILP approach was also  
 87 used by Bagheri et al. [26] to analyze the feasibility of a transition toward a  
 88 100% RES-based power system. The main difference between these studies and  
 89 ours is our approach toward partial and flexible loads, especially the proposed  
 90 methodology for exploiting *load flexibility* on the feasibility of large-scale RES  
 91 adoption and its analyses. Although some studies considered flexible loads,

92 their treatment was indirect, for example, by including an annual cost for load  
 93 shedding [24]. Moreover, few studies have examined the possibilities of sup-  
 94 plying  $< 100\%$  renewable electrical energy (*partial* loads). Supplying partial  
 95 loads is an essential component of planning electric supply not only for cities  
 96 but also for small remote villages that have limited access to electricity; here,  
 97 the planning problem is to offer at least some hours of electricity economically.  
 98 We have made systematic investigations into how the *electric loads of cities* can  
 99 be cost-optimally supplied by *100% renewable electrical energy* by investigating  
 100 *the cost impacts of not only full loads but also partial and flexible loads*.

101 The main contributions of our study are summarized as follows:

- 102 • We investigate the reductions in RES (wind and solar energy) and BESS  
103 costs required to make it possible for cities to be supplied by 100% RES.
- 104 • We present an LP model to determine whether RES, supported by BESS,  
105 can cost-effectively replace NRES to supply the *full loads* of cities.
- 106 • Since it may be economically feasible and attractive to meet the load  
107 demand for *a fraction* of the time period—i.e., *partial loads*—using *only*  
108 *green energy*, we develop a mixed-integer LP model and analyze the cost-  
109 effectiveness of meeting such partial loads.
- 110 • We solve the question of analyzing the impacts of exploiting *load flexibility*  
111 on the feasibility of large-scale RES adoption by using a *two-dimensional*  
112 *generalized flexibility model*. Our flexibility model is characterized by the  
113 load fraction that can be shifted to later time steps as well as the maximal  
114 *discrete* time steps across which the load fraction can be deferred. This  
115 model can also be generally applied to analyze the impacts of flexible loads  
116 on production resources.
- 117 • All our models can be universally applied to microgrid planning problems.  
118 In this study, we apply our methodology to the city of Kortrijk, Belgium,  
119 using realistic data.

120 Our paper is organized as follows. We first present our mathematical models  
 121 and methodologies in Sec. 2. In Sec. 3, we report the results of applying our  
 122 methodology to the city of Kortrijk, Belgium, as a test case. Finally, the paper  
 123 is concluded in Sec. 4.

## 124 2. Mathematical Model

### 125 2.1. Renewable Energy

126 *Wind* energy was calculated from wind speeds using the Tradewind model  
 127 proposed by the European Wind Energy Association [27]. An equivalent wind  
 128 power curve was derived to convert wind data to energy data for wind farms  
 129 across different regions in Europe.

130 The power production from a *solar* panel is typically given by the equation  
 131  $E_{pv} = \eta \times E \times A$ , where  $\eta$  is the energy conversion efficiency of a solar cell;  $E$ ,

132 the incident instantaneous solar irradiance ( $\text{W}/\text{m}^2$ ); and  $A$ , a solar cell’s surface  
 133 area ( $\text{m}^2$ ) [28]. We used the solar insolation  $I$  ( $\text{Wh}/\text{m}^2$ ), which is the average of  
 134  $E$  over a given time period, to calculate the energy production. Standard test  
 135 conditions (STC) and efficiency  $\eta = 15\%$ —a conventional solar panel’s typical  
 136 efficiency—were assumed [29]. We calculated the energy production at the given  
 137 location for a solar panel per unit of surface area ( $\text{m}^2$ ).

### 138 2.2. Battery Energy Storage Systems (BESS)

139 We considered a simplified, lossless, idealized model of battery cells whose  
 140 main characteristics are the maximum energy storage capacity  $B_{max}$  (in Wh)  
 141 and maximum BESS energy charge and discharge rates,  $k_{ch}$  and  $k_{dch}$  (Wh),  
 142 respectively. The BESS either charges at  $B_{max}/k_{ch}$  or discharges at  $B_{max}/k_{dch}$ .

### 143 2.3. Costs

144 The LCOE is a common metric for comparing the cost-effectiveness of elec-  
 145 tricity generated by different sources at the point of connection to an electricity  
 146 grid or load [30]. The LCOE considers the initial capital, discount rate, and the  
 147 costs of continuous operation, fuel, and maintenance, and thus, they represent  
 148 the full life-cycle costs of a generating plant per unit of electricity [31]. Further,  
 149 the production costs of conventional power plants can be compared with those  
 150 of RES. The LCOE is essentially based on a simple equation—the cost to build  
 151 and operate a production asset over its lifetime divided by its total power out-  
 152 put over that lifetime (monetary unit/kWh). Hence, we have used the LCOE as  
 153 the cost parameter for our analyses. Further, we have used LCOEs from 2014  
 154 as the reference costs.

### 155 2.4. Full Loads Scenario

156 The problem addressed in this paper is: **given the LCOEs of green, grey,**  
 157 **and BESS energy production, BESS characteristics, and time-series data of**  
 158 **load, solar irradiation, and wind speed, determine the minimal-cost electricity**  
 159 **production infrastructure to meet full, partial, or flexible load demands.** To solve  
 160 this problem, we have used LP models with the objective of minimizing the cost  
 161 of electricity production.

162 The objective is to minimize the cost of electricity production. For the full  
 163 loads scenario, the load demand is met at all time steps. The most general  
 164 case comprising all the considered production infrastructure—wind turbines,  
 165 PV plants, BESS, and grey energy installations—is presented here. The decision  
 166 variables are their produced energies— $E_w$ ,  $E_{pv}$ ,  $B_\Delta(t)$ , and  $E_g(t)$ , respectively.  
 167  $B_\Delta(t) = B_t - B_{t-1}$ , where  $B_t$  is the BESS capacity (Wh) at time  $t$ . The model  
 168 is as follows:

$$\min \left[ \sum_{i=1}^T C_w \cdot f_w(W_s(t_i)) \cdot E_w + \sum_{i=1}^T C_{pv} \cdot f_{pv}(I(t_i)) \cdot E_{pv} + \right. \quad (1)$$

$$\left. \sum_{i=1}^T C_b \cdot |B_\Delta(t_i)| + \sum_{i=1}^T C_g \cdot E_g(t_i) \right] \quad (2)$$

