Exploring the Feasibility of Biosolids to Energy

Ohio Water Environment Association
Annual Conference – June 16, 2010

Agenda

- A primer on renewable energy
  - What it is and what it isn't
  - What makes sense and where
- The "perfect storm" scenario
- Review the results of a feasibility study of this technology

Why Renewable Energy?

- Renewable Portfolio Standards may be a market driver
- Some renewable energy sources are sustainable, meaning you can keep on doing it indefinitely, without subsidies
- Many renewable energy projects are not economically viable without inducements
- Part I of the “perfect storm”

Renewable Portfolio Standards

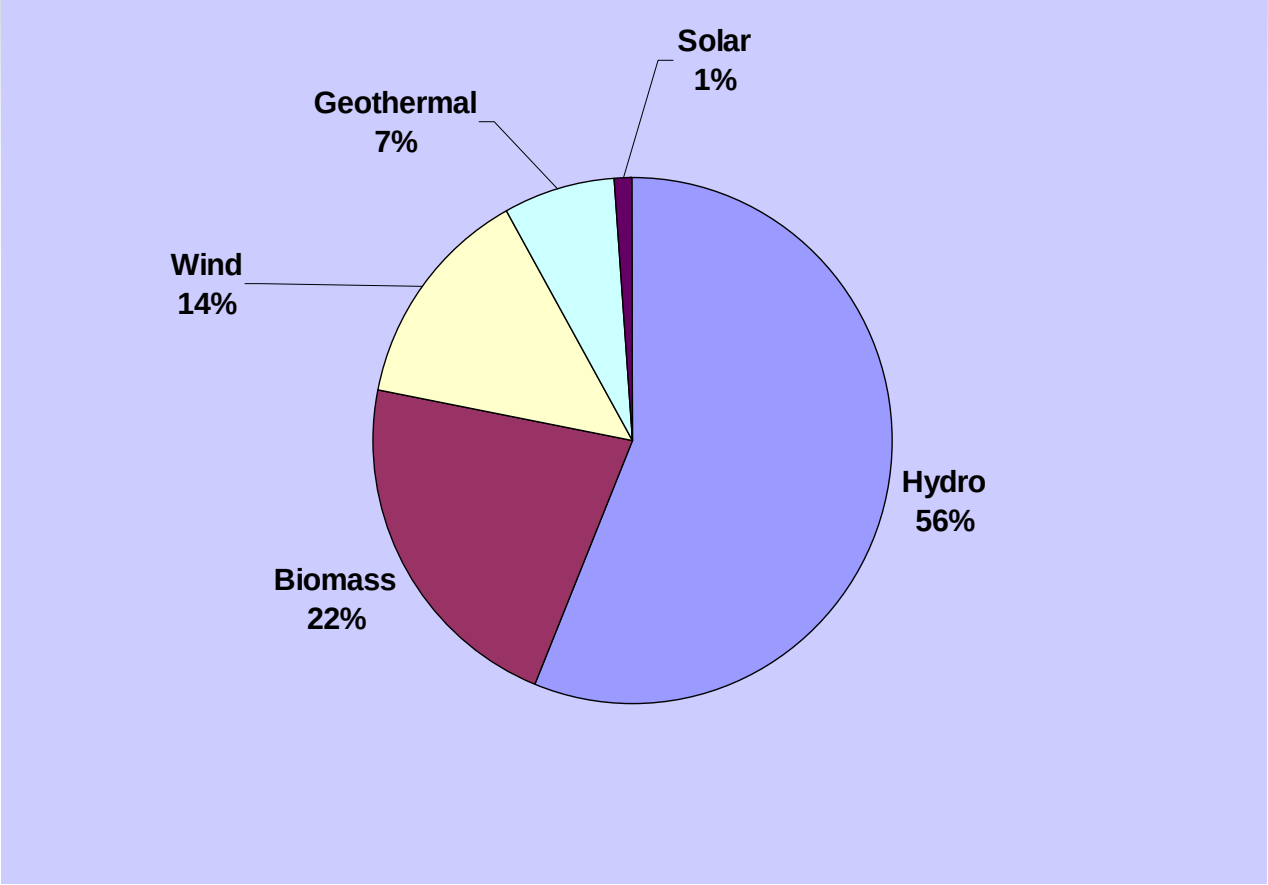
- Legislated by more than ½ of the states
  - As such, each is different
  - May soon be federally mandated
- Each mandates that by *some* date, *some* % of the electrical energy sold in the state comes from renewable sources
  - In Ohio, 12.5% renewable by 2025
- That means **2,900 MW** of *new renewable generation* in Ohio alone