169 subject to

$$f_w(W_s(t_i)) \cdot E_w + f_{pv}(I(t_i)) \cdot E_{pv} - B_{\Delta}(t_i) + E_g(t_i) \geq E_l(t_i), \forall i = 1, \dots, T \quad (3)$$

$$-B_{max}/k_{dch} \leq B_{\Delta}(t_i) \leq B_{max}/k_{ch}, \quad \forall i = 1, \dots, T \quad (4)$$

$$0 \leq E_w, E_{pv}, B_{max}, E_g(t_1), \dots, E_g(t_T) \leq \infty \quad (5)$$

170 where  $C_w$ ,  $C_{pv}$ ,  $C_b$ , and  $C_g$  represent the LCOEs for wind, solar, BESS, and  
 171 grey energy, respectively;  $f_{pv}(I(t))$  and  $f_w(W_s(t))$ , dimensionless “black box”  
 172 functions for converting irradiance  $I(t)$  and wind speeds  $W_s(t)$ , respectively, to  
 173 a fraction of the maximum possible solar and wind energy of a unit installation  
 174 (1 m<sup>2</sup> and 1 kW installations, respectively);  $B_{max}$ , the maximum BESS capacity  
 175 (kWh),  $T$ , the total time period considered;  $t_i$ , each time step; and  $k_{ch}$  and  $k_{dch}$ ,  
 176 the BESS charge and discharge rates, respectively.

177 Equation 3 ensures that the load is always met at all time steps; Eq. 4  
 178 represents the charging and discharging of the BESS; and Eq. 5 gives the lower  
 179 and upper bounds of the decision variables.

180 The other basic scenarios—only green energy; green and grey energy; and  
 181 green energy with BESS—can be easily deduced from the generalized formula-  
 182 tion by neglecting the appropriate variables. For example, for the “green energy  
 183 with BESS” scenario, the grey energy portion can be dropped from the objective  
 184 function as follows:

$$\min \left[ \sum_{i=1}^T C_w \cdot f_w(W_s(t_i)) \cdot E_w + \sum_{i=1}^T C_{pv} \cdot f_{pv}(I(t_i)) \cdot E_{pv} + \sum_{i=1}^T C_b \cdot |B_{\Delta}(t_i)| \right]$$

185 The grey energy variables can either be omitted completely, or  $E_g(t_i) = 0$ ,  $\forall i =$   
 186  $1, \dots, T$  can be enforced.

### 187 2.5. Partial Loads Scenario

188 In the second scenario, only partial load demands are met, which reduces  
 189 the electrical reliability of the system. We considered a well-known reliability  
 190 index—the *average service availability index* (ASAI)—defined as follows [32]:

$$\text{ASAI} = \frac{(\sum N_j) \cdot T - \sum (r_j \cdot N_j)}{(\sum N_j) \cdot T}$$

191 where  $N_j$  is the number of customers at a location  $j$ ;  $r_j$ , the annual outage time  
 192 for  $j$ ; and  $T$ , the total time period considered [33]. For a single location, this is  
 193 equivalent to

$$\text{ASAI} = \frac{N \cdot T - r \cdot N}{N \cdot T} = \frac{T_k}{T}$$



194 where  $T_k$  is the total number of time steps without interruptions.  $ASAI \in [0, 1]$ ,  
 195 and in the ideal case,  $ASAI = 1$ .

196 The production now meets the load demand only during *some* discrete time  
 197 steps whose total number is predefined by the ASAI. To solve this problem,  
 198 the LP model is reformulated as a mixed binary LP (MBLP) model. Binary  
 199 decision variables  $b_i = \{b_1, \dots, b_T\}$ ,  $\forall b_i \in \mathbb{Z}_2$ , are used to decide whether the  
 200 load will be met ( $b_i = 1$ ) or not ( $b_i = 0$ ), and they determine the optimum time  
 201 steps for the given ASAI. The partial loads model is therefore as follows:

$$\min \left[ \sum_{i=1}^T C_w \cdot f_w(W_s(t_i)) \cdot E_w + \sum_{i=1}^T C_{pv} \cdot f_{pv}(I(t_i)) \cdot E_{pv} \right] \quad (6)$$

202 subject to

$$f_w(W_s(t_i)) \cdot E_w + f_{pv}(I(t_i)) \cdot E_{pv} \geq b_i \cdot E_l(t_i), \quad \forall i = 1, \dots, T \quad (7)$$

$$\sum_{i=1}^T b_i = T_k \quad (8)$$

$$b_i \in \{0, 1\}, \quad 0 \leq E_w, E_{pv} \leq \infty \quad (9)$$

203 Equation 7 implies that the load is met at some selected ( $b_t = 1$ ) time steps,  
 204 and Eq. 8 ensures that the loads are always met for the given ASAI.

### 205 2.6. Flexible Loads Scenario

206 In this scenario, we consider the potential cost reductions that can be achieved  
 207 by shifting *flexible loads* in time. We characterize flexibility by two parameters:  
 208 (i) a maximal fraction  $\delta$  of the load that is shifted to later time steps, and (ii) a  
 209 maximal amount of time  $r$  over which the loads can be deferred. Flexible load  
 210 energy  $E_{fl}(t_i)$  at time  $t_i$  ( $\forall i = 1, \dots, T$ ) is then defined as  $E_{fl}(t_i) = \delta E_l(t_i)$ ,  
 211 where  $\delta \in [0, 1] \subset \mathbb{R}$  and  $E_l(t_i)$  is the total load. The unshiftable or inflexible  
 212 load  $E_{infl}(t_i) = (1 - \delta)E_l(t_i)$ .

213  $\alpha_{i,0}$  is defined as the inflexible load fraction (unshifted load), and  $\alpha_{i,1}, \alpha_{i,2}, \dots, \alpha_{i,r}$   
 214 are the flexible load fractions that are shifted from  $t_i$  across the subsequent  $r$   
 215 time steps  $t_{i+1}, t_{i+2}, \dots, t_{i+r}$ , respectively;  $\alpha_{i,j} \in [0, 1]$ . Thus, at the  $i^{th}$  time step  
 216  $t_i$ ,  $E_l(t_i)$  is distributed across  $r$  time steps:

$$E_l(t_i) = \sum_{j=0}^r \alpha_{i,j} E_l(t_i) \quad (10)$$

217 where

$$\sum_{j=0}^r \alpha_{i,j} = 1$$

218 The load that is shifted *away* from  $t_i$ ,  $E_{fl}(t_i)$ , is given by

$$E_{fl}(t_i) = \sum_{j=1}^r \alpha_{i,j} E_{fl}(t_j) \quad (11)$$

219 and the unshifted load energy component  $E_{infl}(t_i) = \alpha_{i,0} E_l(t_i)$ . A load cannot  
 220 be shifted beyond the final time step, and therefore,  $r + t_i \leq T$ . The total  
 221 flexible load that has been shifted *to* a time step  $t_i$  from previous time steps,  
 222  $E_{fl}^*(t_i)$ , is given by

$$E_{fl}^*(t_i) = \sum_{k=1}^r \alpha_{i-k,k} E_l(t_{i-k}) \quad (12)$$

223 Here,  $r$  prior loads from  $t_{i-1}, t_{i-2}, \dots, t_{i-r}$  time steps earlier have been shifted  
 224 to the current time step  $t_i$ . Note that  $i - k > 0$ .

225 We will first incorporate this flexibility model into an LP formulation.

### 226 2.6.1. LP Formulation with Flexibility

227 We consider the “green energy with BESS” case for the production. The  
 228 objective is to minimize the costs for the proposed production infrastructure  
 229 mix. The LP problem is almost identical to the previous formulation (Sec.  
 230 2.4), but additional decision variables  $\alpha_{i,j}$  are included. Further, the first con-  
 231 straint—load is met at every time step—now includes the flexible load (Eq. 12).  
 232 Two additional constraints—related to  $\alpha_{i,j}$ —are also included.

$$\min \left[ \sum_{i=1}^T C_w \cdot f_w(W_s(t_i)) \cdot E_w + \sum_{i=1}^T C_{pv} \cdot f_{pv}(I(t_i)) \cdot E_{pv} + \sum_{i=1}^T C_b \cdot |B_{\Delta}(t_i)| \right]$$

233 subject to

$$\begin{aligned} & f_w(W_s(t_i)) \cdot E_w + f_{pv}(I(t_i)) \cdot E_{pv} + B_{\Delta}(t_i) \\ & \geq \sum_{k=0}^r \alpha_{i-k,k} E_l(t_{i-k}), \quad \forall i = 1, \dots, T \end{aligned} \quad (13)$$

$$\sum_{j=0}^r \alpha_{i,j} = 1, \quad \forall i = 1, \dots, T \quad (14)$$

$$234 \quad 0 \leq \alpha_{i,j} \leq 1, \quad \forall i \in \{1, \dots, T\}, \forall j \in \{0, \dots, r\} \quad (15)$$

235 Equation 13 ensures that the load demand is met at all time steps, and Eqs.  
 236 14 and 15 give the bounds for  $\alpha_{i,j}$ . The load in Eq. 13 is the sum of  $E_{fl}^*(t_i)$   
 237 (Eq. 12) and  $E_{infl}(t_i)$  ( $\alpha_{i,0} E_l(t_i)$ ). The remaining constraints pertaining to the  
 238 BESS and the upper and lower bounds are identical to Eqs. 4 and 5.

239 The customer’s load schedule should contain as few load shifts as possible,  
 240 since this will cause the least inconvenience or loss of comfort. The presented  
 241 LP model determines the minimal costs for a given  $r$  and  $\delta$  and yields a new

242 load schedule. However, the LP model can yield multiple solutions with equal  
 243 (minimal) costs but different sets of  $\alpha_{i,j}$  values. Therefore, the solution may not  
 244 always be the best schedule, i.e., the schedule with the least load shifts. Hence,  
 245 we implemented an additional schedule optimization step in which we use the  
 246 newly derived optimum production schedule from the LP model to derive new  
 247 optimum values for  $\alpha_{i,j}$ .

### 248 2.6.2. Flexible Schedule Optimization

249 We use the newly derived production schedule from the LP model to ob-  
 250 tain new values for  $\alpha_{i,j}$ ; the algorithm is presented in Algorithm 1. New  $\alpha_{i,j}$   
 251 values— $(\alpha_n)_{i,j}$ —are initially set to 0. Line 4 initializes  $\alpha_{i,1}$  to  $\delta$ , which implies  
 252 that initially, the entire flexible load is shifted to the very next time step. In  
 253 lines 5–6, the current inflexible and flexible loads are calculated. If the total  
 254 production is greater than the new total load with  $\alpha_{i,1} = 1$ , it is not necessary  
 255 to shift the loads anymore—all relevant  $\alpha$  values are set to 0 (lines 7–8). If the  
 256 total load is greater than total production, the most recent flexible loads are  
 257 shifted first. If the total remaining load is still greater than the total production,  
 258 the next nearest flexible loads are shifted. This process (lines 10–18) is repeated  
 259 until the production at least matches the corresponding load. Lines 3–21 are  
 260 then repeated for all time steps.

261 Note that we could have attempted to integrate the problem of deriving the  
 262 best schedule into the LP model and solved a single optimization problem. How-  
 263 ever, constructing and implementing a model that not only solves the flexibility  
 264 problem but also chooses the best solution is complicated and slower. Instead,  
 265 from one of the many possible equal-cost solutions, i.e., the one of the many  
 266 found by an LP solver, we can derive a solution with minimal shifts using our  
 267 proposed algorithm (Algorithm 1).

## 268 3. Results

### 269 3.1. Experimental Data

#### 270 3.1.1. Data Period

271 We performed our simulations for 1-year data with a data resolution of 15  
 272 minutes.

#### 273 3.1.2. Location

274 We considered the city of Kortrijk, Belgium, which is a reasonably sized  
 275 typical Belgian city with a total population of 75,219 and a population density  
 276 of 940 inhabitants/km<sup>2</sup> (2013) [34].

#### 277 3.1.3. Wind Speeds and Solar Irradiation

278 For the solar irradiation and wind speeds, we used 5 min measurement data  
 279 obtained at Lemcko Labs, Kortrijk, Belgium [35]. Data for an entire year from  
 280 September 1, 2012 to August 31, 2013 was considered, since this period covers  
 281 all four seasons and enables us to investigate seasonal variations. Further, since

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**Algorithm 1** Flexible load schedule optimisation

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```

1: Inputs: (1) the newly derived production schedule  $E_s$ ; (2) the old (un-
   shifted) load schedule  $E_\ell$ ; (3) total time period  $T$ ; (4)  $r$ ; and (5)  $\delta$ 
2:  $i = 1$ ;  $(\alpha_n)_{i,j} = 0$  ( $\forall i = 1, \dots, T; j = 0, \dots, r$ )
3: while  $i \leq T$  do
4:    $(\alpha_n)_{i,1} = \delta$ 
5:    $E_{infl}(t_i) = (1 - \delta)E_\ell(t_i)$ 
6:    $E_{fl}(t_i) = \sum_{j=1}^r (\alpha_n)_{i-j,j} \delta E_\ell(t_{i-j})$ 
7:   if  $E_s(t_i) \geq (E_{fl}(t_i) + E_{infl}(t_i))$ , then
8:      $(\alpha_n)_{i-1,2}, \dots, (\alpha_n)_{i-r,r} = 0$ 
9:   else
10:    while  $E_s(t_i) < (E_{fl}(t_i) + E_{infl}(t_i))$ , do
11:      for  $j = i-1:-1:i-r+1$  do
12:         $E_x(t_i) = (E_{fl}(t_i) + E_{infl}(t_i)) - E_s(t_i)$ 
13:         $(\alpha_n)_{j,i-j+1} =$ 
14:         $\min\{E_x(t_i)/\delta E_\ell(t_j), (\alpha_n)_{j,i-j}\}$ 
15:         $(\alpha_n)_{(j,i-j)} = (\alpha_n)_{(j,i-j)} - (\alpha_n)_{(j,i-j+1)}$ 
16:         $E_x(t_i) = E_x(t_i) - (\alpha_n)_{(j,i-j+1)} \delta E_\ell(t_j)$ 
17:      end for
18:    end while
19:  end if
20:   $i = i + 1$ 
21: end while
22: Output:  $(\alpha_n)_{i,j}$  ( $\forall i = 1, \dots, T; j = 0, \dots, r - 1$ )