Renewable Energy Certificates (REC)

- The preferred means of tracking compliance with RPS
- Each certificate represents 1,000 kWh of electrical energy from renewable sources
- RECs have a market value and may be traded “unbundled”
- Generally, RECs can be generated in states that do not have a RPS and sold into markets that do

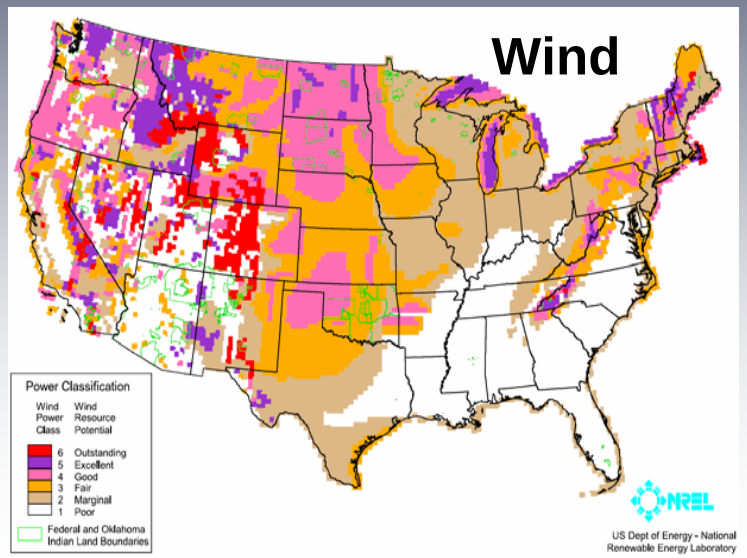
Renewable Energy's Contribution

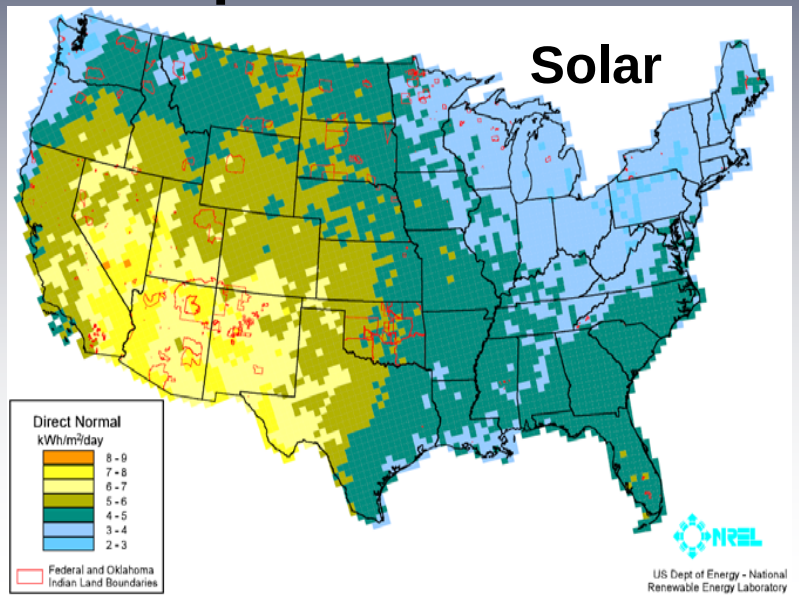
- Approximately 9% of electricity currently generated in U.S. comes from renewable sources