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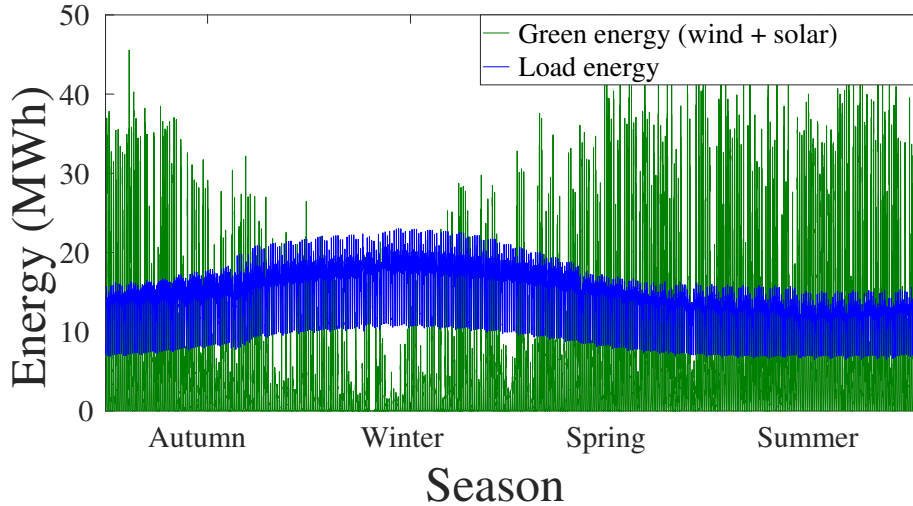


Figure 1: Input load energy data and renewable (“green”) energy production data (assuming 1 MW solar and wind power plants) for a year at Kortrijk, Belgium (15 min time resolution).

282 load data was available only at 15 min intervals, we aggregated the 5 min data  
 283 for wind speeds and solar irradiation into 15 min data.

#### 284 3.1.4. BESS

285 We considered lithium-ion (Li-ion) batteries because they are among the  
 286 most promising next-generation batteries for supporting renewable energy-based  
 287 production [36]. Li-ion cells offer the best cycle efficiency (90%) and durability,  
 288 lowest self-discharge (5–8% per month at 21°C), and energy density (up to 630  
 289 Wh/l) [36]. Further, Li-ion batteries are expected to become cheaper in the  
 290 future [9]. We considered charge and discharge rates of 1C, which implies that  
 291 the BESS charges and discharges at its maximum capacity at every time step.

#### 292 3.1.5. Load

293 In Belgium, the meter readings of most customers are not recorded con-  
 294 tinuously, and synthetic load curves (SLPs) are used to estimate the energy  
 295 consumption. We used the SLP provided by the Flemish Regulation Entity for  
 296 the Electricity and Gas market (VREG) for 2012–13 [37]. These SLP profiles  
 297 model typical user consumption using statistical averages on real life data, as  
 298 measured by the VREG, and give the amount of energy consumed at 15 min  
 299 intervals. Figure 1 shows the input load data and the renewable energy pro-  
 300 duction data (assuming solar and wind power plants with nominal power plant  
 301 capacity of 1 MW) used in this study for a year.

## 302 3.1.6. Costs

303 For LCOE data, we considered a pan-European study conducted by the Eu-  
 304 ropean Commission that reported energy cost data of different electricity and  
 305 heat technologies for all countries in the European Union [38]. The LCOEs of  
 306 small rooftop PV systems, which are popular in Belgium, and onshore wind  
 307 power were 0.130 €/kWh and 0.110 €/kWh, respectively. The Belgian electric-  
 308 ity production infrastructure comprises nuclear (39.54%), natural gas (33.96%),  
 309 coal (3.14%), liquid fuel (1.5%), water (9.3%), wind (5.93%), and others (6.64%).  
 310 We calculated the grey energy LCOE as a proportion of their contributions to  
 311 the total energy as 0.0386 €/kWh. The procedures for calculating the LCOEs  
 312 are given in detail in Annexure 4 of the report published in [38].

313 Unfortunately, the European Commission study did not include BESS costs.  
 314 Consequently, we examined scenarios in other countries and concluded that the  
 315 Li-ion BESS LCOE is currently about 5 times that of wind [3]. Hence, we  
 316 applied a factor of 5 to the European wind LCOE and arrived at a BESS LCOE  
 317 of 0.55 €/kWh.

## 318 3.2. Results

## 319 3.2.1. Basic Scenarios

320 The “only green” scenario was expectedly infeasible throughout the year.  
 321 Further, green energy and BESS have no impacts when grey energy is included  
 322 since they are much more expensive.

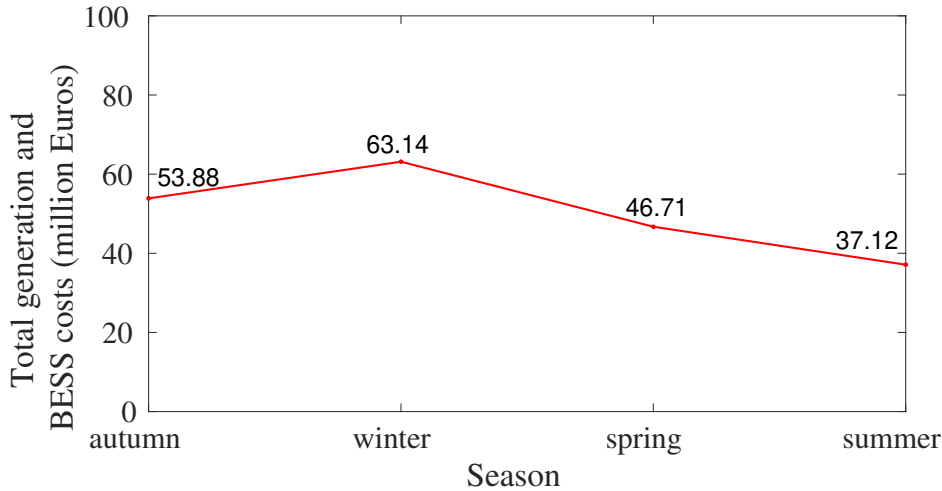


Figure 2: Seasonal variations in the total actual costs for the “green-battery energy storage system (BESS)” case; the costs when grey energy was included were about 4.6, 5.49, 4.54, and 3.85 million Euro for the four seasons, respectively.

323 Figure 2 shows the seasonal variations in the total costs for the “green-BESS”  
 324 case. The average cost per unit of electricity produced was 0.4520, 0.4442,

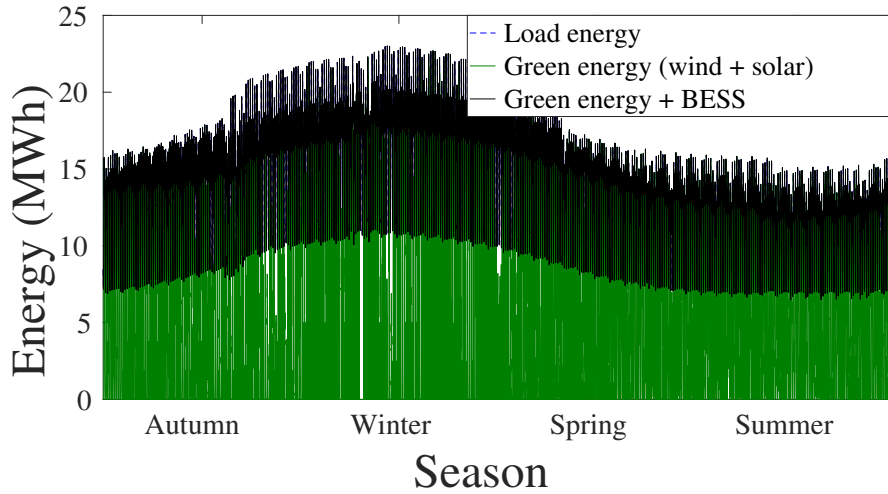


Figure 3: Green-BESS energy production meeting the load nearly perfectly. The curtailment is negligible and the dotted line representing the load (compare with Fig. 1 showing input data) is almost completely covered by the combined supply from green energy and BESS, shown in black.

325 0.3972, and 0.3720, €/kWh for autumn, winter, spring, and summer, respec-  
 326 tively. The costs were lowest in summer due to lower load demand and more  
 327 renewable resources and highest in the winter. When grey energy was included,  
 328 it was dominantly selected due to its low costs, and the production infrastruc-  
 329 ture became cheaper by a factor of  $\approx 12$ —the yearly cost with BESS, for example,  
 330 was 204.15 million Euro (average cost of 0.4265 €/kWh), while it was 18.47  
 331 million Euro with grey energy (average cost of 0.0386 €/kWh, i.e., its LCOE).  
 332 Note that this can also be predicted from their LCOEs (grey energy is about 14  
 333 times cheaper than BESS). When BESS is used with green energy, any excess  
 334 produced green energy is stored in the BESS to be used at later times with  
 335 insufficient green energy production (Fig. 3). The curtailment is negligible and  
 336 the load (dotted blue lines; compare with Fig. 1 showing input data) is almost  
 337 completely covered by the combined supply from green energy and BESS (black  
 338 lines). **The sizing algorithm is designed to dimension a sufficiently large BESS  
 339 capacity that ensures that the produced electricity is not wasted due to RES  
 340 curtailment.**

341 Figure 4 shows the green energy production, which is *directly used without*  
 342 *storing* in the BESS, and cost as a proportion of the total. Green energy pro-  
 343 portion was highest in summer (nearly 30%) and lowest in winter and autumn,  
 344 halving to nearly 15%.

### 345 3.2.2. Cost Variations

346 In the LP solution, grey energy is dominantly selected over the other alter-  
 347 natives due to its significantly lower cost. However, continuous innovations and  
 348 research and development are making RES increasingly cost-competitive with

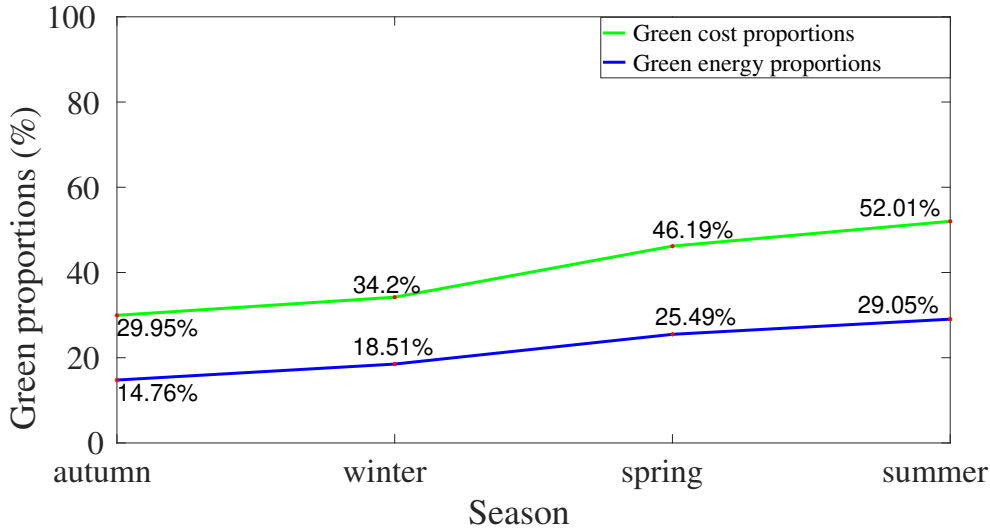


Figure 4: Green energy production and cost proportions (%)—directly used without storing in BESS—for the “green-BESS” case.

349 fossil fuels. Hence, we investigated the increase in green energy proportions, i.e.,  
 350 its participation, as the costs of RES and BESS decrease, when grey energy is  
 351 included.

352 Figure 5 shows the variations in green energy as a proportion of the total  
 353 energy when green and BESS LCOEs are varied from 0–40% and 0–25% of their  
 354 reference costs, respectively. The green energy includes the energy shifted by  
 355 the BESS. Green energy participation is negligible when the green energy costs  
 356 are  $\geq 40\%$  of the reference costs, i.e.,  $\geq 0.044$  €/kWh. Without the BESS, the  
 357 maximum green energy proportion is 63%, which is the maximum ASAI (or the  
 358 maximum amount of load) that can be met by RES alone. With the BESS, the  
 359 green energy proportion is 100% when the BESS cost is  $\leq 7\%$  of the reference  
 360 costs, i.e.,  $\leq 0.038$  €/kWh. Thus, the BESS costs must significantly decrease  
 361 to enable affordable 100% RES.