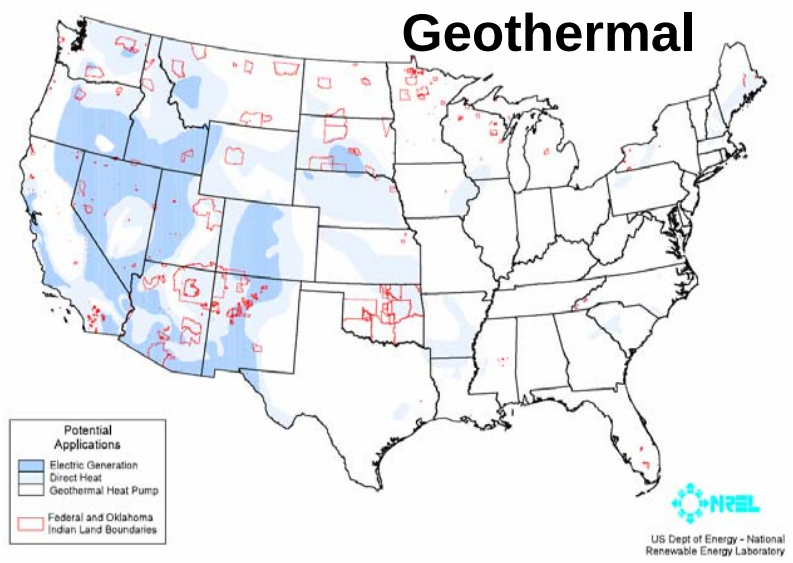


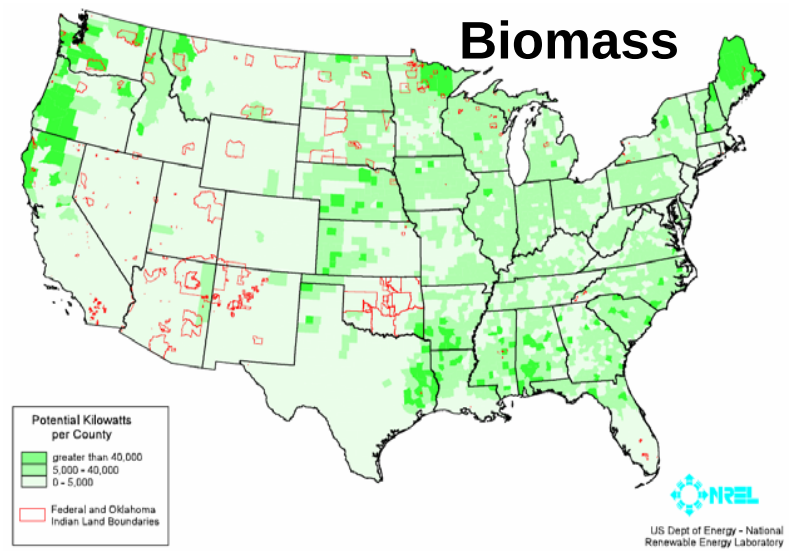
Renewables are extremely sensitive to geography

Renewable Resource Maps









What is Biomass?

- Renewable organic matter within the biosphere
- Biomass waste streams
  - Wood waste
  - Agricultural waste
  - Landfill gas
  - Digester gas
  - Undigested sewage sludge (biosolids)
- Focus on inconvenient waste streams
  - Negative commercial value
  - Disposal problem
- Our focus...**Biosolids**

Why No Respect?

- Constant, predictable source
  - Essence of regularity at .25 dry pound/person/day
- Uses mature technologies
- Larger population centers have:
  - Abundant fuel available
  - Robust electrical infrastructure

Part II of the “Perfect Storm”

- OAC 3745-40 is a draft rule making its way through the rule making process
- More stringent regulation of biosolids disposal
  - Increased recordkeeping
  - Increased treatment to stabilize
  - Increased winter storage
- Will effectively increase disposal costs

Sludge disposal

- What started as an energy solution became, primarily, a disposal solution
- Other sludge disposal technologies are becoming more unattractive
  - Land application is coming under more stringent regulatory pressure.
  - Landfilling is viewed as environmentally unfriendly and tipping fees are expected to rise.
  - Incineration will become a financial burden as energy prices rise.
  - Composting is resource intensive and results in a negative cash flow
- Important to consider total cost of disposal

Case Study
Wastewater Utility

- Longstanding client
- Environmentally responsible
- Forward thinking
- Utility serves a population of 250,000
- Generates 120 wet tons of sludge/day
- Landfills their sludge
- Disposal cost
  - Transportation $5.23/ton
  - Tipping fee $19.60/ton