362 At the same time, grey energy costs could also increase, for example, if  
 363 EU emissions trading system (EU ETS) is considered. Figure 6 shows the  
 364 variations in green, grey, and BESS energy as a proportion of the total energy  
 365 required to meet the load when grey energy costs are varied from 1–20 times  
 366 their reference costs. Green energy participation is negligible until around 3×  
 367 the grey energy reference costs, i.e.,  $\approx 0.1158$  €/kWh after which its proportion  
 368 of the total energy increases. When grey energy costs are 15× the reference  
 369 costs, i.e.,  $\geq 0.5790$  €/kWh, it becomes economical to use BESS to support the  
 370 green energy production. As a result, grey energy is not required any more and  
 371 it is possible to supply electricity with 100% green energy supported by BESS.



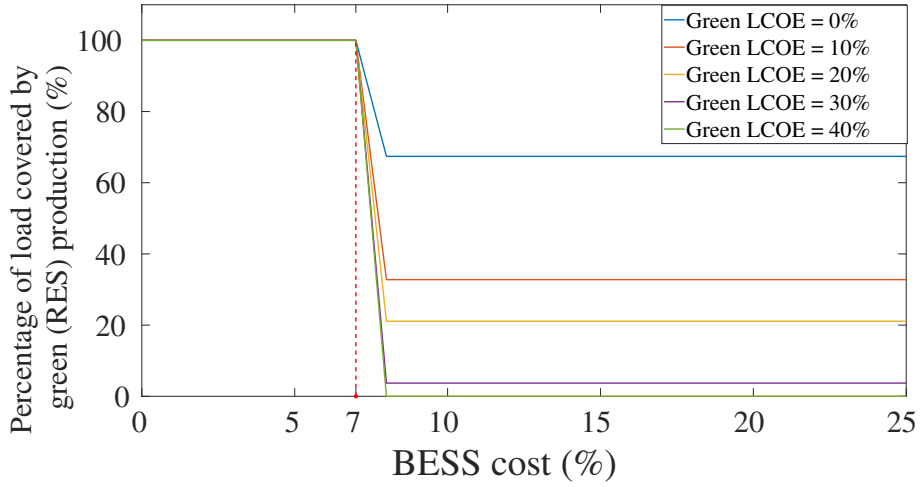


Figure 5: Variations in the proportion of green energy production in the “green-BESS-grey” scenario, when BESS energy costs were changed from 0–100% of its current costs.

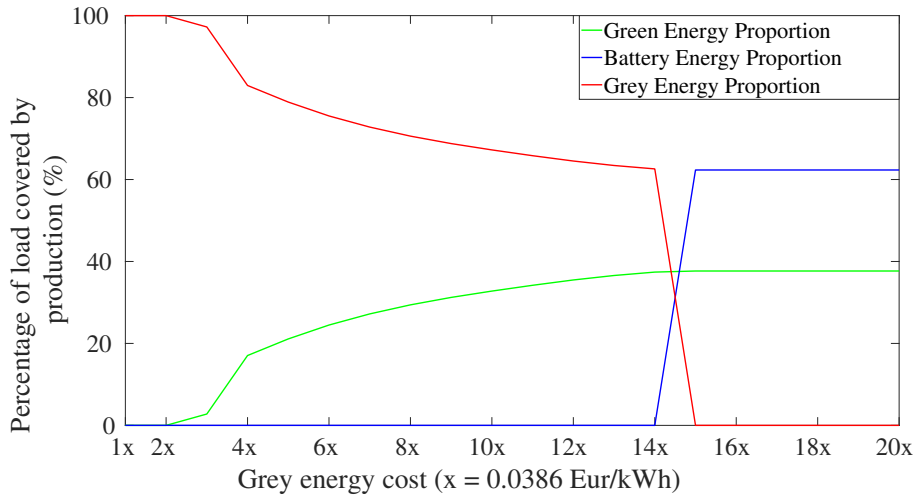


Figure 6: Variations in the proportion of green, grey, and BESS energy production in the “green-BESS-grey” scenario, when green energy costs were changed from 1–20 times of its current reference costs.

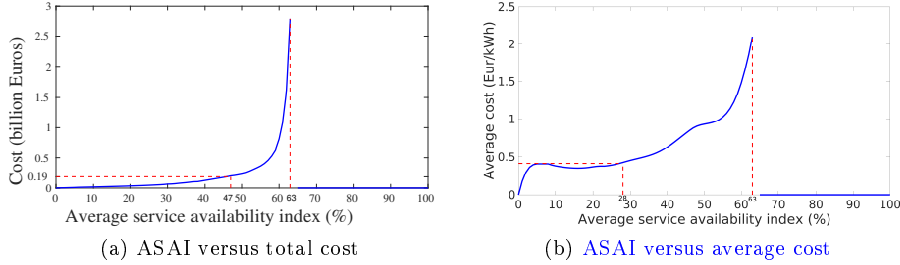


Figure 7: Average service availability index (ASAI) versus cost for green energy alone, for the entire year; the maximum ASAI is 63% above which green energy alone cannot meet the load demand. For  $\text{ASAI} \leq 47\%$ , the *total cost* of using green energy alone ( $\leq 190$  million Euro) is less than the cost of using green energy with BESS (204 million Euro); the minimal-cost installation will not use BESS. Similarly, for  $\text{ASAI} \leq 28\%$ , the *average cost* of using green energy alone (0.4238 €/kWh) is less than the cost of using green energy with BESS (0.4265 €/kWh).

### 3.2.3. Partial Loads—ASAI

372

373

374 The maximum ASAIs using only RES were 50%, 57%, 73%, and 73% for  
 375 autumn, winter, spring, and summer, respectively. Unsurprisingly, the summer  
 376 season had the best electrical reliability (in terms of ASAI) and lowest costs. The  
 377 maximum ASAI for the entire year was 63%, which implies that it was possible  
 378 to meet the entire load for only 63% of the given time period. Figure 7a shows  
 379 the changes in the total production cost with the ASAI. The total cost increases  
 380 nearly exponentially above the ASAI of  $\approx 40\%$  until the maximum ASAI of  
 381 63% because of the extreme installation sizes (and thus, costs) required to meet  
 382 the load at times steps with low wind speeds and solar irradiation. When ASAI  
 383  $\leq 50\%$ , the total cost is one-tenth of the cost required to meet the maximum  
 384 ASAI. For  $\text{ASAI} \leq 47\%$ , the total cost of using green energy alone ( $\leq 190$   
 385 million Euro) is less than the total cost of using green energy with BESS (204  
 386 million Euro). The average cost also exhibits similar trends (Fig. 7b); for  
 387 an ASAI of 1–30%, the average cost is  $< 0.4538$  €/kWh, increasing to 2.0981  
 388 €/kWh at 63%. When  $\text{ASAI} \leq 50\%$ , the average cost is less than half the  
 389 average cost required to meet the maximum ASAI. Moreover, for  $\text{ASAI} \leq 28\%$ ,  
 390 the average cost of using green energy alone (0.4238 €/kWh) is less than the  
 391 average cost of using green energy with BESS (0.4265 €/kWh). On the other  
 392 hand, the average cost even at  $\text{ASAI} = 1\%$  is more than that using grey energy  
 393 alone. These results suggest that even at the reference costs and with limited  
 394 installed capacity, it is possible for planners desiring to use *only* green energy  
 395 to dramatically decrease the costs if they tolerate meeting the load demand for  
 396 at least 50% of the time, while using other energy resources for the remaining  
 397 time.