Study Process

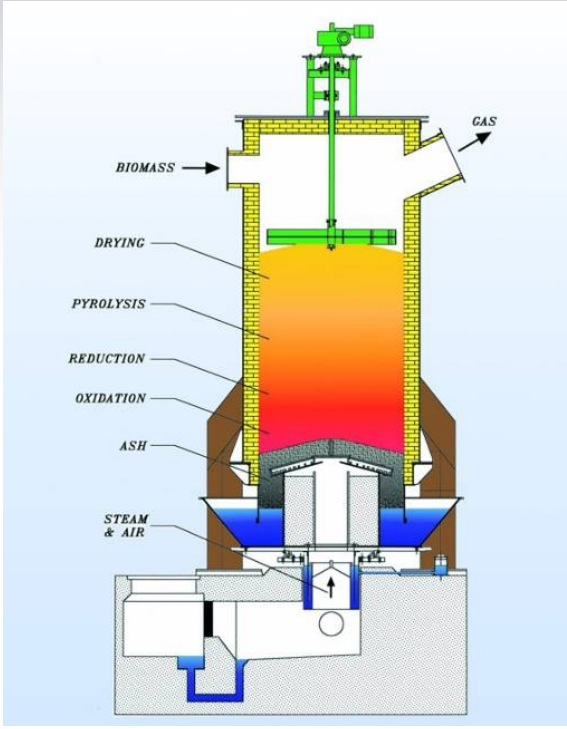
- Characterize waste streams
  - Is the sludge fuel?
- Develop alternatives
- Develop project costs
- Quantify savings
- Prepare net present worth analysis

Characterize Waste Streams

- With respect to:
  - Proximate and ultimate analysis
  - Flow
- Plant #1 biosolids
  - ~8,100 BTU/lb (dry)
  - 32% solids
  - 112 tpd
- Plant #2 biosolids
  - ~6,250 BTU/lb (dry)
  - 15% solids
  - 10 tpd

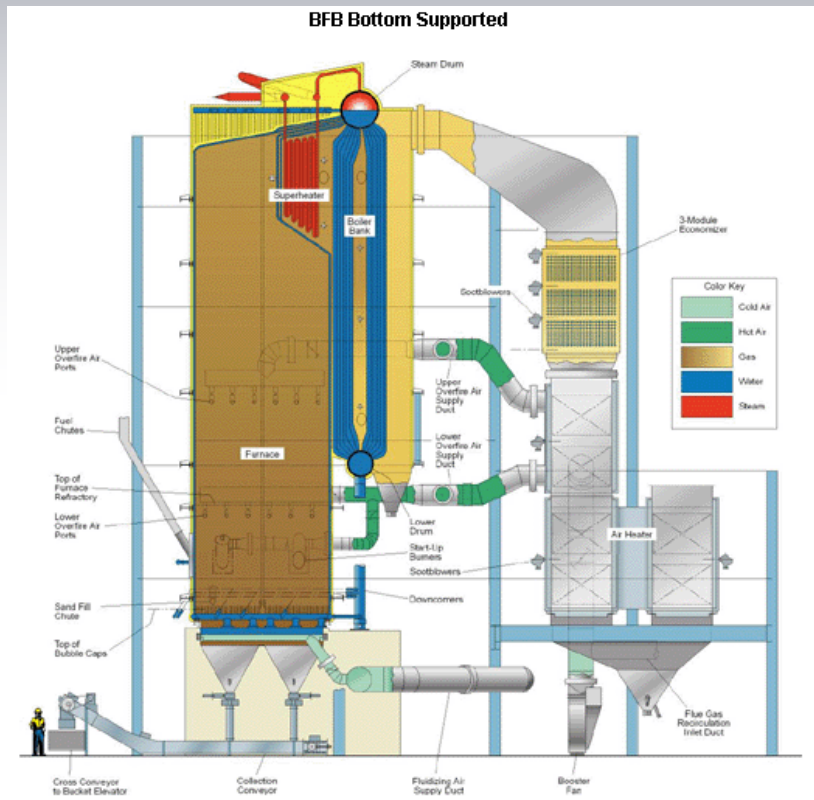
Gasification Process

- Sludge must be dried
- Subject the dried sludge to a high temp., oxygen deficient environment
- Products
  - Fuel gas
  - Sand-like ash
- Fuel gas
  - Primarily carbon monoxide and hydrogen
  - Can be combusted like natural gas
- Mature technology (>100 years)



Bubbling Fluidized Bed Process

- Further drying not required
- Sludge can be combusted directly in a Bubbling Fluidized Bed (BFB) boiler to generate steam
- Use steam:
  - To generate electricity in a condensing steam turbine generator set
  - Directly for process loads
- Mature technology (>50 years)