398 Figure 8a shows the curtailed energy versus ASAI. As shown, a significant  
 399 proportion of the produced energy is curtailed in this scenario. This is because

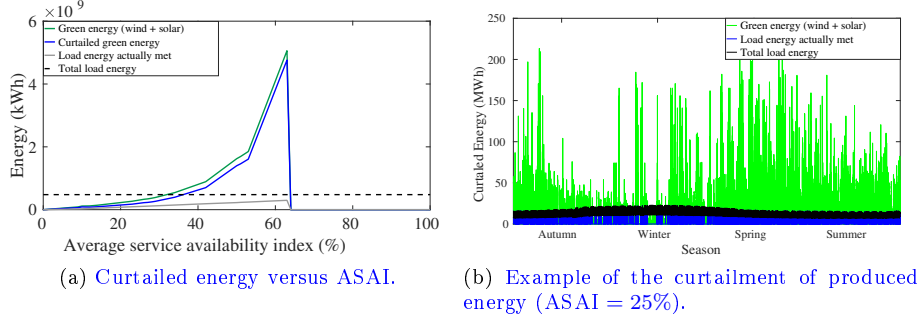


Figure 8: Curtailed energy in the only “green energy” scenario.

400 if the load has to be met for a high proportion of the total time period, the  
 401 green energy infrastructure must be dimensioned very large to still produce  
 402 sufficient power at times when the available green resources (i.e., wind speed and  
 403 solar irradiation) are very low. Hence, the infrastructure is over-dimensioned  
 404 and produces excessive energy when the available green resources are plentiful.  
 405 Figure 8b illustrates an example of the curtailment of produced energy for ASAI  
 406 of 25%. At some time steps, the green energy just meets the load energy whereas  
 407 there is excessive production at other time steps.  
 408

#### 409 3.2.4. Flexible Loads

410 Figure 9 shows the minimal costs for the “green-BESS” scenario with flexible  
 411 loads.  $r = 48$  implies that the loads can be shifted over maximally  $48 \times 15 \text{ min} =$   
 412 12 h. For all flexible load proportions  $\delta$ , the cost was 204 million Euros when  
 413 there was no shift ( $r = 0$ ), which agrees with the yearly costs for basic dimensioning.  
 414 Naturally, the costs were lowest when the entire load can be shifted,  
 415 i.e.,  $\delta = 100\%$ . As the maximal amount of time shifting,  $r$ , increases, the costs  
 416 decrease, but this decrease slows down with higher  $r$ , which suggests that shifting  
 417 the load is beneficial only up to a certain time frame. However, the costs  
 418 do not decrease sufficiently to reach the low costs offered by grey energy installations  
 419 (about 18.47 million Euro). This suggests that today, load shifting  
 420 is not competitive with grey energy production to counterbalance intermittent  
 421 renewable energy production.

422 Figure 10 illustrates the applied (minimal) time shifts for  $\delta = 40\%$  and  
 423  $r = 12$  (3 h). At least 60% ( $= 1 - \delta$ ) of the load is unshifted, whereas maximally  
 424 40% of the load can be shifted. A histogram of the fractions of the total load  
 425 shifted (%) for each of the possible time shifts up to 12 for a year is presented.  
 426 The scheduling algorithm shifted nearly 35% of the total load to the first time  
 427 step (15 min), and very few loads were shifted beyond 4 time steps (1 h). This  
 428 suggests that large time shifts are rarely useful (for balancing).

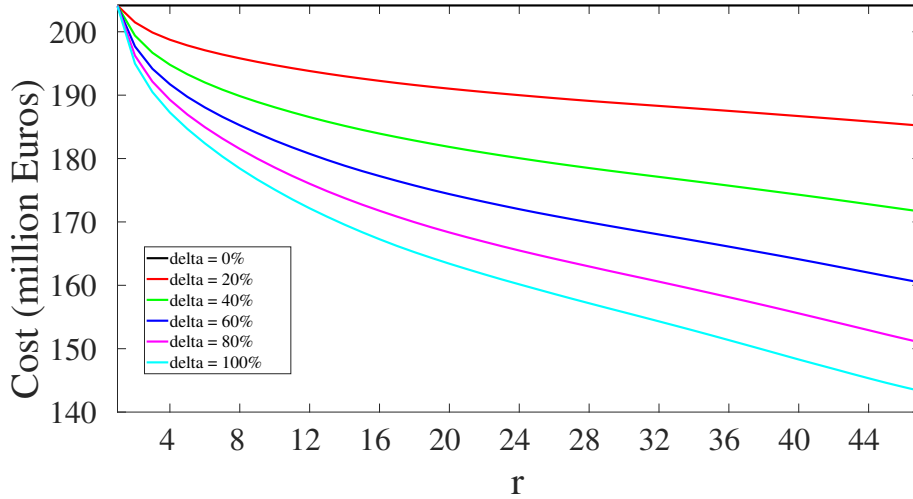


Figure 9: Variations in the minimal cost in the “green-BESS” scenario when the load is shifted with  $r$  varied from 1–12 h and  $\delta$  from 0–100%; the cost when grey energy was included was 18.47 million Euro.  $r$  refers to the maximal number of 15-min time steps over which the total load can be distributed.