Fast Pyrolysis

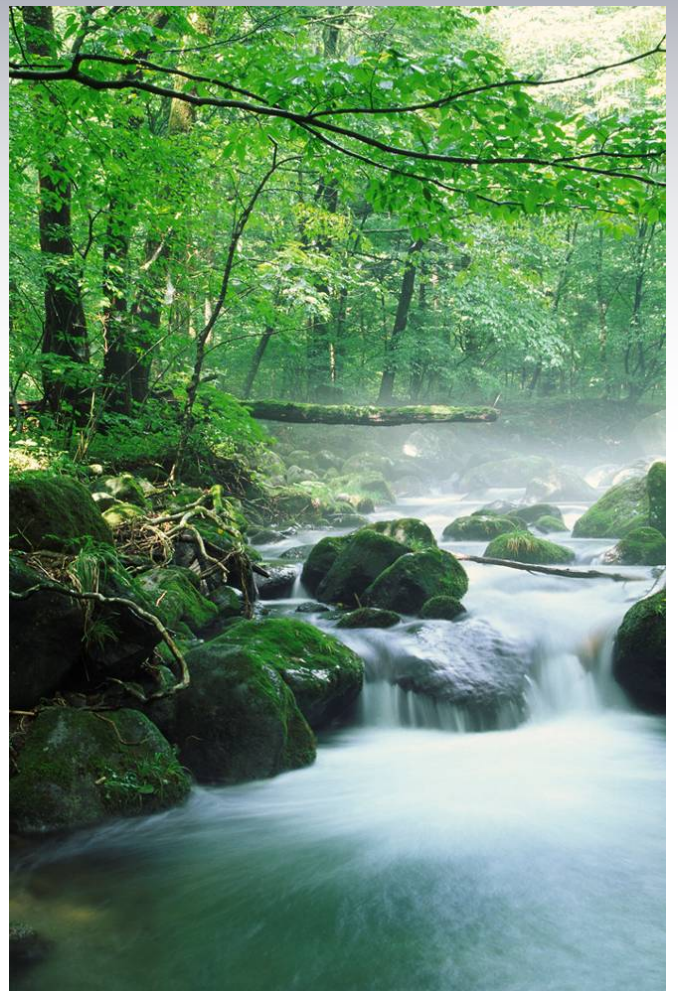
- Takes place in high temperature (500°C), oxygen ***free*** environment
- Yields “bio oil” and char
- Bio oil has 54% of the energy content of #2 fuel oil and can be used similarly to #2
- Different from petroleum based oil
- Pyrolysis equipment supplied in modules

Process Alternatives and Metrics

- Two (2) pyrolysis modules with one IC generator
  - Initial cost $6,580,000
  - Time to NPV breakeven 3.5 years
  - NPV @ 20 year horizon $11,540,000
- Bubbling fluid bed boiler and steam turbine genset
  - Initial cost $11,050,000
  - Time to NPV breakeven 6.0 years
  - NPV @ 20 year horizon $9,170,000
- One (1) pyrolysis module with bio oil sale
  - Initial cost $2,900,000
  - Time to NPV breakeven 2.5 years
  - NPV @ 20 year horizon $15,040,000