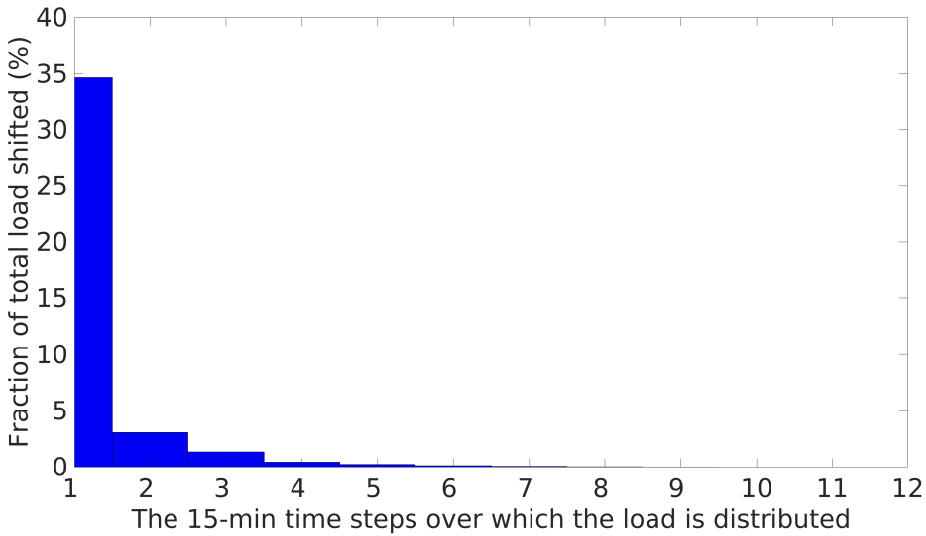


Figure 10: Histogram of the fractions of the total load (%) shifted across  $1-r$  time steps for a year. Here,  $\delta = 40%$  and  $r = 12$  were chosen to illustrate the performance of Algorithm 1. About 60% of the total load is unshifted and nearly 35% is now shifted to the first time step (15 min); very few loads are shifted beyond 4 time steps (1 h).

#### 429 4. Conclusions

430 In this paper, we investigated the cost-effectiveness of meeting the load de-  
 431 mands of cities with 100% RES from PV panels and wind turbines, supported  
 432 by BESS. We developed an LP-based methodology and applied it to the loads  
 433 of Kortrijk, a Belgian city with around 75,000 inhabitants.

434 We first obtained the cost-optimal electricity-production-infrastructure mix  
 435 to meet a city’s full load demand when RES—supported by BESS—and NRES  
 436 are combined. Since the LCOEs of RES and BESS were higher than the LCOE  
 437 of NRES, they were *not selected* in the minimal-cost solution for supplying  
 438 electrical energy to a city. Moreover, with the reference costs, the RES-BESS  
 439 system costs were about  $10\times$  times *higher* than when NRES was included.  
 440 The costs were expectedly lowest in summer and highest in winter. Green  
 441 energy production alone—without BESS—was able to meet 63% of the load  
 442 demand, but for RES systems to become competitive with NRES, their costs  
 443 must decrease. *Note that green energy alone could meet only 63% of the load*  
 444 *because the available green resources (i.e., wind speeds and solar irradiation)*  
 445 *were 0 for 37% of the total time period. These results will not only differ*  
 446 *for different cities but also be influenced by technological developments. For*  
 447 *example, the adoption of low-speed wind turbine technology will increase the*  
 448 *available hours for wind power.*

449 We then analyzed the question of how much the cost must decrease to en-  
 450 able 100% *RES-based electricity production* to be competitive with NRES-based  
 451 electricity production. At 40% of the reference costs used in the paper, i.e., at  
 452  $\approx 0.044$  €/kWh, RES would meet 63% of the load demand more profitably  
 453 than NRES. Further, the production cost with RES alone reduces nearly ex-  
 454 ponentially with lower ASAI and, for  $\text{ASAI} \leq 50\%$ , it is one-tenth of the cost  
 455 with maximum ASAI (63%). Thus, even at the reference cost, it is possible to  
 456 cost-effectively meet nearly 50% of the load demand using RES alone at 10% of  
 457 the production costs required to meet 63% of the load demand. *Moreover, the*  
 458 *total and average costs of using RES alone were less than the cost of using RES*  
 459 *with BESS at ASAI of 47% and 28%, respectively.* For BESS to be cost effec-  
 460 tive, its cost needs to reduce to around 7% of the reference costs, i.e.,  $\approx 0.038$   
 461 €/kWh. An RES-BESS system with these costs— $\approx 0.044$  €/kWh and  $\approx 0.038$   
 462 €/kWh, respectively—will meet 100% of the load demand more cost-effectively  
 463 than NRES. We also analyzed the effects of increasing the costs of NRES on  
 464 the adoption of green energy. Green energy participation begins to increase as  
 465 the grey energy costs become  $\geq 3\times$  the grey energy reference costs ( $\approx 0.1158$   
 466 €/kWh). And, at a  $15\times$  increase of the reference costs ( $\geq 0.5790$  €/kWh), grey  
 467 energy is not required anymore and it is more economical to adopt green energy  
 468 with BESS.

469 Finally, we analyzed how exploitation of *the flexible resources* present in  
 470 a city improves the cost-effectiveness of RES deployment by investigating the  
 471 effects of electrical load shifting. We developed and employed a novel two-  
 472 step flexible-load analysis to explore the changes in the minimal costs with  
 473 the amount of shifted load fractions ( $\delta$ ) and the maximal *discrete* time steps

474 ( $r$ ) across which the load fractions can be shifted. As  $r$  increased, the costs  
 475 *decreased* by nearly 20% until around 3–5 h, after which it remained nearly con-  
 476 stant. Nevertheless, the costs for RES–BESS system with load shifting—around  
 477 170 million Euro—were higher than the costs for only NRES system—18.47  
 478 million Euro, implying that load shifting with RES–BESS system alone is not  
 479 competitive with grey costs today. Our results show that it is most economical  
 480 to not use RES today even when the loads are flexible. However, when the costs  
 481 of RES and BESS reach around 0.044 and 0.038 €/kWh, respectively, it will  
 482 become possible to cost-effectively supply the entire load of a city using RES  
 483 (with BESS).

484 These results suggest that it is very important to integrate several renew-  
 485 able energy sectors—electricity, heat, transport, etc.—to reach high levels of  
 486 RES penetration, and they agree with the growing consensus that *smart energy*  
 487 *systems* offer better options for integration of renewable energy into energy sys-  
 488 tems [39, 40]. Moreover, the flexibility that can be exploited in the electricity  
 489 system alone is clearly limited without integrating co-generation and transporta-  
 490 tion [41]. Nevertheless, the presented methodologies are valuable because they  
 491 can be simply and effectively used to investigate the utilization and meaningful  
 492 rate of adoption of RES technologies. The partial-loads analysis shows that the  
 493 costs required to meet the load demand decrease dramatically with decreasing  
 494 ASAI. This represents a significant opportunity to meet at least a portion of a  
 495 city’s load at relatively low costs using RES alone. Further, the methodology  
 496 itself is useful to decide how many hours can be met with RES, given a certain  
 497 budget. It can also be used in rural areas for providing at least partial access to  
 498 electricity. Our flexibility model can be generally applied to analyze the impacts  
 499 of flexible loads on production resources, and it can also be a valuable tool for  
 500 analyzing the economic value of DSM algorithms. These models can be easily  
 501 expanded to include flexibilities arising from the integration of other sectors as  
 502 well.

503 In the future, we plan to model cost evolutions over a long time period;  
 504 further, we will incorporate communication costs and other externalities in our  
 505 algorithm for exploiting flexibility.

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 512 ment—department EWI, as well as by the CSC–IT Center for Science, Finland.

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