Identify/Quantify Revenue Streams

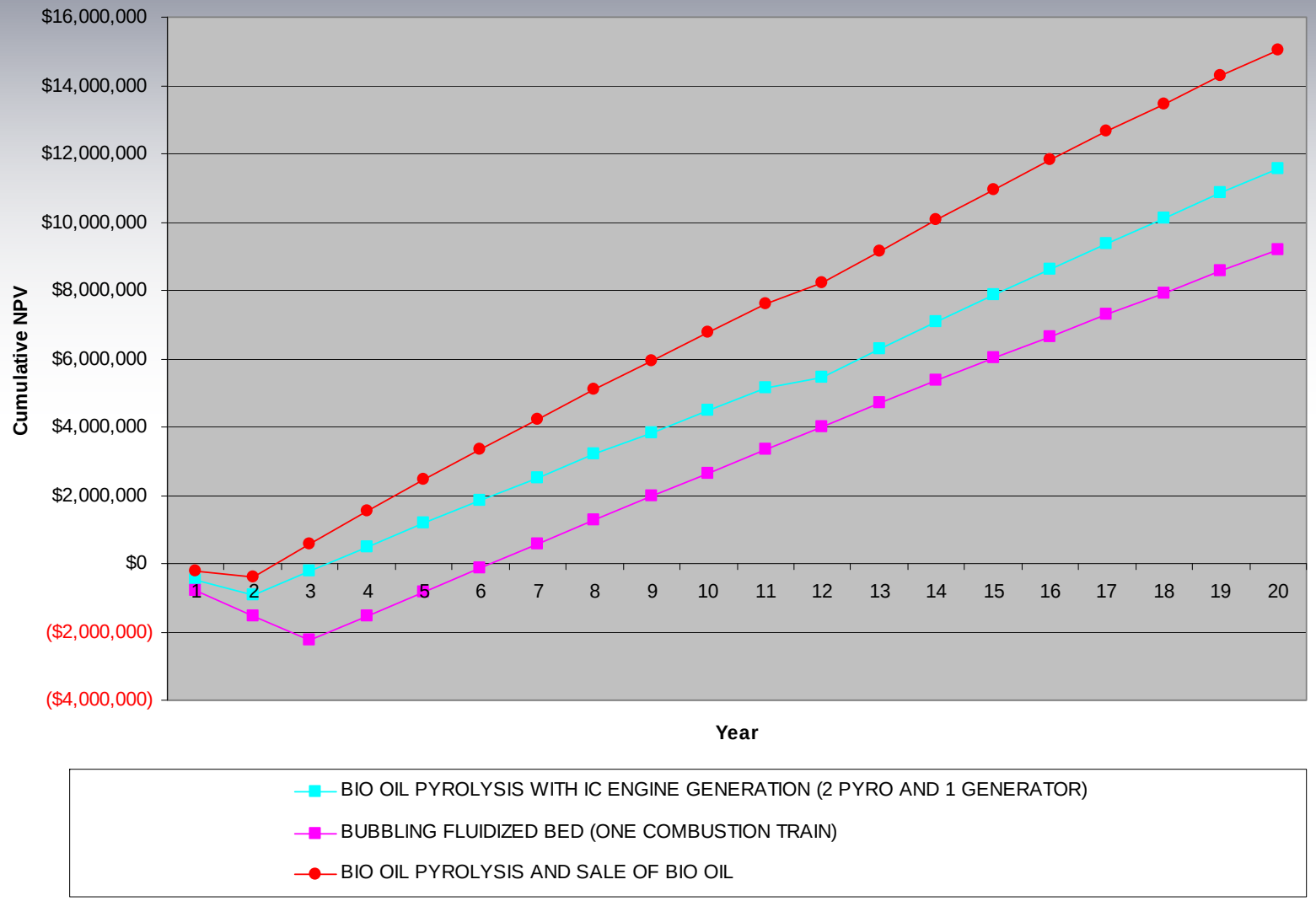
- Avoided tipping fees
- Avoided transportation costs for disposal
- Avoided electrical power purchase
- Sale of renewable energy certificates
- Sale of bio oil



NPV Analysis, Assuming…

- Bonding
  - 6% discount rate
  - 30-year maturity
- Inflation of CPI-U at 3.10%
- Electric at $0.05/kWh (blended rate)
- Annual maintenance at 7% of CAPEX
- 8,000 operating hours per year

NPV Chart


$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
($2,000,000)
($4,000,000)
Cumulative NPV
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
Year
BIO OIL PYROLYSIS WITH IC ENGINE GENERATION (2 PYRO AND 1 GENERATOR)
BUBBLING FLUIDIZED BED (ONE COMBUSTION TRAIN)
BIO OIL PYROLYSIS AND SALE OF BIO OIL

Elements to making __it happen

- Reason
  - High disposal cost
  - High cost of electricity
  - Other factors
- A taker for the power
  - Internal
  - External
- Test feasibility & develop pro forma
- Finance
- Design
- Build
- Operate & maintain

Conversion to an energy stream that

- is sustainable
- is constant
- adds to base
- has a high capacity factor
- does not rely on a technology breakthrough
- would have been buried
- is carbon neutral

just makes sense.

Thank You

- Contact:
  - Kevin Rhodes, Cincinnati
    - kevin.rhodes@woolpert.com
    - 513.527.2528


Immediate
Region 8
Layers
Fifth Street
Center Avenue
Third Street
Sixth Street
Buffer Distance
400